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SEC/1502/2023	**E-Filing**	February 15, 2023

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

Sub. : Submission of Transcripts of Nuvama India Conference 2023 made on Wednesday, February 8, 2023.

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

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Dear Sir,

Kindly refer our letter no. SEC/0802/2023 dated February 08, 2023 w.r.t. submission of link of Audio Recordings of Nuvama India Conference 2023 made on Wednesday, February 8, 2023.

Pursuant to the provisions of Regulation 30(6) of the Listing Regulations, we are now submitting herewith the transcripts of the Nuvama India Conference 2023 made on Wednesday, February 8, 2023 (Session 1 and Session 2).

The aforesaid transcripts are also made available at the website of the Company at www.apar.com.

Kindly take a note of this.

Thanking you,

Yours faithfully,

For APAR Industries Limited

HARISHKUMAR SHAMJI MALSATTER
Digitally signed by HARISHKUMAR SHAMJI MALSATTER
Date: 2023.02.15 13:25:29 +05'30'

(Harishkumar Malsatter)
Deputy Manager - Secretarial

Encl. : As above

"APAR Industries Limited

Investor/Analyst Group Meeting

"Nuvama Conference Call"

February 08, 2023

MANAGEMENT: MR. RAMESH IYER – CFO
MR. VIVEK DIWADKAR – EX. CFO & FINANCIAL ADVISOR

Management: Good morning, everyone. Welcome everyone here. To begin with I will just give a brief overview of the growth drivers and the couple of things I will just spend some time in terms to see where growth opportunities are there for the company as a whole followed by division specific deep dive in each of the division that we have. So, fundamentally we look at there are three broad growth opportunities that we see in current times. One is this spent that is happening across the globe on renewable space. So, there is a huge amount of focus on solar installation, from the wind installation and clearly we are able to see a high amount of spent happenings on the renewable space.

For us how does it impact us is that if you look at this solar or wind installation you need cables, you need conductors and also you need part of the oils that we have. The cables are largely used for generation at different places during the solar panels and also in the wind installation and the way the renewable happens is that the place of generation is one and the place of consumption is different. So, you need to transmit the power from one place to another place where you need enough conductors in place. So, that is other division that we have and with all this transmission lines being setup for this kind of electricity transmission you need transformers the step up the transformer and the step-down transformers and one of the ingredients of the transformer is also your transformer oil so we are present in the transformer oil.

So, the entire space of renewable is likely to create good amount of opportunities for our business for the product lines that we operate into it and in India we are the largest when it comes to the renewable space so poised to tap opportunities coming our way from the global front as well. The second big area of growth developing infrastructure spent that it is increasing. We see many countries have increase their spent on infrastructure and wherever you see more infrastructure happening you will see lot of power getting consumer, you need lot of electricity consumption that is happening, you see lot of places where public transport is getting upgraded, we are able to see metro line coming up in countries India for example Australia for example we have been the supplier of cables for the Sydney metro and other areas Brisbane, Adelaide metro is coming up that also we see an opportunity going forward.

So, the space of public transport and infrastructure spent is also in big area giving us a good amount of growth opportunity. We see the act signed recently in the US on inflation reduction, it also talks about infrastructure spent that also plays a good opportunity for our business and division that we have. The third one as we are also looking at is some of the 5G rollout across the globe. 5G and the data centers and the network requirements and safety related issues these actually present us a good amount of opportunity for our cable businesses and not only needs the fiber optic, cable bit also need a hybrid cable and copper with it. So, our range of cables and as we deep dive into our cable division how spread it is and how it is able to tap the opportunities coming our way.

So, these are very broad high-level opportunities that we see impacting us, giving us a positive upside into the future. I just take a deep dive into each of our division we have, its data is already shared in the corporate presentation, which is part of our website, but just to take you through we broadly have three divisions, we have the conductor division and we the cable division and all division. If we see on the conductor division what has happened is that we have clearly seen a transformational journey of this division of the last decade. If we look at the division actually started way back in 1958 as a first division of this company and if you look at even 2014 you are close to about 1,800 crores largely operating in one type of conductor which is the ACSR type conductors and now predominantly in the domestic market.

What we are seeing over the years is that this product was getting to much commoditized with lot of domestic players there and competition pricing there and therefore we felt a need to diversify our product lines and as you see in this transformational journey we have introduce a premium products over the next several years. One of the premium products talk about is the HTLS which is the high transmission and low sag. So, just for a layman to understand what happens is that as the electricity passes through the conductor if you need more amount of electricity to pass through the same electric towers you need a high transmission and places like Mumbai, Delhi, etc., where there is lot of population coming into the city, the requirement that it is increasing now having difficult write off way because you cannot keep on adding infrastructure for the towers and space is a constraint.

So, how you can use existing infrastructure of towers to transmit high amount of electricity. So, we have specialized into that particular type of conductor which is HTLS conductor which helps us to transmit high amount of electricity within the limited towers that we have and also low sag; low sag is that even if there is a high transmission the conductor does not appear like a U shape because it is down then only you need ground clearance since the people and the transport will be going so it still be straight there,

Analyst: And what about the weight of the cable.

Management: Low sag weight and also the composite core which is there inside so there is a composite core in the whole conductor there.

So, despite a high transmission it is able to remain flat so that is something is one of our key product there and this particular product not only we supply the product we also give a solution to our customers and by solution I mean that the requirement be just to have this transmission line from place 1 to place b what will be the design of that thing, how much power outage we need to minimize because in places like Mumbai you cannot go for power outage. So, without disturbing your electricity how do you design the entire system it is all part of the turnkey project.

So, we get into this EPC or power product lines where we are specialist into the developing of the product, the design phase and also we handle the turnkey solutions for that, managing the labor who are there, who could be about 100 kilometer, 150 kilometers of lines to be laid, it could be above mountains or terrain, it could be about railway station, it could be of highway, etc. So, we have been specializing this particular turnkey solutions for the product that where our product is going to be useful so we do not do other turnkey solutions, but wherever this kind of product is involved that is where we are specializing effective streaming of conductor over transmission.

Analyst: Ideally that was earlier the scope of transmission line it is a ways to procure.

Management: Specialized and the EPC players who are there.

Analyst: Now it is being carved out separately by.

Management: Yes, because we are specializing the product so we do not only supply the products we are also telling them what kind of requirement need. So, for instance, you need to make sure the transmission losses are minimized and what kind of life that conductor need whether they need 10 years, 15 years, 20 years, 30 years. So, depending on the requirement we design the product and we also help them to do that in EPC.

Analyst: And many of these projects are coming up from the private sector or PGCIL also has sort of bifurcated.

Management: For the state electricity transmission company PGCIL and the state here all the states they are not electricity transmission company. So, most of these goes to transmission companies of the state, Maharashtra State Electricity Transmission Company.

Analyst: Because the PGCIL is no longer sort of bringing that up it is a composite contract even that is under TBCB it gives a.....EPC players so I am just trying to understand then it is largely this EPC capabilities largely given to state.

Management: State Electricity Transmission Company that is where all this contracts were. So, we supply all this products to the transmission companies and the state transmission companies. So, this is not only a product, but also a solution.

Analyst: What is the mix of products and solution revenue in that division.

Management: So, the products we export also to countries like Bangladesh, Nepal and in India we do lot of research. So, a large part of it is service.

Analyst: And you exports these products.

Management: Exports these products, yes.

Analyst: How much would exports be?

Management: Exports overall for the conductor division got 45%. So, this particular aspect HTL accounts for about 20%, 25% of our total conductor.

Analyst: This 45% of revenue.

Management: 45% would be total exports of the total conductor division.

Analyst: Within conductor division one have to look at your revenues, so how does the revenue how much would exports be roughly?

Management: 45%.

Management: Similar to this HTL as we also have this thing called OPGW. So, for each of this electricity lines it has an earthing wire. Now what also we do is that we put an optical fiber there. So, not only serve the purpose of earthing wire, but also has been data transmission and this product was there by 2017, but recent year in the last two years last year also we have been getting more orders earlier it used to be dominated by China now we have been applying this, this and third element of this premium category of conductors is all your copper conductors and we have been the major suppliers for Indian railways on the copper conductors. So, that has also increased the amount of premiumness which is there in this conductor division. So, this three put together account is what is called the premium portion of the conductor which is about 45% to 50% of the overall conductor. What has also happened in this particular year is that the standard conductors which is our on premium conductors we are seeing a good opportunity in overseas markets. So, in India as I said that ACSR conductors was getting commoditized and price was an issue and we are not able to get that margin and profit, but if you look at overseas they not only look at the price they also look at the quality, they look at the risk framework that we have how are the hedging, aluminum, copper whether we have adequate capacity to meet their requirements, what will be our delivery times, how is the company reputed. So, they not only look at short term pricing, but they look at a whole quality and other parameter aspects and there the nonstandard product the non-premium products which is the conventional conductors we have been exporting in this financial year and therefore what you see in this year if you look at FY22 this entire conductor division has become completely high margin profitable. So, now what used to be only premium products till even last year the non premium products become exported you are seeing the entire margin actually going through what you see in Quarter 3 49,000 per metric ton, 30,000 and 40,000. So, that is what has completely transformed this conductor division in this financially.

Analyst: So, earlier this standard product you were not exporting?

Management: Earlier standard products were not now we are actually able to tap that opportunity.

Analyst: And how would be the profitability of standard product in domestic versus export?

Management: Domestic is very competitive margin is very less, but overseas as I said what happens not only the product, but also depending on your delivery requirements, the specification, the margins are much higher than domestic.

