

SEC/2807/2022

July 28, 2022

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

Sub. : Investor Update

Ref.: Regulation 30 and all other applicable regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Dear Sir,

We are sending herewith an Investor Update for the **First Quarter and Three Months period ended June 30, 2022** of the Current Financial Year 2022-23 for the information of members and investors.

Thanking you,

Yours Faithfully,
For APAR Industries Limited



(Sanjaya Kunder)
Company Secretary

Encl. : As Above

APAR Industries Limited

Corporate Office: APAR House, Corporate Park, V N Purav Marg, Chembur, Mumbai 400 071, India
+91 22 2526 3400/6780 0400 corporate@apar.com www.apar.com

Regd Office: 301/306, Panorama Complex, RC Dutt Road, Alkapuri, Vadodara - 390007, India
+91 265 6178 700/6178 709 apar.baroda@apar.com www.apar.com CIN: L91110GJ1989PLC012802



Q1 FY2023

**INVESTOR
PRESENTATION**

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SHAREHOLDING PATTERN



This presentation may have certain statements that may be “forward looking” including those relating to general business plans and strategy of APAR Industries Ltd., its outlook and growth prospects. The actual results may differ materially from these forward-looking statements due to several risks and uncertainties which could include future changes or developments in APAR Industries Ltd. (APAR), the competitive environment, the company’s ability to implement its strategies and initiatives, respond to technological changes as well as sociopolitical, economic and regulatory conditions in India.

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FINANCIAL OVERVIEW



Q1 FY23: Strongest revenue quarter, sequential momentum continues

Revenue

71%
↑
3,093 YoY

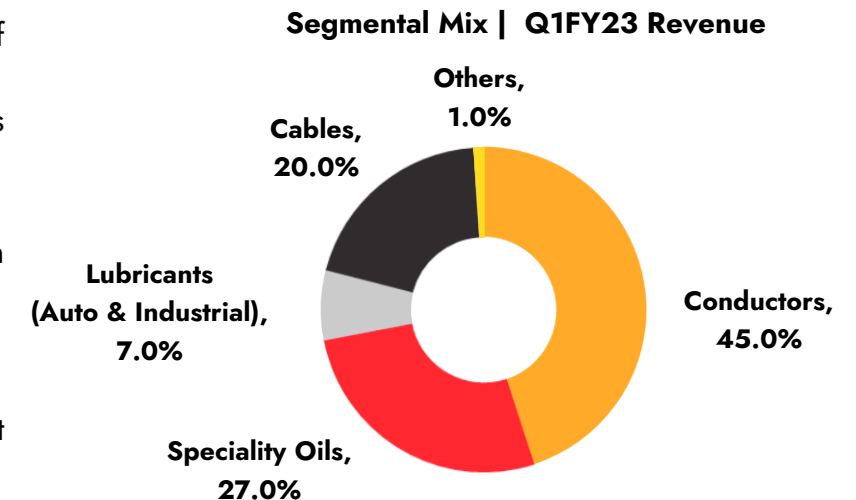
EBITDA

73%
↑
239 YoY
Margin at 7.7% up 15 bps YoY

PAT

97%
↑
122 YoY
Margin at 4% up 54 bps YoY

- Q1 FY23 revenue up 71% YoY with growths coming in from all the three business divisions on the back of higher volume and commodity prices
 - Exports' revenue up 76% YoY driven by 248% increase in cable export. Export mix at 42% versus 41% in Q1FY22
- EBITDA up 73% YoY partly due to high oil prices and inventory gains and margins coming in from premium products in conductors
 - Conductor business recorded strong EBITDA at 21,933 per MT
- PAT up 97% YoY to reach INR 122 crore with 4% margin versus 3.4% in Q1FY22. Higher interest cost absorbed within EBITDA gains



Conductors: Q1 FY23 Highlights

128% YOY
↑
Revenue
INR **1,548** crore

64% YOY
↑
Volume
35,877 MT

209% YOY
↑
EBITDA
INR **85** crore
INR 27 crore (Q1FY22)
Margin at 5.5%; 4% (Q1FY22)

91% YOY
↑
EBITDA per MT
INR **23,670**
INR 12,364 (Q1FY22)


232% YOY
↑
EBITDA post adj*
INR **79** crore
INR 24 crore (Q1FY22)
Margin at 5.1%; 3.5% (Q1FY22)

103% YOY
↑
EBITDA* per MT
INR **21,933**
INR 10,809 (Q1FY22)


- Revenue up 128% YoY on the back of higher volume and metal prices
 - Exports up 120% YoY, contributing 42% to revenues versus 46% in Q1FY22
- Premium products (HEC + Copper Conductor + OPGW + CTC) contribution up to 47% from 44% in Q1FY22
 - HEC contributed 26% versus 15% in Q1FY22
- EBITDA* per MT at INR 21,933 at historic high levels on the back of improved mix of premium products.
- New order inflow of INR 2,017 crore, up 30% YoY
- Robust order book at INR 3,647 crore with 54% share from premium products

*After adjusting open period forex, before unallocable expenditure (net of income)


Speciality Oils & Lubricants : Q1 FY23 Highlights


28% YOY Revenue
 INR **1,068** crore

0.8% YOY Volume
 **1,15,359** KL

32% YOY EBITDA
 INR **118** crore
INR 89 crore (Q1FY22)
Margin at 11.1%; 10.8% (Q1FY22)

31% YOY EBITDA per KL
 INR **10,238**
INR 7814 (Q1FY22)

32% YOY EBITDA post adj*
 INR **112** crore
INR 85 crore (Q1FY22)
Margin at 10.5%; 10.2% (Q1FY22)

31% YOY EBITDA* per KL
 INR **9,712**
INR 7406 (Q1FY22)

- Revenue up 28% YoY, driven by base oil prices with volume increase of 0.8%. Export contributed 44% to revenue
- EBITDA post forex adjustment came in strongly at INR 9,712 per KL,
- Weighted average costs of inventories was low due to supply chain disruptions due to delay in incoming cargos. This will result in a higher weighted average cost in Q2FY23, reducing margins in Q2.
- We expect slowdown in volume as customers are struggling to pass on price increases.
- We expect better volume of transformer oils going forward

*After adjusting open period forex, before unallocable expenditure (net of income)

Lubricants : Q1 FY23 Highlights

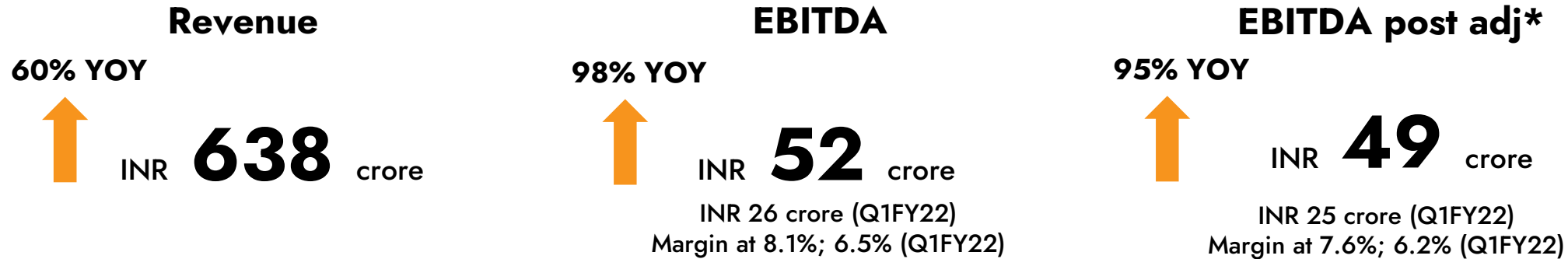
36% YOY Revenue
 INR **217** crore

26% YOY Volume
 **17,618** KI

- Revenue up 36% YoY driven by strong growth of industrial and automotive volumes
- Industrial volume up 31% YoY , Automotive volume up 24% YoY across the board due to lower base last year (COVID disruptions), however, retail volumes are down and OEM's are affected, taking long to absorb high price level

Note: Above numbers are given only for analytical purpose. These numbers are already included in Slide 7 in Speciality Oils & Lubricants performance

Cables : Q1 FY23 Highlights



- Revenue up 60% YoY with strong growth across all sub-segments except OFC sales which were impacted by muted Telco's business
 - Strategic focus on exports continues to deliver, contributing 43% to sales versus 19% in Q1FY22.
 - XLPE cables revenue up 60% YoY from significant increase in exports.
 - Elastomeric cables revenue up 84% YoY from increased business in renewable energy installations, railways & defence.
- EBITDA, post forex adjustment at 7.6% versus 6.2% in Q1FY22.
 - Margin up 140 bps YoY with improved order/product mix
- We expect continued volume growth through the rest of the year.

*After adjusting open period forex, before unallocable expenditure (net of income)

Significant change in customer mix with focus on premiumisation

Particulars	% of Total*
Exports	38.2%
Industries/Corporates	21.3%
Specific industry groups	11.4%
OEM's	6.4%
EPC - Transmission companies	6.0%
Transmission companies	5.7%
Renewables	4.1%
Utilities - Electricity Distribution Boards	1.6%
EPC - Diversified customer base across industry verticals	1.5%
Others	3.9%
Total	100.0%

Industries/Corporates includes Cosmetics, Pharma, Rubber, Plastics, Lubricants etc.