Analyst: Any reason we just started this year and we have been present in this.

Management: So, as I said this is a transformation journey. So, we are actually seeing opportunity there and also if you see in US as I talked about the global infrastructure spent we are actually seeing lot of demand coming up from US, in terms of infra spent going up, in terms of their lines, they have put their lines way back five to six decades old. So, they are also feeling a need to change the transmission lines, they want China plus one that is also helping our country and our business because they want a partner besides China. So, this kind of all policies and therefore what we have been seeing that some of this macroeconomic, macro environment and geopolitical thing are actually benefitting us, look at any renewable spent increasing now. Again, the Russia-Ukraine war will also see lot of demands from European countries when it comes to renewable sources there. So, we feel this as opportunity for us globally with all this infra, renewable spent and over a long period of time it is not going to be around one year or two-year horizon it is typically this kind of cycle of infra spend we will actually see over a 5 year and 10 years point of view.

Analyst: And from a cost perspective, how do you compare globally say versus China?

Management: So, we are competitive in terms of China the prices are most competitive. The only difference used to be on a duty rates, but with all this FTAs that is being signed in different countries we are almost at parity. Today, Chinese imports into US will be much higher than what India imports. So, apart from that from cost point of view used to be parity, but what used to make difference is on the duty with all this China Plus One and FTA that is getting more price.

Analyst: The domestic business a China exports do they come into India or they can just sit?

Management: No, they cannot.

Analyst: Why is that?

Management: In terms of China, Indian products are not there. So, Modi Government wherever India can participate in overseas country that is where they can also participate.

Management: They are not competitive also; they will not be able to compete with us actually. The scale with which we are having actually as far as the conductors are concerned.

Analyst: Typically, 45% of sales is exports. How much of that is standard products?

Management: Current year almost about 85% would be standard products.

Analyst: This is in 9 months or FY22?

Management: Maybe 25% to 80%.

Analyst: Because most of the standard products good for export it is just that few proportion or HTLS goes to that too also goes to Asia, Bangladesh in supplying?

Management: Bangladesh and Nepal.

Analyst: This is a function of the market making effort that you have done over the last few years or this is you think that there is this a one off sort of two year kind of opportunity?

Management: We had worked on this market not that conductors were not getting exported, but they were getting exported to Africa and these type of countries actually and now we were working on North America for long time actually. First we got the break in the Canada two years back actually we exported to Canada and now this year the US market has opened up.

Management: But this product if you see if you look at this journey what has changed is that we have always been thinking ahead of time so now things like HTLS, OPGW copper railway conductors the transformation journey has started much before so that when opportunities are there we have the product available for high transmission because this like Mumbai you need high transmission there, fewer products which is already ready. So, even if you look at electrification of Indian railways most of the electrification has happened, but what we already have a product ready is for our fast bullet trains, high speed trains. So, we have been working on this much before and therefore if you look at our motto which is tomorrow solutions today it says that what is going to be anticipated in customer requirement, solutions meeting it you be ready today. So, whenever there is an opportunity you have that product over there. So, all this innovations has been there in the culture of Apar and as we have seen in some of the earnings call it has been happening over the last decades. So, we look at customer requirements, design the product based on that and ensure that our product actually needs the requirements of the customer.

Analyst: What is the key difference between your cables and conductor business versus what a KEI or Polycab were during that space?

Management: So, the mix would be different Polycab and KEI they are completely in cables and they are also they are in the power cables. If you look at Polycab they are largely into power cables part of it, but if you look at our range of products not only in power cables and we are also into the specialist cables which is now wind cables are there, the cable which goes into special power industries like mining, shipping or defense, etc. Polycab also has a high share of light duty cables which for our cable we are just small player it is about 100 crore.

Management: They are more into house wire actually Polycab is more into house wire Polycab, KEI, etc., and they are not into conductors and they do not have these elastomeric cables, flexible cables. So, we have elastomeric cables plus we have the E-beam technology also, electron beam technology.

Analyst: Can you talk about margin technologies space since you have more premium than more standard products?

Management: That is something it is very difficult to put a number because it all depends we are completely into mid to order requirements, it depends on the specification of the customers, the delivery times, the component of aluminum, copper, etc., that actually determines things. So, it is very difficult to get a thumb rule. So, within this division there could be no 100s of different product lines which are completely, but if you look at a 12-month horizon you will get an indication of what the margin profile is there. This year we have seen a fundamental shift in the few of the products, not only the premium products contributing a share, but also your exports gaining. So, if you look at a couple of years earlier we were looking at some 10,000 to 12,000 per meter which now we are looking at some 40,000 per metric ton.

Analyst: What could be the sustainable number in your sense?

Management: So, what we feel is that the momentum is likely to continue clearly in short term basis it is likely to continue with all this geopolitical macroeconomic, tailwinds actually benefitting us. Now what we are guiding is that even if you look at a long term point of view if you eliminate all your tailwinds which is macro geopolitical, etc., because of the way our product mix has changed clearly we are looking at 20,000 to 25,000 per metric ton on a pay scale basis and all these favorable macros and geopolitical things if it continues where this China Plus One and your infrastructure spent globally there, delivery times for us clearly it will all be an upside and now looking at the current thing we feel that some of these things are likely to continue because all this micro economy.

Analyst: So, out of this 4,900-crore order book in conductor business how much would be service versus product and what is generally the execution period for this?

Management: Service will be in the same ratio like service would be about 20 odd% will be that HTLS product range which we have out of that some of it gets it service, some of it goes with a product.

Management: 44% is premium products and service goes with two things actually one is the high efficiency conductor and another is OPGW their execution is also there project is also there.

Analyst: But an execution timeline would be like say FY23 order book?

Management: It is a continuous process it is not that you will get the end of it. So, they are all milestone basis.

Analyst: I am generally saying if you get a 1,000-crore order what is the typical execution period you get a 12 month, 15 months

Management: That depends on the area, now what happens is that from here to let us say you go to 150 kilometers and then for each line you need to remove the conductors and put the HTLS and get your write off, ensure power outage is not there and then it keeps on happening.

Management: Roughly 8,400 crores will be 7 months order.

Management: But service level will take its own different time, but overall, this should be 7 to 8 months. So, that is what we see on the conductor addition and then you go to this cable division here as you see in this slide we are there into power cables, we are there into house wire and cables, we are there into elastomeric cables which is all the special application cables going in to solar, wind as I said defense, shipping, etc., rolling stock, railways and then we have this EB and irradiated cables, so we have OFCs and we have a specialty hybrid cables. So, here we see multiple growth driver within this cable division. First is as I was talking about this the renewable space where the largest domestic player when it comes to renewable.

Analyst: Who would be the other competitor?

Management: On wind we have this universal cable, in solar they would be other players wind is entirely universal and now we are having somewhat 70%, 75% market share on the wind segment and we have approvals from global customers who are there in investment.

Analyst: And is there an import here or it is largely offshore domestically?

Management: No major requirement.

Analyst: And in terms of solar what would be our market share in other players?

Management: About 40 odd%.

Analyst: And other domestic player here?

Management: Should be around I do not have the exact number.

Analyst: Can you just help us with some names?

Management: Solar would be a Polycab, but we have still have 40% market share in solar in India.

Analyst: Do we see any imports or again it is domestic?

Management: Domestic only

Analyst: You have Polycab or KEI entered later or they were there all along, but you had a first mover advantage?

Management: They entered later till they are not having the E-beam Technology.

Analyst: And advantage of E-beam Technology?

Management: So, this E-beam how it works is that there are actually three advantages of this E-beam. One is that it has a 50-year life. So, we have this E-beam for our power cables, for solar cable and also for the house wire. So, in the house wire what we say that it has a 50-year life of the product which means that throughput install in your room and 50 year you do not have to worry about it. It has as capacity to carry extra current by 50% which means if the normal wire can carry 70 degrees this wire can actually take a load of 105 and this actually we tested and as part of various demos to our customers and third thing is melt resistance which means the insulation takes much more time, much hours longer to melt.

Analyst: It will not get shot circuit.

Management: Shot circuit resistance and this technology we are the only company to have in the house wire segment which currently we are expanding. So, we have hired a brand ambassador to promote this particular product. We have been having this product only two states in India Kerala and Gujarat. Now we are expanding to others Southern states we are expanding to West, we are spending North and the East and the unique differentiated proposition we have is this E-Beam product.

Analyst: In terms of pricing how different we would be?

Management: It would be about 4% to 5% higher than that is it, but in terms of safety features it is multiple rights.

Analyst: So, any reason why other players has not been able to crack this product?

Management: We do not have as of now.

Analyst: There is E-beam Technology, they are not having the E-beam Technology. We were already having E-beam Technology.

Management: And they develop that sort.

Management: People are trying actually in India anybody is successful actually 10 more people will be after it and nothing is secret.

Analyst: So, this technology actually helps us to become a differentiated?

Management: But it takes time we will have the first mover advantage so they have the approach.

Analyst: What they have is E-Beam?

Management: So, E-Beam and radiation thing which the radiation happens and when pass on the cable the properties of the cable gives this differentiated benefit that we have, but we have 50 year life.

Management: Inside there is a conductor and on top there is an insulation is there. So, for insulation there are two technologies, but the original technology is the steam technology through steam technology actually they will compress the insulation which is there and now this through electron beam actually the electrons will be bombarded and the cable will be pass through that actually. So, through electron beam the insulation will be made because of which what he said that three properties which are there, melt resistant or we can carry 50% more power.