Specific industry groups includes Rail, Defence, Shipping, Mining, Telecom etc.

With change in customer mix, there is limited exposure to State owned electricity distribution boards

**based on FY22 Consolidated Sales*

COMPANY OVERVIEW



#1

Largest global aluminum & alloy conductors' manufacturer

3rd

Largest global manufacturer of Transformer oils

#1

Cables manufacturer for renewables in India

9,346 Cr

FY22 Consolidate Revenue,
14.1% FY17-FY22 CAGR



Leveraging global network

- Multi-year relationships with Indian & global majors
- Global presence
- Exporting to 140+ countries



Leading the innovation curve

- Vast range of technologically advanced products
- All products developed with in-house R&D
- Intellectual Property for most products
- Global leader in key segments

Well-diversified across industries & segments

Conductors

- 180 thousand MT capacity
- One of the largest global manufacturers
- Pioneered turnkey solutions for reconductoring with HEC, live line installation with OPGW
- 1st to develop copper-magnesium conductors as per R.D.S.O. specification

Cables

- One of the world's largest manufacturers of specialized cables
- #1 in domestic renewables
- 1st Indian player to create guidance OFC for torpedoes & tether cables for surveillance systems

Specialty Oils

- 540 thousand KL capacity (including lubricants)
- 3rd largest global manufacturer of T-oils
- 1st globally to supply the entire range of T-oils compliant to new corrosive Sulphur standards
- 1st in India to have T-oils approved for ultra high voltage transformers

Lubricants (Auto & Industrial)

- A leading domestic player in auto lubes
- Licensing agreement for auto lubes from ENI, Italy for ENI brand
- Over 150 BIS-certified grades
- 1st in India to create affordable, high-quality products for the injection moulding industry

APAR today targets:

Power Transmission & Distribution (T&D) and Renewable Energy sectors
through Conductors, Cables and Transformer oils (T-oils)

Railways
through Copper Catenary Conductors, XLPE & Elastomeric cables & Harnesses

Defence
through Elastomeric Cables & Specialty Cables

Automotive
by Auto Lubes and Automotive Cables

Telecom
through Optical Fiber Cables (OFC)

Conductors – One of the largest global manufacturers



ACCC



OPGW



Copper Railway conductors



CTC



Turnkey Solutions

Strong leadership & competitive edge

1.8 lakh MT p.a. capacity

FY22 revenue of INR 4,200 crore, 13.3% FY17-FY22 CAGR

- Largest manufacturer in India
- Pioneer in aluminium alloy rod & conductors
- Technology tie-up with CTC-Global, USA, for ACCC conductors
- One of the first to test successfully 765KV & 800KV conductors in India
- Supplies to all top 25 global turnkey operators and leading utilities
- Manufacturing since 1958

Strategic focus on higher-value products (49% in FY22 up from 33% in FY21)

Adj. EBITDA* per MT at INR 17,095 in FY22

INR 343 crore invested in FY16-FY22

- Jharsuguda, Odisha plant (Sep'16). Logistical benefits with proximity to smelters, capture growing generation capacity in eastern India
- Aluminium rod facility at Lapanga, Orissa
- Agreement with Hindalco for sourcing molten metal, cost saving of Rs 1,000 / MT
- New products launched - Copper conductor for Railways, Optical Ground Wire (OPGW) & CTC for transformer industry (Q1 FY20)

Specialty Oils & Lubricants – 3rd largest in Transformer-Oils globally



Transformer oil



White oils



Industrial & process oils



Industrial & auto lubricants



Petroleum jelly



POWEROIL TO NE premium

Strong leadership & competitive edge

Leading domestic player in auto lubes.

FY22 revenue of INR 3,564 crore, 16% FY17-FY22CAGR. 5.42 lakh KL capacity

- Preferred supplier to over 80% of its Specialty Oil customers in India
- Manufacturing since 1958, 400+ different types of Specialty Oils
- Pioneer in transformer oils in India - 60% market share in power transformer oil & 40% in distribution transformer oil in India
- Only Indian company to win new business to supply all major HVDC projects with transformer oils in FY18 & FY19
- In Auto lubes since 2007

Strategic focus on higher-value products (49% in FY22 up from 33% in FY21)

INR 229 crore invested in FY16-FY22

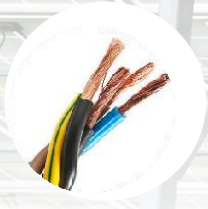
Lubricants (Auto lubes & industrial oils) contributed 8% to Company's FY22 revenues

- Al-Hamriyah, Sharjah plant (1 lakh KL capacity, Jan'17). Proximity to customers in Middle East & East Africa. New avenues for bulk exports
- Expanded T-Oils capacity and range ((including 765KV & 800KV HVDC)
- Doubling Industrial & Automotive blending and automated packing capacity
- Licensing agreement for auto lubes from ENI, Italy for ENI brand
- New R&D facility at Rabale

Cables - Largest domestic player in renewables



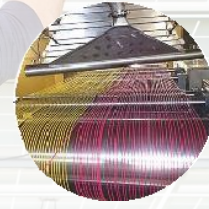
Power cables



House wire & cable



Elastomeric cables



E-beam irradiated cables



OFC



Speciality hybrid cables

Strong leadership & competitive edge

60% share in domestic wind sector

FY22 revenue of INR 1,993 crore, 18.2% FY17-FY22 CAGR

- Launched India's most advanced E-beam facility
- Largest & most innovative Indian supplier to the Nuclear Power industry
- One of the widest ranges of medium-voltage & low-voltage XLPE cables, elastomeric cables, fibre optic cables and speciality cables
- One of the largest cable exporters, a leader in CATV/ broadband fibre optic cables
- In cables since 2008 (Uniflex acquisition)

Strategic focus on higher-value products

INR 309 crore invested in FY16-FY22

- Green-field Khatalwada plant for E-beam Elastomeric Cables, OFC Cables, others
- High-voltage power cables using the latest CCV technology in FY18
- HT expansion in Umbergaon and LT consolidation in Khatalwada
- Debottlenecking of HT/LT cable capacity at Umbergaon plant in Q4FY19
- New product - MVCC launched in FY20
- Exploring new opportunities in MVCC, harnesses, more products for Railways, pressure tight cables, 66KV cables & contracts

OUR LIGHT DUTY CABLE RANGE



APAR Anushakti

- House wire
- Round Multicore
- 3 core flat cable
- Solar cable

APAR Alum Shakti

- House wire
- Round Multicore
- 3 core flat cable

APAR Mahashakti

- Round Multicore
- 3 core flat cable

APAR Tarang Shakti

- CAT 6 LAN cable
- Telephone cable
- CCTV
- Speaker cable
- Fibre optic cable

APAR Fire Protekt

- HFFR
- EBXL HFFR
- Fire alarm cable
- Fire survival cable

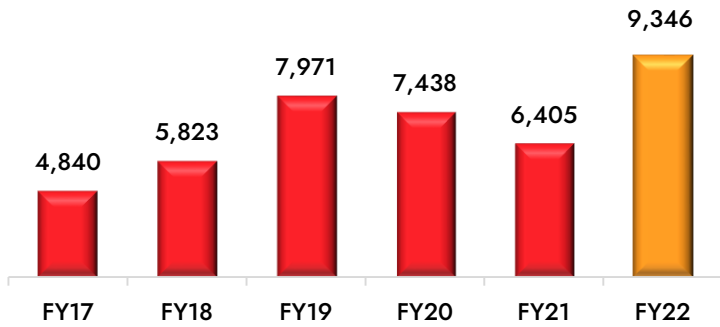
APAR Shakti

- House wiring
- Round multicore
- Core flat cable
- Uninyvin
- Braided cable
- Welding cable