Management: To consumer what it comes since the complete safety I can show you a demo that of a normal cable claim happens, melt happens and this wire will not happen. Clearly 9 out of 10 people will opt for this because you just do wiring once in about 10 years, 15 years and you do not want to change this structure of your room because of something happening and if this property is giving this benefit everybody would like to run and therefore if you see our we have been giving all this demos to various electrification doing difference that you see here. The idea is that if people understand the benefits of this it is a high probability that they would buy it.

Management: What happened when we took over this UniFlex cable which was a sick company way back in 2008. So, that time we had an option the turnover of the company was only 100 crores and it was having power cables, elastomeric cables, etc., then the most of the competitors like Polycab, KEI, etc., they were going for the EHV side actually the high voltage side. So, we said that lot of players are going on that side we will go on the specialty product side. So, that is why we went into this elastomeric cables actually which was being used by railways and railways were using elastomeric product cables with the old technology and they were just shifting to E-beam Technology. They wanted the E-beam Technology to come and they were just shifting. So, we thought that we would set up the E-beam and so that is how we set up first two E-beam and now there are four E-beam are there actually electron beam machining. So, we bought it for elastomeric cables actually and now we are using this for other products also.

Analyst: People can elastomeric cables?

Management: They are flexible cables.

Analyst: Are there other Indian players who are competing with us?

Management: Radiant is there actually. It is a closely held company.

Analyst: And what are the revenues now from this E-beam Housing segment and when did you start and how will we scale up with?

Management: We were about started three years ago started with 20 crores it went to 40 crores, 60 crores last year we were about 120 crores again it was largely into Kerala and Gujarat. This year we are able to see about 200 crores.

Analyst: This year we will be doing 200 crores next year we will be doing 350 crore.

Management: This is the house cable business.

Management: If you see from March 22 my distributor presence has gone from 19 to close to 100 retail from 300 to 1,500 we were largely into two active states in March now we are into 13 states. So, we are actually setting up all this infrastructure teams, channels has been getting expanded and this will be a continuous journey over the next three, four years to build this channel and then supply the product.

Analyst: Large margin difference between like normal cable versus E-beam you see the pricing difference is 4% to 5%, but is there all coming?

Management: It will come to the bottom line, but currently we are also into this expansion mode you will have your teams getting separate team for LDC, but eventually the top line difference is actually will go to the bottom.

Management: And we are trying to give differentiated products.

Analyst: It will be showing not including the EBITDA, but it will be gross margin.

Management: So, even with the EBITDA what happens a lot of this variable cost will come down and the scale goes up. Today this segment is of 100 crores I am talking about 500 crores and possibly few years later it will be 1,000 crores. We will actually get economies of scale.

Analyst: Sir your scale up on your cable division has been very strong and outside conductor and business, so would you differentiate between first of all how sustainable this is and regarding how much of this is one-off because of some projects that would have come on stream because it is pedigree and how much of this is it will keep on flowing because for once we know that there are lot of projects that are going to come in the segments that you focus on renewable and solar, so I just wanted to understand why the sudden jump?

Management: So, you know the cable if you see there is nothing one off in the entire cable business and we are growing continuously there. What is happening is that we were just a very small proportion when it comes to exports one year or a couple of years before. Now we are actually seeing a huge opportunity in the export market of cable and there also as I said largely because of we practice on renewable, in infra spends, etc. We are actually seeing a good opportunity there in the export. So, we are the largest from India when it comes to the certificate of compliances for supply of cables in the United States because there is a UL approval you need and we have the maximum certificate of compliances for supply of cables. So, we were almost negligible supplying in US even till last year half year one which is H1 of FY22 and now we have been the highest in terms of supply to the United States. So, that is where we see the opportunities clearly growing and we are adding capacities for cable business. So, this run up that you see is all because there is no one off here, but it is completely because the market and if you look at all the three divisions the addressable market in cable is much higher than even the combined of oil and conductors. The cable you are actually as we have been talking in earlier calls the United States imports about 20 billion cables in a year and if you look at our size it is just about 1,200 crores. So, the opportunity is immense and we have a wide range of products there to tap this opportunity. So, we do not see this as a one off we are seeing this journey over the next decade and that is the reason behind stepping up CAPEX independently.

Analyst: Could you just help me with the CAPEX how was it and how is it going for utilization?

Management: CAPEX if you see couple of year earlier used to be average around 100 crores, 125 crores at a company level and now this year it is going to be over 150 crore and likely to be about 300 crore to 350 crore with the next one year to set up facilities for cable and conductor division.

Analyst: In terms of volumes like how many cables can we produce that ways?

Management: So, our asset turnover would be about 7x to 8x depending on the type of cable and conductor.

Analyst: It is company level asset?

Management: Company, but largely it will go into the cable and conductor. For our oil business you are not likely to spend a big CAPEX already have capacity and we maintain, but large part will go into the cable followed by the conductor division.

Analyst: This 350 crore will be spent at FY24 or spread over a couple of years?

Management: Large amount will happen in FY24 and the capacity will be ready by end of FY24 and 25.

Analyst: And what would be our current capacity utilization in cables and conductor?

Management: Current cable will be about 80%-odd.

Analyst: And peak can be?

Management: Peak can go to 100. So, now when talk about peak is 100 they know that is where ET will come. We have very comfortable at least for this FY23 and '24 by this time we incur the money on CAPEX it will be helping us for FY24-25.

Analyst: And here what% of our revenue is cables overall?

Management: Cable if you see this quarter has been 50% and it was just about 25%, 30% last year, but it dumped to 50% and that trend is what we are seeing going forward.

Management: Demand is driven by the renewable what has happened actually everywhere the renewable is happening because of the ESG program and to bring down the carbon footprint earlier we were not having any market in the developed countries because there the set up was already ready, but these developed countries also they are now moving away from the conventional power generation to renewable. So, everywhere because of the renewable lot of demand is coming up plus the US as you said they are not spent for almost 50 years, their infrastructure was made about 50 years back and we always used to people used to say that now it will come and anything in US has a very big scale. So, that is what is happening US is they had spent five decades ago plus they are also renewable work is going on.

Analyst: Is it fair to say that this jump from 25%, 30% of sales to 50% that incremental 25% is all North America?

Management: Largely America, Australia as I said supplying cables to metro.

Management: You can say around 80% America.

Analyst: In there how do we sort of get our product so while we have the certificate so is it a B2B channel or you directly interact with?

Management: See there the problem is like there are about 3,000 utilities in US out of that 30 utilities are big utilities and balance 2,970 utilities are small utilities. So, small utilities actually they take from the distributors. So, we are working with and at present we are working with two or three distributors who are there, who are taking product from us and they are stocking in their godown and supplying.

Analyst: And we are not planning to work with large utilities directly?

Management: We will be in second place actually we will be working with large utilities.

Management: Utilities as well as.....

Analyst: And how is the profitability overall say domestic versus US like in conductor we saw....

Management: Here also profitability really very big difference is there.

Management: The domestic power part is the same like the conventional conductors of domestic, you know, with competition, price and all those, but some of this domestic specialized application will have a better margin like shipping, navy, defence, rail, locomotives, etc., which comes from the elastomeric range because the domestic part of the power cable would be competitive.

Analyst: How we see overall blended profitability here in this segment?

Management: So, overall cable if you see has been just gradually increasing. Before COVID we already used to be double digit. After COVID it came to mid-single digits and now if you see Quarter 1.

Analyst: 19-20 we were at around 10%.

Management: Yes we were already there now if you look at Quarter 3 we are already at 12% and YTD for 9 months we were about 9.8%.

Management: Long-term guidance is around 11% that is what we are seeing.

Management: We have seen that we should be in double digit.

Analyst: And here how is the hedging policy generally orders are make to orders?

Management: Largely make to orders except for the house wire which is retail that is a little thing.

Analyst: Is all make to order?

Management: Everything is make to order even domestic orders also other than house wire they make to order.

Analyst: Here is there any concept of order book, etc., in this order?

Management: We are not giving order book actually. Order book will be close to 1,000, 1,200 crores but we are not giving orders.

Analyst: What is the split between traditional power cables to elastomeric?

Management: It will be elastomeric and will be around 30%.

Analyst: Because this is about two years back as a pre COVID?

Management: Not much of a difference actually it was 25 percent you can say. Now the power cable what has happened export has gone.

Analyst: Finally it should have gone up because all of this is exported to the North American.

Management: What is also been exported is the power cable goods. It is not that only elastomeric is exported more of power cable is exported.

Analyst: So, what goes into the renewable is elastomeric or the power cables.

Management: Both are equal.

Analyst: Solar renewable, but you also export lot of power cables?

Analyst: From an application perspective so if we have to think it through there in the wind turbine business service elastomeric or power cable go or is it for the end when the transmission lines for these project come up.

Management: Windmill actually goes into inside the windmill is the main area. There are various cable application, but this our product goes right inside the windmill.

Management: See elastomeric cables are flexible cables so wherever you require flexibility like suppose windmill is there and some cable is attached to windmill and it is moving then you require flexibility to that cable then the elastomeric cable is required. The purpose of the cable is to carry the powers, but only flexibility is required. Suppose you are doing some work in the mine and for that you want to take the cable then you require an elastomeric cable because it requires flexibility so that is the difference.

Analyst: Typically, how is the pricing done so typical power cable is sold by?

Management: Kilometer.

Analyst: So, what is the price differential between a power cable and an elastomeric cable in terms of per kilometer cost. It is make to order I understand but just for a rule of thought.

Management: Elastomeric cable is costly actually it will have around 20% more price the real elastomeric cable actually.

Analyst: And the reason that makes it more expensive because you rubberize it and end application.

Management: It goes for a specialized application.

Management: So, here also it has a lot of designing it just not only product if you need any cable let us say for the defence, warships, ships, wind base, railways, locomotives, etc. It all has a little bit of design; it is not just a plain vanilla product that you can produce and sell. So, it is all for the customer for some specific purpose there. It needs either higher current passage or reducing losses or protection from safety or flexibility, it could be various parameters so that is what causes this premium margin now.

Analyst: On the raw material side the incremental cost over a power cable elastomeric will be the braining that is done over the cable.

Management: And also, the price for your design and technology that you bring it because this is something that unlike the normal power cable which can be commoditized these are all special application cable. So, there is an element of specific design and those things.

Analyst: How is the pricing done is it project-to-project or volatility in copper prices get?

Management: For us there is no volatility because we completely work on a back to back as you see this slide it is a well-defined risk management framework that we have. One of the thing is clearly on the metal hedging risk.

Analyst: How do you do the hedging?

Management: We do not take any risk on the metal part the moment we get an order depending on the terms of the contract the firm variable or variable contract we have policy for hedging this metal, we completely back-to-back hedge all the metals 100%. So, we do not speculate nor we take any risk on the metal prices, price goes up or goes down it will just get transferred to the customer because we have a back-to-back hedging.

Analyst: And what would be our debt so interest bearing basically so reported debt looks less, but it sits in I think payable as a.....

Management: We have that acceptances.

Analyst: So, what would be that number today debt plus acceptance put together?

Management: 300 crores or something like that is you see suppliers credit.

Analyst: And how we see that moving that number moving?

Management: That is just time we do not even take it as a debt for our internal thing.

Management: That will go with the working capital.

Analyst: But that is interest bearing.

Management: It is charged also to the customer so we know that when we has this order what will be my interest and everything, what is the period of this thing.

Analyst: So, our margins we should look adjusting this cost?

Management: Yes if you look at some of this recent thing we also been recording EBDT because sometimes what happens because all this interest rate going up EBITDA will go up, interest cost will also go up. The best way to see our business is on EBDT level because then it show you a true value of business profitability because in rising interest cost your interest will prepone.

Analyst: It is a pass through?

Management: Interest is a complete pass through or aluminum copper is a complete pass through.

Analyst: In terms of working capital days overall I will say receivable plus inventory because payable again would be bit?

Management: Net working capital about 40 days we have crossed three decade.

Analyst: Only if I have to understand inventory and receivable how it behaves generally what is the inventory days we carry and receivable?

Management: So, it is different for different business, but on average be about receivable would be about 100 odd days.

Management: Receivable will be 87 days, but if you say cable business actually the inventory will be around 80 to 85 days and receivable will be close to 90 days, conductor inventory will be around 60 days, 65 days and receivable will be closer to 100 days.

Analyst: On the margin side I think you mentioned 11% long term guidance for cables versus, same for conductors and oils?

Management: Conductors as I was saying we feel that the short-term momentum definitely can continue, but on a long-term basis we feel that even if we remove all the tailwinds baseline we should be about 25,000 per meter.

Analyst: Oil will be 60 days inventory?

Management: And on top of this we see all now tailwind continue in terms of geopolitical things. We feel that some of these things is likely to continue, which should increase your faster delivery times, you are able to get a high margins 75,000 per inventory line can go up depending on your requirement of conductor which are there. So, some of those tailwinds if you continue this geopolitical tensions if it continues it is actually benefit for our business.

Analyst: So, the conductor side could be a 10% margin going forward?

Management: So, at 25,000 is the base thing from a medium term per ton basically.

Management: EBITDA margin we measure in terms of per ton for conductor and for oil also per kl.

Analyst: Conductor utilization would be how much?

Management: Conductor is almost it is a 90% would be utilized there, but we are also increasing capacity, but we would not be short term capacity for servicing, conductor we are using capacity.

Analyst: So, if I just wanted to understand over next two, three years on this FY23 whatever we would have achieved what kind of growth we envisage in conductor, power, telecom, base case growth should be how much?

Management: See conductor will grow around 15% you can say the cable will grow more than 25% to 30% and oil will grow around 5% to 6%.

Management: Oil I think we should just focus on that EBIT number because top line might be.

Analyst: Similarly for conductors therefore we measure on a per metric tons. So, conductor when we say per is 10%, 15% is on volume terms.

Management: Volume term because it is not value because value will depend on your aluminum and copper.

Analyst: The cable is value.

Management: It is difficult to give quantity in cable.

Analyst: And oil you said 3% to 5%?

Management: 5% to 6%.

Analyst: In oil just quickly if you can summarize the way you would have discussed?

Management: Oil if you see about one-third of our business is in this transformer oil which also goes into the transformer which is used in transmission things. So, the more the requirement of electricity transmission this business we will keep on growing there. So, that is definitely we are very buoyant on that particular business. Apart from the fact that we are also into industrial oils, our industrial activity in the country will result in high industrial oils wherein rubber process oil, we were there in the auto lubes thing and we are also supplying white oil and the process oil.

Management: So, overall, we feel about 5 odd% increase of course auto lubes in a very long term could come under pressure because of getting into EV segment and all, but that is a very about 10 odd% of our total oil portfolio is there, but some of the other businesses we never take that things is a transformer oil.

Analyst: And here what should be your capacity utilization?

Management: Here in terms of capacity we have enough capacity because this plant is completely fully automatic. There will not be capacity issues.

Analyst: We can take a last question now is there any inorganic opportunities you would be looking for and is there any in our place?

Management: There is enough thing already there in this organic thing if you look at all the three divisions so many things already happens here and we have been putting CAPEX and a lot of opportunity we are already seeing the current.

Analyst: Thank you.

"APAR Industries Limited

Investor/Analyst Group Meeting

"Nuvama Conference Call"

February 08, 2023

MANAGEMENT: MR. RAMESH IYER – CFO
MR. VIVEK DIWADKAR – EX. CFO & FINANCIAL ADVISOR

Management: Maybe I will give a very brief overview of growth opportunities that we see at APAR couple of minutes and then I will deep dive into each of these divisions that we have, followed up with any questions that you have.

Broadly, we see 3 main areas of growth for APAR in things that is happening. The first one is focused on the renewable space that is happening across the globe with lot of this solar installations and wind installations coming up. You actually need a lot of products for this solar and wind and if you look at our divisions, you had a poised for the benefits coming from these opportunities because you need cables for generation solar and wind thing. You also need conductors for the transmission part of it because it gets generated at one place and gets installed at some other place, so you need conductors for the evacuation and transmission of these power and you also need oil because a lot of these transmission wherever it is there, you need transformers and you need the step up and step down of transformers, so you need transformer oil which goes into the transformer space. So, overall for this renewable space, you will need products that we have across our 3 division and we feel that is boost in renewable that we have been seeing since the last few years is going to be beneficial for us and in terms of space that we operate, in India we are the largest when it comes to the renewable space, we are the highest market share in the wind sector and we are big player when it comes to the solar business there, so that is one of the growth drivers on the renewable thing.

The second thing is that generally you see that the level of infrastructure across the globe has increased, now post-COVID we have seen a lot of spends happening on the infra space if you look countries like United States are signing of this Inflation Reduction Act which is a step towards building more and more infrastructure. Some of the lines that they have laid is 5 to

6 decades old and is due for changes in the line, so there are a lot of infra spends that is likely to happen across the world. People are moving to metro rails and electrification in the rail networks, you see countries like Australia having lot of metros in place. So, some of these electrifications and public transport and metros getting in and also if you look at India, it has lot of avenues for this metro things. This has also presence with very good amount of opportunity for the business that we have.

The third thing clearly that we see is all this Telecom and 5G roll out. These kind of initiatives happening also needs a lot of cabling and networking solutions and we feel that is also going to present us with a good opportunity and in terms of cable, as we deep dive into this cable division we see how the telecom will complement our other products that we have in the conductor division as well as the copper cable thing. So, very broadly and a very macro level, these are the clear 3 growth opportunity that we see and this is something that we are able to see not from a short-term point of view, but we see as a long journey as we are looking at a decade long opportunities because this is not a country specific or continent specific, it pans across continents and in some countries we will have high, some countries we will have low, but over a period of next decade, we clearly see this an opportunity that this happening.

Also some other things are renewable and this public transport, we see it is not only in India, but it is a global phenomenon. We see this opportunity happening on a worldwide basis. So, this was just to give a very brief overview of where we see growth opportunities. I will just quickly deep dive into our 3 divisions that we have which is conductors, cable and in the oil division.

Starting with the conductor division, as we have been seeing this, we already have this slide in our website in which we have updated our presentation in January 2023. Look at Slide # 5 which is there we see a transformation that has actually happened in this conductor division over the last one decade. This division was started way back in 1958 and even until 2014 we were largely dealing with one particular type of conductor which is ACSR type conductors largely in the domestic segment. Over the years, what we have seen is that this product getting too commoditized with lot of local players in the market and pricing competitive there and margins getting shrink and also we found the need of a higher efficiency conductors to be needed besides this ACSR conductors.