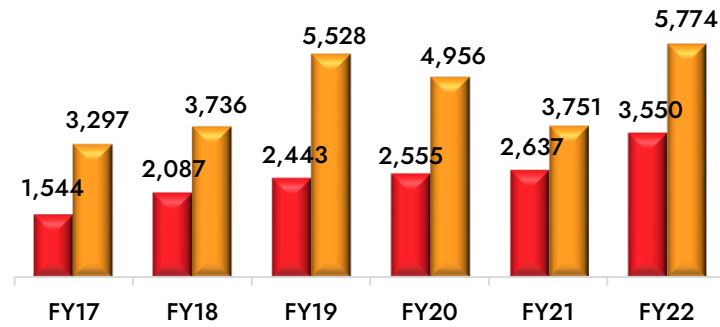


Strong financial performance sustained over the years

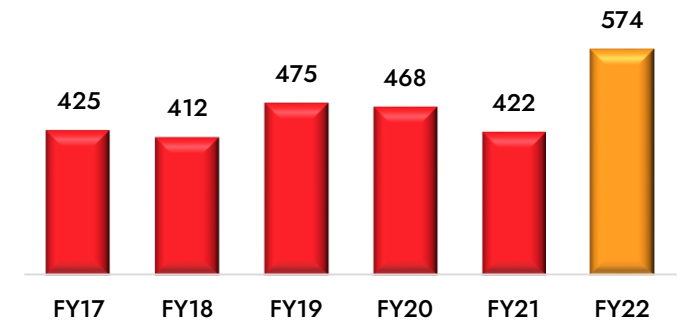
Consolidated Revenue



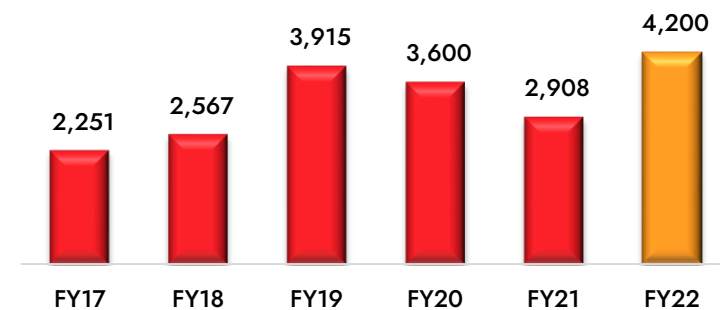
Exports contribution at 38% in FY22



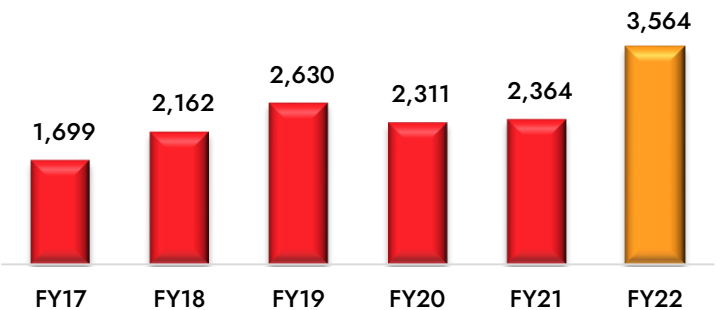
EBITDA



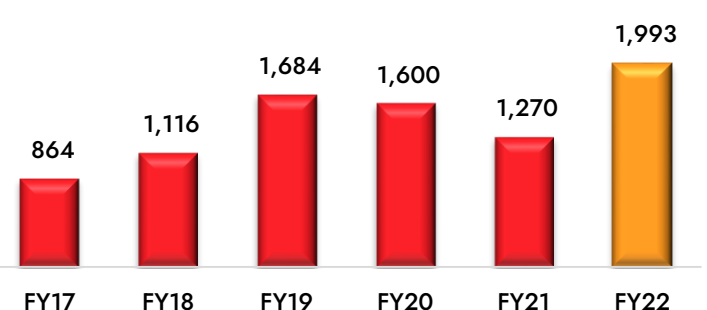
Conductors Revenue



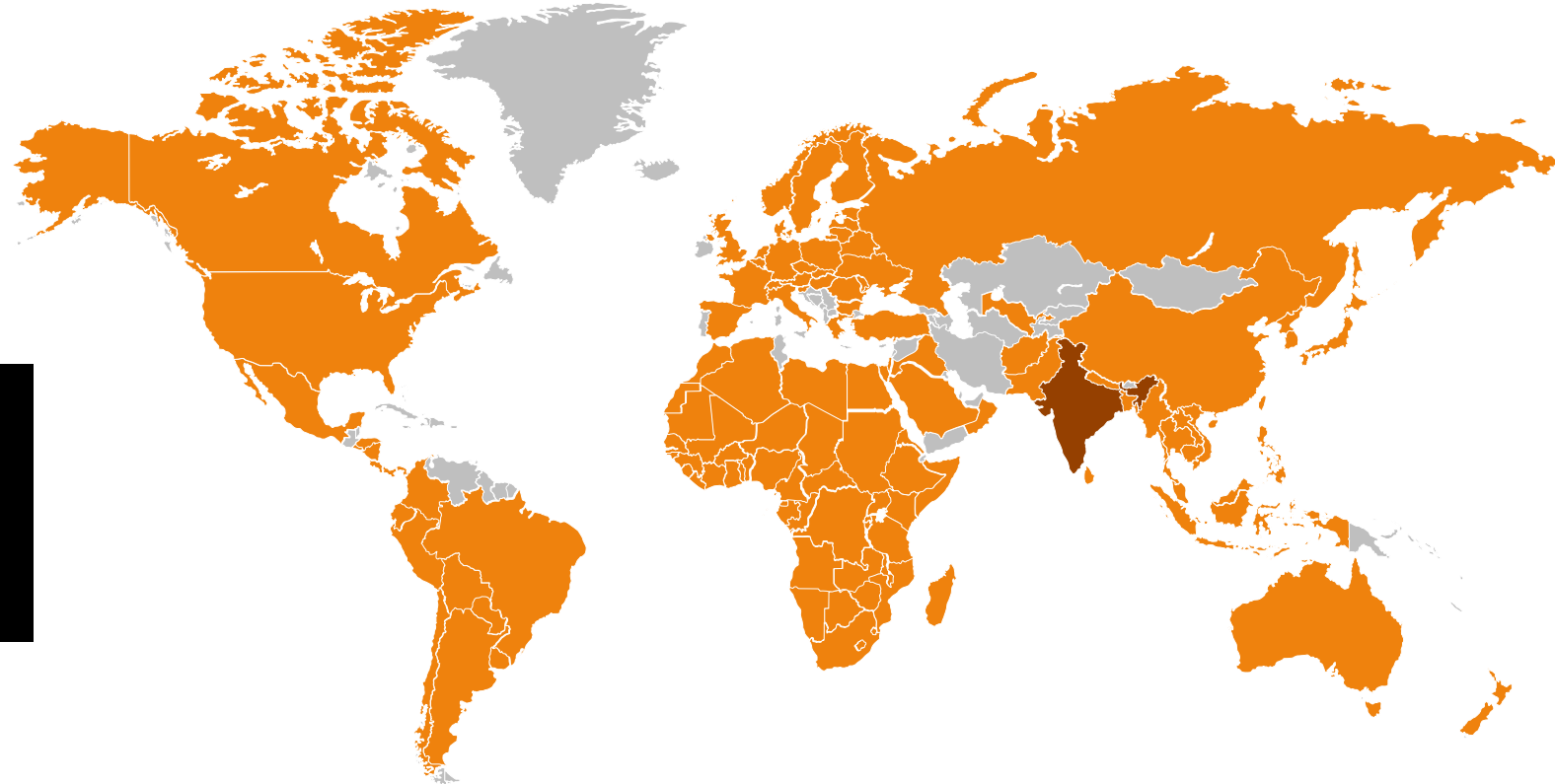
Specialty Oils & Lubricants Revenue



Cables Revenue



Extensive global presence driving exports



Export revenues up
34.7% YoY, contributed
38.1% to FY22 revenues.

- Present in 140+ countries with a focus on Southeast Asia, Middle East, Africa & South America
- New geographies in North America/Latin America added for conductor exports
- Plants strategically located close to ports
- Hub and spoke manufacturing & distribution model for specialty oils, allows efficient delivery cycles to global transformer OEMs across Asia, Africa and Australia
- Al-Hamriyah, Sharjah plant enabled fulfilment of global orders during lockdown in India

Unique capabilities

01

Diversified business across product portfolio, market segments, customer base and geographies

02

Well positioned to capture industry trends related growth both globally and in India

03

Strong competitive position in attractive growing markets coupled with lower cost and strategically located manufacturing footprint

04

Strong financial performance sustained over the years

05

Robust in-house technology, innovation and R&D capabilities

06

Experienced management team and technically skilled and motivated employees

Focus on Revenue Growth and Increased Efficiency

Enhancing Operational Efficiency