As you look at places in urban areas in Mumbai where the requirement of electrification is increasing with more and more population are coming into the cities, you need higher transmission of electricity to come into this, either you setup similar infrastructure like the towers which are there as you see outside, create another towers having more transmission or in the same towers if you are able to transmit higher amount of electricity through the conductors.

Now the existing conductors cannot carry a high transmission because they were designed for a specific purpose decades earlier, but we in developing this product which is HTLS High Transmission Low Sag which has capacity to transmit high current within the same towers without the need for adding more and more towers over there, so that is one of the premium product that falls part of our premium segment. These are HTLS and we are seeing this traction a lot in recent years with urbanization happening in the cities and you will not be getting more demand in the tier 2 cities. So, this we not only supply that product, but in some places we also do the entire turnkey solution there which is giving entire solution to our customer through largely transmission companies because the requirements for transmission to reduce the losses to have the longer life is different for different orders that we get and so we not only supply this product, but we also give a design, we implement that thing and we do the reconductoring for the customers and therefore for the solution is where we are able to charge the premium and a margin because besides supply of the product the entire solution comes to.

Similar to HTLS, we also have this OPGW for every conductor there is this earthing wire which is needed. Earlier it was used to serve the purpose of earthing, now it is also doing the objective of data transmission. We put optical fiber into that OPGW conductors and it serves earthing plus data transmission. This is sector which we are seeing high demand in the recent last 1-2 years and that is also contributing to the premium part of the conductor portfolio.

Third premium portfolio that we have is on the copper conductors which has been supplying high to the large amount of copper conductors to the railways for electrification thing having the majority of the suppliers there and most of the electrification is coming to end by 2024. We have new products in the offering which is your products for high-speed trains which is this bullet trains and we already have a product in place.

If you see the presentation, we have talked about copper magnesium product to get it to a high-speed train, we have bus bars that helps copper metal for the starting of various electric pumps over there. So, the premium part of the portfolio, clearly we see dominance over there and it is close to about 45% to 50% of the entire conductor portfolio. What has also changed in this year FY23 in the start of this year is that on the non-premium part of it, we are able to see tap opportunities from the overseas market. So, even earlier we use to supply to the overseas market, but now the product mix and the geography mix has changed and due to, as I talked about some other growth drivers on infra spends, spends on renewable thing, China Plus One policy, this is all helping us to tap the overseas markets for our non-premium products which is a product which has less margin in India, the standard conductors having less margin in India that we are able to apply to overseas customers and we are able to get a good margin because they not only look at the price, they look at various other aspects, the appetite of the company, the reputation of the company, the commitment to delivery schedule, the risk management framework that we have within our par to hedge aluminium and copper, so they look at a holistic thing, they look at lifecycle cost of the conductors, so unlike in India where it is a price gain, in overseas market it is much beyond, so in terms of organized players we are better poised to tap the opportunities that is coming. So, this is what has dramatically changed this conductor division this year, so you see that entire portfolio, all the product mix of this division getting not only profitable, but high margin profitable in FY23.

In terms of the guidance that we have been talking on this thing is that we clearly see on a short-term basis this momentum to continue because nothing is going to change in the short term, you see this demand and no requirement coming. Even in the long term, because of the way we have changed the product mix of this division, we feel that clearly without any tailwinds and by tailwinds we mean that not only the freight and steel cost, but also geopolitical advantage also we call as a tailwind. We call China Plus One also is a tailwind. We talked about the delivery times that the customer expects is also a tailwind. Even without those tailwinds clearly we would be in the range of Rs. 22,000 to Rs. 25,000 per metric ton profitability on EBITDA alone and with these tailwinds coming up, it could not be higher depending on how it pans out for us. So, that is what we have been guiding on the conductor division in terms of the growth.

In terms of volume, we talk about 10% of volume growth coming year basis. That was on the conductor division, I will quickly move to the cable division. Here, we have a wide range of products when it comes to the cable division, we supply cables for the power cables we have.

Analyst: Last month we had done CAGR of conductor business in terms of volumes?

Management: Volume would have seen de-growth in the last 5 years because what has changed is that the mix has changed. Some of these high efficiency conductors, you don't need that much quantity of metric tons to do this. **S**ome other premium conductors are metric ton requirement is very low. The kilometer to metric ton conversion is very low in the case of premium products, so you would see a reduction in the volume, but at the same time the profitability has gone, so despite higher value add, so CAGR for the last 5 years.

Management: The volume CAGR will be around 14%.

Management: Volume will be done.

Analyst: So, that is value added CAGR with price inflation?

Management: Yes.

Management: Yes, on conductor you can ask, then I will move for cable.

Analyst: In conductor, I just want to understand your growth has been in the last 2 years, 2022 and 23 obviously is a phenomenal year that way**,** if you could help us understand how has been similarly the volume growth CAGR for 4 parts basically, firstly they are conventional domestic and conventional export and similarly premium domestic and premium export, basically I am just trying to understand the nonconventional versus conventional conductor as a breakup of domestic versus export because the next driver for you is conventional export?

Management: Yes, so what has come down is the conventional conductors for the domestic business because that is something that used to be the least margin and with premium conductors and the export conductors going up, this is something that this would have come down. So, if you see even in the current year, just about your 5%-10% of the current quarters, I think would be a part of conventional and domestic conductors.

Analyst: Volume wise?

Management: Volume wise also and what has gone up on the conventional part is the export part, so almost all of 80%, 85%, 90% of the conventional which is the non-premium part would be my export conductors.

Analyst: How much is the total premium say FY23 and how much would be?

Management: Premium would be about 45% to 50% premium products.

Analyst: Of which how much will be domestic and export?

Management: Of the premium, largely it is domestic and around Asian countries like India, Nepal.

Management: Export will be about 15%.

Management: Will be less.

Management: So, premium mainly domestic and conventional mainly exports. That is the current situation.

Analyst: In conventional, what is the broad mix between domestic and export?

Management: Conventional will be around 10% to 15%.

Analyst: In domestic?

Management: In domestic.

Analyst: And the remaining 90% is export?

Management: Yes.

Analyst: So, similarly for the growth trajectory, could you help us understand across these 4 elements what is the volume growth are you expecting**?**

Management: Within this, we expect this mix to continue because we see this opportunity coming up as we see export opportunities more and I will say it is not only price gain, it is all this entire ambit is there where we feel good position there, so we feel that mix is likely to continue unless some of the US, China thing and all changes dramatically which as of now we don't feel it is not going to happen, but we feel like this particular mix will grow.

Management: We can do more of conventional domestic actually, but we are not taking the orders actually because there the orders are not profitable. It doesn't make any sense for doing that, so just to keep in touch with the customers we are doing the orders and mainly we are focused on export actually because the export margins are substantially higher that the domestic as far as conventional is concerned are and the premium part of we are mainly doing in domestic and some part of it getting exported to Bangladesh, Nepal, etc.

Analyst: Next question, again you highlighted, how much is your EBITDA per ton, so if I see in terms of overall conductor, we had almost 30,000 odd tons per ton?

Management: 40,000 average, I think 9 months average is 40,000.

Analyst: Sir if you could help me understand across these 4?

Management: We are not giving breakup actually.

Analyst: But broadly in terms of how much is your conventional versus premium, the differentiate between the conventional and premium?

Management: It changes depending on the product mix, it is very difficult to put that that because within this segment there are numerous products and each are this in MTO base, so it just depends on them and the product mix and things, so it is very difficult to generalize that. What you can look at is over a 12-month period where do we stand, so within each 6 months you have one conductor of standard, one conductor of premium these are completely make to order business.

Analyst: I don't want to go deeper in that, but just trying to understand because incrementally your growth is coming in one from exports from the premium product and secondly of this conduction exports broadly, how much is the differential not to the last one, I don't understand what was the last one?

Management: Even, it is very difficult to get that number which can tell you that premium would be how much and this export how much because products line are different. In the premium, it is not only the product, it is also the service side and in case of export of convention is a product over there, so now the metric tons, the conversion is lot more dynamics involved and putting up thumb rule on this number there.

Analyst: But large part of this jump in EBITDA per ton which has almost doubled more than doubled and it is because of the conventional exports.

Management: Conventional export as well as the premium. Earlier, conventional because we were not exporting actually and the EBITDA was very low actually, so just to bring down the EBITDA overall EBITDA.

Analyst: And how much is the China factor here where though now as much China is not exporting that the markets have opened up for you and now the China is opening up, how much do you see that over the period would come**?**

Management: What we see is that this demand is going to be high.

Management: US countries like the infra spend is going to just go up.

Analyst: That was always there, I am just asking the China factor, let us say last 9 months and your sense I mean you came around for decades, so your sense of how China element could play out? How much of it is one of and how much could be sustainable?

Management: It is said that in calendar year 21 US imported cables to the extent of $21 billion, so the size is very big over there and the conductor export which are there which are now happening because of the renewable program which is happening over there and the existing infrastructure getting refurbished because the infrastructure was built about 60 years back which we use to tell, in the earlier if you have met me actually we use to say that the US spend is going to come and all this things, so exactly we were not able to put in which year it will come, so now it has started there.

Analyst: Actually, a guidance of let us say we have done 50,000 in a quarter, 9 months 39,000, but our guidance is 20,000-25,000, so are being too conservative or?

Management: Which is what I was saying, this 25,000 guidance is a baseline guidance without taking any of this tailwinds and in tailwinds I am including all these, geopolitical, China Plus One and all the infrastructures spend in US which is all likely to go on. With those things going up, this baseline guideline will also stream up. This 25,000 is just....

Analyst: So, third quarter in the guidance, so?

Management: As it is a short term we are likely to be a better margin. Is it that the long term, all this geopolitical thing, how it will pan out, we don't know and as I said the 25,000 is because we have changed the product mix. Now if in the US demand goes up keeps on happening that way, the US exports keep on continuing, then we will see much better margins there.

Management: What was it last time FY22 between premium and convention it is about 45%.

Analyst: Now is 45%**?**

Management: Now is 45 actually last year I think it was around 35.

Analyst: 35 was premium?

Management: 35 was premium and this 25,000 guidance is for a long-term basis actually if you want to do a model for 5 to 7 years, then that 25,000 guidance is there.

Analyst: Mr. Diwakar historically because I had ups and downs over the last year or decade, I remember just may be 2 years back your returns on equity had come down to the single digits and your goal was to get back to 20% return on equity, now you are vastly exceeding that, what do you think is normal or normal return on equity in a normal environment, can you think of 3 years?

Management: So, around 25% actually.

Analyst: 25?

Management: 25%, going forward we feel like 25% should be possible.

Analyst: And so just again this is China Plus One thing apples-to-apples the cost of ownership of you versus the Chinese people today, how different is it?

Management: On cost wise actually we compete with them actually. So, what was happening earlier, the Chinese products were not having any duty in US whereas Indian product was having a duty, now it is other way around actually, they are having duty of about 25% and we are having a duty of about 4%.

Analyst: Now you are better than China.

Management: We are better than China plus the discussion we are having actually, we see that they are not very happy with China, they want to go away from China.

Management: We will phase out over a period of time. They can't phase out immediately, but over a period of time we will see that phasing.

Analyst: Correct, and if you are seeing that phasing out happens....

Management: For them is more opportunity will be there. So, as you say actually these numbers are conservative, so in that case, as we go ahead actually, we will be able to understand actually.

Analyst: So, in that scenario your returns on equity will be above 25%?

Management: Yes, definitely.

Analyst: If China is de-emphasized, for the US at least very lightly?

Management: Correct, which is what you are saying that short term we feel this momentum will be there, but if you want to put a model for 5 years, 10 years then that is where your baseline would be there and you get added with all this.

Analyst: If you look at other industries like textiles is the opposite. Indian textile manufactures pays the duty you know whatever, Bangladesh has an advantage and so Indians are losing out with quick tariffs, but you saying in competing with China this is helping?

Management: This is helping us. The entire global phenomenon that you see is actually favoring us completely with focus on renewables which is what I said the overall growth drivers focused on renewables, infrastructures spends, China Plus One, it is all favoring us.

Analyst: For how long you have been with the company?

Management: Me just last year, one year and four months. I just succeeded Mr. Diwakar.

Analyst: How is spread out this 55% export, geographically how is it spread out?

Management: It is largely to the Americas; we also have in Australia and Africa.

Analyst: A large part of this is America?

Management: Yes.

Analyst: And where is the manufacturing for Americas happen?

Management: It is in our plant.

Analyst: I think Silvassa**?**

Management: Yes, Silvassa.

Analyst: Currency depreciation that all comes to you hedge it?

Management: We hedge it. So, whatever is possible to hedge, we hedge it, like we hedge aluminum, we hedge copper, we hedge foreign currency thing. So, our objective is that we don't want to take any risk on these metals and currency based on around our margins. The moment we get an order, we have a hedging mechanism that we hedge on the LME and then that price is quoted to the customer, so if aluminium price goes up or goes down doesn't affect us, we completely pass it on to our customers. We have a completely hedge mechanism.

Analyst: Just a couple of years ago, there was a problem with respect to commodity input and a lag in terms of your ability to price, now that has changed?

Management: No, it has completely changed. We have a complete mechanism, so whatever is possible to hedge we have hedge.

Management: It is not in TBCB orders, we are not taking any TBCB orders anymore.

Analyst: So, you are not doing any more, so now you have stronger position?

Management: Yes.

Analyst: Earlier oil prices used to be a big factor also?

Management: Oil cannot be hedged, so that is why I was saying it cannot be hedged. That happen and we try to keep our 2 months inventory that keeps on changing. If you look at oil, another quarterly EBITDA keeps on fluctuating and oil price are lower depending on how much inventory you have, profit margin changes, but if you look at 12-month period, then we will be aware we are about 5,000 to 6,000 per kiloliter when it comes to around.....

Management: So, that was on conductors and moving on to the cable division that.

Analyst: Taking by your export client my questions, so talking of China Plus One given that for example if you take Rs. 100 of imports that US does from China with how much is the ballpark change that they are doing, is it 50-50 or 70-30 which is the incremental opportunity for you going forward?

Management: No, actually we don't have exact number to answer that, but you know, it will a gradual increase that we can say. That proportion is something is very difficult to say how much we need to look at again the statistic or how much they have imported from which country, but what I can say is that when it comes to exports out of India or the US markets on cable, we were almost negligible till half year of FY22 and now end of Q3 we would be the highest largest from amongst the different competition when it comes to export of cables for US. Also, in US you need an approval which is called UL approval to supply and sell any cable in the US market and from India, we have the highest number of certificate of compliances for the UL approvals for any other players so we started applying for this during COVID times that time this all takes about 6 months to 8 months with all this testing, rigorous audits and everything, so we have the large number of UL approvals when it comes to India.

Management: Will we continue on the cable front, in the cable we are the largest domestic player when it comes to renewables and in terms of range of products in cable if you see we are the by far the widest range of cables, serving the power cables, we have house wires, we have elastomeric cables and this elastomeric cables they are flexible cables that gets into solar, wind, gets into railways, shipping, defense, mining industry you know all this kind of specialist industries where this elastomeric cable gets into it. We also have optical fiber and telecom cables for us.

This cable division has also seen a change in the last year with 50% of the products getting exported which was just about 25% to 30% couple of years ago and again that demand is coming up with all this infrastructure and renewable things in place. Also, we have stepped up on our house wire segment which is our Light Duty cables that we sell in India. Lastly, we were there in Kerala and Gujarat selling about since last 3 years and here we have very unique and differentiated product with E-beam irradiated cables which means that it has 3 specific advantages, one is that it has a 50-year life we claim it on the product we have 50-year life backed by our testing. It is able to carry 50% more current. In the house, you will shortly you see more and more things getting electrified with work from home is there and then you will have robots, you will have all the air-condition going up across the country, so need more and more current, so this E-beam cable has 50% more current capacity as compared to any other competitor product which is there. And the third advantage is it is melting resistance which means that the insulation will take hours more longer to melt as compared to some other cables. These 3 unique propositions is what we have been now spreading awareness to consumers, so consumers will feel it completely safe to have such kind of product. Once you put inside the house, you don't need to change the wiring for the next 50 years.

And if you see Slide # 10 that talks about how we have expanded its presence from March to December, on March 22 we had about 19 odd distributors and now it is already close to 100. In terms of retail count, we were about 300, now it has gone to 1,500. We were just about 2 states by March 22, now we are gone to 13 states. This is one area where we will see that growths coming in. We have a separate team who is going to cater to this particular business. We have taken Sonu Sood as a brand ambassador and gone on air in the last month in Kerala states and there is a potential for us going forward with this unique and differentiated product that we have.

And once this channel is there in place then you can able to promote some of the other related products also through this channel. So, our effort is all growing into building this channel in this cable business. We are likely to touch about Rs. 200 crores this year, Rs. 350 crores by next year and then Rs. 500 crores by FY25-26. That was on the cable.

In terms of margin, clearly, we see the margin is increasing steadily. If we were about double digit pre-COVID, quarter 3 we have already reached about 11.8% gradually, in last year about 5 odd percentage was there and every quarter we are actually seeing an increase in our EBITDA margin. By all the 3 division, we feel that the cable division would be the fastest growing for us. We are looking at 25% to 30% value growth year-on-year, mainly because we feel that the market for cables is much higher than oil and conductors and you need the cable in most of the applications, whether in India and overseas. The Indian government is promoting schemes like RDSS which is improving the distribution setup in India. That is going to help the cable divisions a lot because they have a budget of some Rs. 300,000 crores and about one third goes into the cable business there, so clearly we see that ramp up happening and in this entire supply chain, the distribution link is the weakest, so the efforts are there to improve the distribution infrastructure in the country. So, clearly we see that momentum also happening in India.

Analyst: Exports, how the mix has again seeing an increase in the current year we had almost?

Management: We were not present in the United States as I said until half year of FY22 and now we started increasing our presence over there or even supplying this PV cables there, supplying telecom cable over there and that market is as usual as Mr. Diwakar was saying that US import is over 20 billion annually and currently we are just about Rs. 3,000 odd crores, so that potential is huge and our export mix has gone up from 25% to 50%.

Analyst: But what is the maths, so you saying incrementally the growth will be majorly coming from exports, all this 25% done?

Management: Exports as well as India if you see light duty cables the growth happens, schemes like RDSS will help to improve this thing and Elastomeric's application as I said for all the warships, defense, EV, etc., this business is growing, so there are multiple growth levers if you only look at the cable business itself. Leaving aside the conductors and other division, for only in cable we see multiple growth work happening there.

Analyst: Just to understand the mix of 25%-30% kind of overall value growth, in terms of export, how much this value growth would be for over the medium-term?

Management: Exports clearly will be in that 50% or even slightly higher than that mix going forward, so it will be much higher than the domestic.

Analyst: And how much is the benefit do we get in terms of margins majorly in the cable business?