- Continue to seek to improve efficiencies, streamline capacities and asset utilization and manage capital expenditure for each of the production facilities
- Implemented various initiatives to lower costs, such as purchasing raw materials in bulk to take advantage of promotions and economies of scale
- Ensure high quality, low costs and on-time delivery for customers in India

Increased penetration in High Growth Markets

- Capitalize on global manufacturing presence, strong product capabilities and existing relationships to capture these industry growth trends
- Become a globally preferred Conductor provider while sustaining leadership segmentally

Boosting Customer Revenue for India Business

- Capitalize on current strong positioning to capture the overall expected growth in Indian markets
- Increase revenue with existing customers by expanding the array of existing products supplied and by continuing to develop solutions aligned with customers' needs
- Continued introduction of products and solutions catering for emerging trends in Global markets

Continue to Invest in R&D, Design, and Engineering

- Committed to the drive for innovation and intend to continue expanding our R&D, engineering and software development capabilities in order to capture future growth trends
- Seek to benefit from key trends in the automotive industry, including EVs, emission reduction and shared mobility
- Expand capabilities in a cost-efficient manner, by focusing on low-cost geographies near major automotive markets

Key growth drivers

01

Global Infrastructure Spends

Electrification · Rise in Power spending · Considerable investment dedicated to infrastructure