Management: It is an application base, so some of the specialized cables will have better margin like now cables get into solar, PV cables that will be having a higher margins. So, across different cables the margins will be different and again it will be depending on whom you sell to and with the delivery times that you need. All these factors come into play so if you need cable quickly, then you are able to now get a higher margin than you need cable that is cheaper.

Management: Highest margin will be defense cable. Cables which are going into defense, we get the highest margin, but getting into defense is quite tough actually. For that you will need to do a lot of R&D with defense. Atmanirbhar program is there actually, they are trying to indigenize so many things actually, so cable is one of the items which they have identified actually and they are working on these cables with cable companies.

Analyst: I am asking these questions because we are seeing multiple other cable companies where they have done export, so where you see a lot of vagaries where export is the major driver for growth and then few years, there are no revenue from that, so how do you think balancing out these kind of vagaries with this export, possibly if I say in our cables?

Management: We are present both in exports and domestic. In our capacity, whichever market gives us highest margin we are there. We are not going to substitute one to other, we will just see that which actually gives a highest margin. So, if you look at the power cables in the domestic, it is the weakest margin similar to if you look at conductors, the convention for the domestic is the weakest margin there, so whatever mix and whatever markets are going to give us margins, we will be there.

Management: And earlier, all the exports were in the underdeveloped countries like Africa etc. They are all dependent on the World Bank, that type of things, so that is why the vagaries were there. Here there is nothing actually, in US lot of money is there and there every program is a very big program actually. US program, if you are able to participate in that program, the Inflation Reduction Act also is normally in trillion dollars actually they are going to spend.

Analyst: In terms of domestic, are we seeing incremental competition coming in on the cable side for us?

Management: The competition is already there, yes in domestic, so many players are there, so many cable players are already there, but where is the competition is not there is Elastomeric cables which are flexible cable, there competition is not there.

Analyst: So, basically to understand the 5% kind of margin in terms of domestic will continue and then accretion of margin will come in from the....

Management: See, for domestic some other special application margins will be higher.

Management: And domestic demand is also going to grow because of this RDSS scheme etc., see at present distribution is the weakest link in our India setup. Lot of losses are there actually, thefts are there, so government is focused on improving distribution through this RDSS scheme and in that 30% will be cable. Whatever work will be done in RDSS scheme, 30% will be cable. So, lot of demand will be there, so when the demand is there, the competition it will get observed. So, the overall margin level will improve actually, even the domestic margin level should improve.

Analyst: Can you say this RDSS scheme in this case the products which you sell are at higher margin or lower margin?

Management: It can be high margin.

Analyst: Then margin move from like 3% to 12% in cables, so what is the outlook here?

Management: 3% was not a real margin, let us say pre-COVID, we were already around 11% or something like that. Then, we came down. See, during COVID both these businesses suffered, conductor and cable both suffered, oil was favorable. COVID was favorable for oil and these other 2 businesses they were suffering and now it is the other way round actually. There is issue on oil, but the other 2 businesses are good like anything, so...

Analyst: So, it is sustainable?

Management: Sir, we have been guiding about 10% going forward, but already Q3 we are about 11.8 and with economies of scale, margins will improve, so we have also seen that scale economies giving us better margins.

Analyst: In terms of capacity utilization, where are we from both these conductors and cables as of now?

Management: Cables about you know 80 to 85% should be the capacity and we are increasing capacity there, so we now have sufficient capacity for FY23 and may be for the first half of FY24, but as we speak we are increasing capacity. In the current year, spending were about Rs. 150 odd crores till now and two thirds will be going to cable. Next year, our plan is to spend about Rs. 300 crores to Rs. 350 crores largely getting to cables and conductor division. As we see demand and opportunity coming up in this 2 division, our CAPEX will go.

Analyst: How does your asset turns for cable versus conductor?

Management: Cable would be high and even within cable, this Light Duty Cable will be much high. On average, we are expecting about 7x to 8x asset turnover ratio.

Analyst: On an average?

Management: Yes.

Analyst: What would be your asset capacities in cable once you do these capacities?

Management: So, we would always be ahead of in terms of spending CAPEX.

Management: These CAPEX will take us to close to about Rs. 6,000 crores cable.

Management: During the current year, we are looking at conductors, if demand is going up then conductors increasing the capacity there. So, it is going to be a continuous thing as we see demand going up, demand your debtor will keep on adding.

Management: And conductor idea is premiumization actually, not to go for just volumes. Earlier, we were focused on volumes because the other products were not there. Now with these other products coming in as we listed out in the beginning, high efficiency conductor, then OPGW, then copper conductors, so all those new premium products which we have added actually, we are not focused on volume anymore actually. We are not taking orders, we can do more. In these 9 months also, we could have done more actually, but we are not taking orders.

Analyst: Rs. 6,000 crores annual turnover you said?

Management: For cables.

Analyst: Cables, so 1,500 quarterly versus 900 you can do 1,500?

Management: CAPEX will give us that cable.

Management: That additional.

Analyst: So, more than 50% jump?

Analyst: Also, this CAPEX will give you Rs. 6,000 crores of revenue**.**

Management: All CAPEX put together.

Management: This will go up to Rs. 6,000 crores, we are already Rs. 3,000 crores, more than Rs. 3,000 crores, so another Rs. 3,000 crores we will be able to add through this additional CAPEX.

Analyst: Only cable?

Management: Only cable because we feel that the opportunity for cable is going to increase like anything and we have to be ready with the capacity.

Analyst: Conductors where do we need new CAPEX?

Management: 40,000 is per metric ton is our current capacity, we will get to 1 lakh seventy eight odd percentage and then if you put more CAPEX further it will go.

Analyst: 1.40 lakh per month?

Management: One lakh forty thousand metric ton is current CAPEX, 170 odd we will do.

Analyst: Price will depend upon....

Management: Yes.

Analyst: We just grow in this Rs. 550 odd crores of CAPEX, then it will be normal maintenance CAPEX?

Management: Yes, it will be. Again, we will see more demand...

Management: Again, if we are doing more and more CAPEX because we are seeing the opportunities.

Management: Opportunity to invest again.

Management: And this time, we want to be ahead of the curve actually because today we are not able to supply.

Analyst: And, so on this CAPEX, in cables what kind of payback do you see**?**

Management: Our payback is very fast actually, less than 3 years.

Analyst: Less than 3 years, what run rate are you taking? 9 months run rate or steady state FY22 run rate what?

Management: Steady state will be this 11% EBITDA margin we are saying.

Analyst: So, basis that you say.

Management: That basis.

Management: The renewable program is running everywhere actually, globally, everywhere people are putting up the renewables.

Management: Mandatory.

Management: Yes, it is mandatory to reduce the climate change and this urban footprint everywhere this program is running. Earlier, we were not having any market from the developed countries because their infrastructure was already ready and we were dependent on this Africa and all this type of places, but now because of renewable everywhere this action is happening.

Analyst: In India we think the traction on renewables will match with the plan or it will fall short?

Management: It will fall short, but you have a vision, then you will work for that actually, so you have a vision for 100 actually you work for that, then you will reach may be 70-75, that is also good.

Analyst: With rising exports, your working capital will get further stretched?

Management: It is not that significantly, but yes may be because of the US there will be high....

Analyst: Your working capital cycle as of 30 years September was close to 30 odd days?

Management: Around 40 days we were around, average 40 odd days it may get little bit stretched.

Analyst: So, that will further strain short-term borrowing further**?**

Management: To some extent yes, but we are also working on having to see how we can speed up on the working capital. We have found a subsidiary in US, currently it is not operation, but in times to come, we will see how to manage that part.

Management: But that interest is covered in this EBITDA margin, the amount of EBITDA margin which you are getting that covers all the increase interest cost etc., everything.

Analyst: Going forward any plans on reducing your overall volume levels in terms of at least the long-term borrowings?

Management: Long-term borrowing is not much. This is long-term borrowing, it is hardly Rs. 250 crores, out of that Rs. 50 crores will be paid off which is Rs. 200 crores. Rs. 200 crores is not much actually. We have the working capital borrowing there actually and working capital borrowing will continue. That whatever interest is there, the EBITDA is able to take care of that interest. There is no issue on that.

Analyst: Just one question in terms of this CAGR again 25%, 30% is financed for value growth, how much of this will be volume**?**

Management: It is difficult to answer. Different types of cables are there actually. Value is different.

Analyst: But this year will be different in terms of value right in terms of the price for Cable segment?

Management: So, even the aluminum price came down. If you see aluminum price came down, copper price came down. Earlier, in the beginning of the year and the end of the last year, the prices had gone up actually, now they have come down.

Management: Cable is all a volume game because exports and all going up is pure volume game.

Management: So, volume has increased actually.

Management: We are hardly present in the US a year ago where sizeable amount of exports is from US.

Analyst: What is the guidance that mention for conductor and specialty....

Management: Conductors volume we look up of 10% volume increase and value we don't give because it all depends on aluminum and copper pricing. Then we talked about margins EBITDA margins which is at baseline about 25,000, but then all these tailwinds which looks more realistic will push up the number.

Analyst: Cables we don't share volume, is difficult or not....

Management: No, it is difficult because of the wide range of SKUs.

Analyst: So, one quick question on the RDSS scheme you mentioned about, the opportunity of 800 and 30% will be cables, is it going to be doubled transformer oils?

Management: Will be yes, it will.

Analyst: What is going to be opportunity size?

Management: So, what will happen is that it will all need transmission setup RDSS. When you think to do a transmission setup, we need transformers and for that you will need transformer oil, so that is not even included in this Rs. 300,000 crores. It is pure about cables which is there and you will also need little bit of conductors also because there will be some level of evacuation and transmission.

Management: We are not focused on the distribution conductors, they are smaller conductors.

Management: In the oil space, we feel that the transformer oil will grow because all this transmission will have all the rub-off effect on the transformer oils. Some other variants of oil may degrowth, especially auto oil part as things getting into mobility and in electric vehicles and all. Auto oil possibly could be low, but the transformer oil would overtake the growths.

Management: Another opportunity which is there which has not yet come in the replacement of oil. See, whatever transformers are there which are owned by these utilities. The oil which they are supposed to replace they are not replaced for long time because they don't have money, so once this program is there, so all this will happen and because of which they are not able to means the power is there, but they are not able to distribute the power and in rural areas there is no power for 10 hours, 12 hours, 10 hours, 8 hours like that different areas actually, because the transformers are failing. So, that opportunity is there and this government is having that program of improving the power distribution. RDSS scheme is mainly for improving the distribution system of power, so that all that replacement demand which is there actually which has not yet come. If that comes as I said actually that were not able to say, in which year it will come, so similarly we are not able to say in which year it will come, but when it comes actually, there will be huge demand for transformer oil because population of transformer which is there actually, so you will require top-up requirements will be there.

Analyst: Exports in US is there, how is our client concentration, is it like.....

Management: We are having 3 distributors actually, so we are distributing through these 3 distributors and conductor is having about 4-5 distributors are there actually because we are not directly dealing with utilities. About 3,000 utilities are there in the US total, out of that 30 are big utilities and balance are 2,970 are smaller utilities. So, this smaller utility is there taking presently from this distributors. So, we are working through distributors and as we said actually, we have set up a subsidiary company over there. Our idea is that in the long run, we will have our warehouses over there actually and we will stock the material because these utilities want material immediately. They don't have that they can wait for 3 months, 6 months or something like that, so our distributors take the material and keep it in their warehouse and keep on supplying to these utilities.

Analyst: It have a significant supplier for the distributors or they also source from multiple people?

Management: They are sourcing from multiple people actually. Multiple means they will keep 2-3 supplies they will keep.

Management: If you look at one slide, it talks about our competitive advantage on conductor is that they look at simple with reputed suppliers, they look at people who have enough capacity. They look at people who can supply cables on the to the delivery schedule, who have a good risk-management techniques like all these hedging and all those things, so they don't look at players who are small-time player, so this slide is there on our website and it talks about for the premium products where do we see our competitive advantage, for the conventional product where do we see the competitive advantage. So, they may be taking from other players, but there are some advantages that APAR has over some of the smaller players there.

Analyst: Is it minimum volume have they guarantee?

Management: No, it actually comes in huge quantity, so there is no minimum guarantee, we don't have any such contracts.

Analyst: For how long are the contracts?

Management: It is a flow business, contract is only an understanding that you will work for us actually, but then it is a flow business.

Analyst: What is the typical security deposit in any new contracts which you get? What is the proportion of the project cost?

Management: What is security deposit mean?

Analyst: You will have to keep certain security deposit?

Management: We have to keep.

Analyst: Yes, is it so?

Management: No, only in case of this project type business actually, last 10% remains for long tenure actually like HTLS conductor or OPGW where we do the turnkey contract. We supply the material also, we bring down the existing conductor, we put up the new conductor and handover the new line to them.

Analyst: So, sir second question is regarding your cash, we have around Rs. 313, Rs. 314 odd crores of cash balance, so what is the committed amount of that 10% in that cash flow balance?

Management: No, I have not understood your question, committed amount means?

Analyst: This 10% which you have?

Management: No, 10% will remain in debtors.

Analyst: Correct, so that.

Management: Cash balance is separate actually. Cash balance is Rs. 350 crores.

Analyst: I got your point, so what is that addition that can be generated in next 3-4 years which you will get, so what can be that addition cash?

Management: Even that 10%, we have an opportunity of giving a bank guarantee after sometimes we give bank guarantee and get the money, so it is not a big deal actually as far as that 10% is also concerned. After some time, you are able to give a bank guarantee for 10% and get the money.

Analyst: Is a government project, right, 10%?

Management: Yes, these are government projects, actually transmission.

Analyst: Otherwise, they release to what period if you don't give a bank guarantee?

Management: Then that will be 12 months, 18 months after the project is over.

Analyst: Last question is around split where now conductor was almost half of the profit followed by cables, followed by oil, let us say 50, 30, 20, 9 months number I am just taking, tubes and obviously oil was higher last 2 years disproportionately, but this new shade you think this could stabilize where we have half roughly coming from conductors and balance from oil and cables?

Management: No, what you will have to see may be this guidance that we are giving, 10% volume growth and that EBITDA and cable we are talking about 30% value growth and 10% EBITDA and oil 5% growth.

Management: All 3 businesses are independent businesses, we are not restricting any business actually. All the business, whatever opportunities are there, all these businesses will be taking those opportunities.

Analyst: oil will not be anywhere close to?

Management: Yes, CAPEX program is not there for oil. CAPEX program is there mainly for cable and then conductor and then the oil will be very limited CAPEX program.

Management: But oil will actually give you cash flows to help the CAPEX for cable and conductors, yes completely cash, you will need CAPEX completely free cash flow you can fund for your cable and conductor business. From among the 3 divisions, the fastest growing would be cable.

Analyst: So, in terms of capital allocation, the return on capital on conductors and cables would be far higher than oil, is it right to say even now?

Management: No, even oil if you see last 2 years oil was performing like anything actually. We have stopped the return ratio.

Management: Yes, EPS breakup you have worked out what you are Rs. 20 for oil. That is what you are looking.

Analyst: No, I am just saying simple return on capital on the 3 divisions in the last 9 months how has that been?

Management: Last 9 months, conductor will be highest actually, second will be cable and third will be oil last if you talk about 9 months.

Analyst: Last 2 years if you see oil was the highest and now we see other divisions are picking up. Oil we feel that if we look at this quarter is low, but if you look at 9 months we are in line with a threshold margin which we have been saying about 5,000?

Management: Oil will also come back actually.

Analyst: It is sustainable that 12 months if you look at oil, it will always be about 5,000 per it is just that if you look at quarter-on-quarter is aberration otherwise on that 5,000 to 6,000 we feel that will continue?

Analyst: Extension to this question, how is the working capital different from each of the 3 businesses?

Management: Not bad, if we look at net working capital, it will be about, all 3 divisions would be in the range of 35 to 45 days.

Analyst: Asset turn is highest for cables?

Management: Asset turns will be higher for cable and also for oil also. Oil, we don't need CAPEX only just keeps on adding.

Management: Oil is around 11.

Analyst: What will drive your 40,000 EBITDA per ton back to 25,000 which you are guiding?

Management: So, it is not be that way, so as I said that the short-term momentum looks high, it is not going to come.

Analyst: Short term means?

Management: Short term means if you look at near term to quarters it was not likely that is going to fall, even long term we feel that it could be that level. It is just that from planning if you look at it.

Analyst: what is like driving that,

Management: here what number we have given that is for preparing a model for 5 years.

Management: It is like China Plus One not happening, if suddenly in another US-China will come to normalcy and US is not preferring India, the custom import duty is changed between China and India comparative years. Those kinds of things happening, then that is where we fear.

Management: What happened when the realizations comes down.

Management: Even then we feel that our 25,000 would be there because our product mix has changed, so we will be at 25,000.

Management: based on history you are saying then these are unusually good circumstances here.

Analyst: And some whole number if do the numbers so whatever your project thing what will happen around Rs. 11 crores EBITDA of this year that will remain Rs. 11 crores only for the next 3 years if what you are saying in the model.

Management: But then if you add all this payments and all which as of now looks slightly then it will be high and look at the guidance with the guidance is with the rider that some of these things will not turn and you need to see if that going to be realistic or not. If you look at the present thing, these things are likely to happen, but I know US, China and all this anyway bill proportion first spends, we see all these are tailwinds, not only the freight that we call as tailwinds all these are tailwinds and as we see it is like.

Analyst: US is not going to change its position with China anytime certain it going problem worse.

Management: Yes, that we have to factor the guidance along with this thing, then we be realistic where we are going to stand.

Analyst: What was the price difference earlier when China was having a lion market share and we were not there in US? What was the price gap?

Management: No, price gap means they were not having any duty. There was nil duty for Chinese cables in US.

Management: We were having some 4 to 5% duty. Now we are having 4 to 5%, they are having 25%.

Management: Straight away they are out actually

Analyst: And in conductors, what is the?

Management: Similar state condition in conductor.

Analyst: Straight away the 20%?

Management: Yes.

Analyst: So, at this import duty, we are at par or China has become better.

Management: Now even cost wise also cost price we are able to compete with China.

Analyst: At a 10% expensive rise even if it is anybody outside China, so in term**?**

Management: Cost price also we are able to compete with China. In China there is no conductor or cable manufacturer reaching out this scale actually and their main advantage was aluminium actually. The 50% of global aluminium is manufactured in China and they give a lot of benefits because it is all government, then they want to promote exports.

Analyst: What is inter segment revenue, so what is that like?

Management: All the cables has conductor and they supply the aluminium rods to the cable division and then cable makes the conductor specific.

Analyst: Mainly it is conducted to cable.

Management: Largely that. Intersegment.

Management: Yes. Thank you.

Analyst: Okay, thank you.