02

China Plus One

Risk diversification with increased manufacturing capabilities · New market access

03

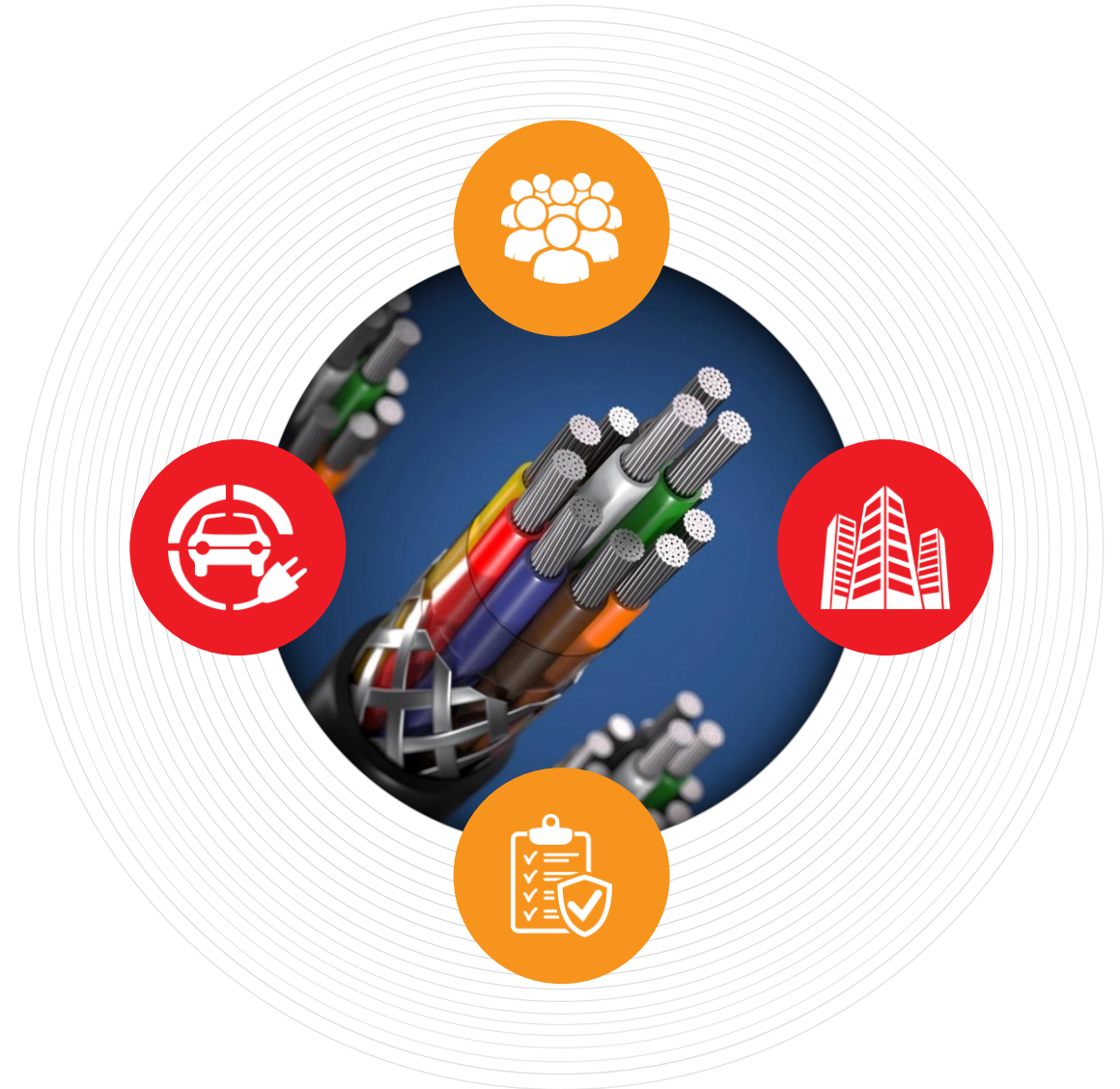
Carbon Neutrality

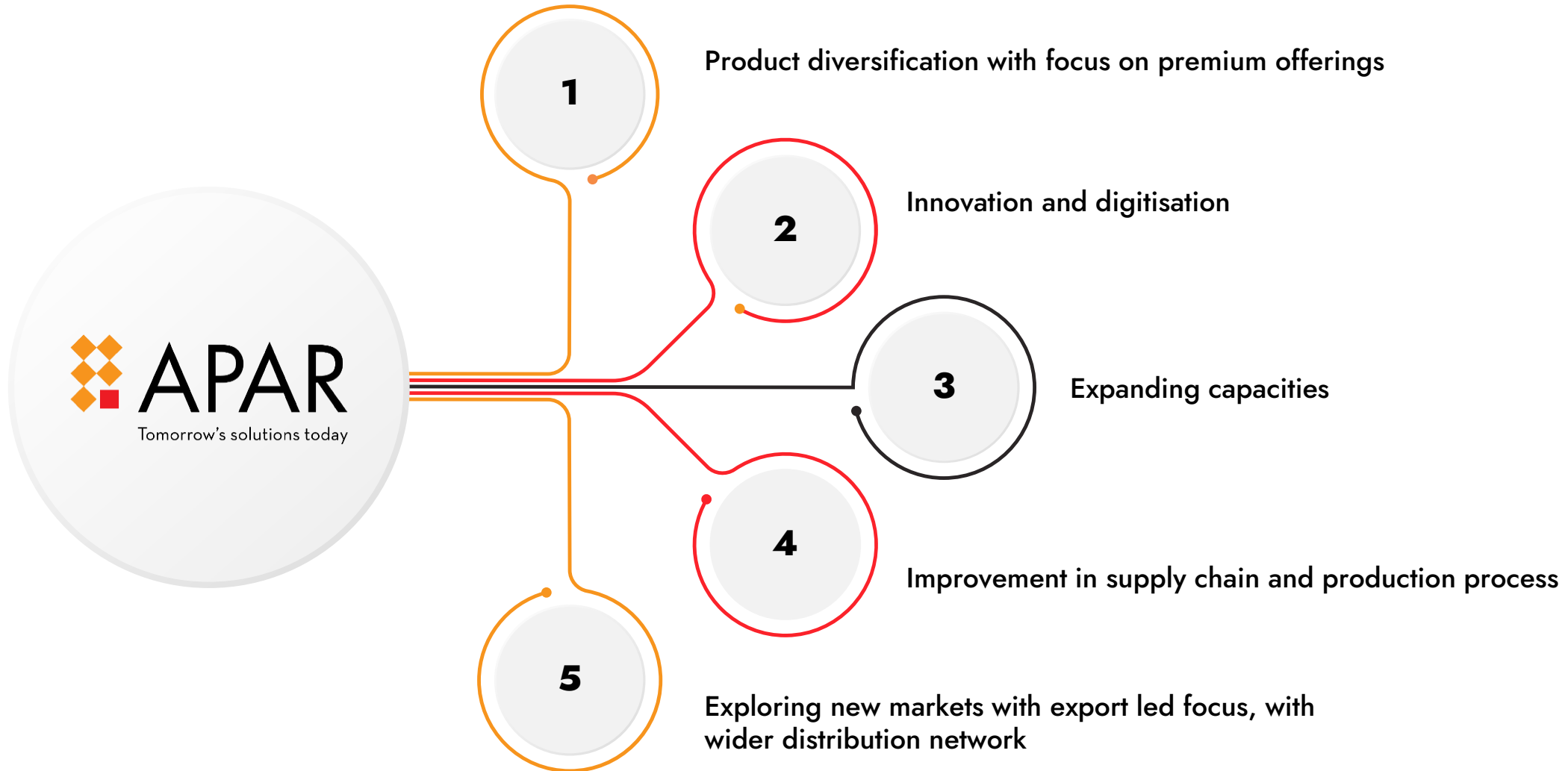
Adoption of diverse renewable energy solutions

04

Consolidation of supplier base

Organized businesses, higher compliance





ANNEXURES



Q1 FY23: Consolidated Profit & Loss Statement

Particulars	Q1FY23	Q1FY22	% Chg YoY	Q4FY22	% Chg QoQ
Gross sales	3,083.4	1,803.1	71.0%	3,003.9	2.6%
Other Operating Income	9.8	6.6	48.5%	8.6	14.0%
Total Operating Income	3,093.2	1,809.6	70.9%	3,012.5	2.7%
Total Expenditure	2,855.9	1,680.4	-70.0%	2,838.9	-0.6%
Cost of Raw Materials	2,337.4	1,365.3	-71.2%	2,344.3	0.3%
Employees Cost	48.3	43.4	-11.3%	43.7	-10.5%
Other Expenditure	470.2	271.7	-73.1%	450.9	-4.3%
Profit from operations before other income, finance costs and exceptional items	237.3	129.2	83.7%	173.6	36.7%
Other Income	4.5	12.1	-62.8%	8.9	-49.4%
EBITDA	241.8	141.3	71.1%	182.5	32.5%
Depreciation	24.9	23.9	-4.2%	24.8	-0.4%
EBIT	216.9	117.4	84.8%	157.7	37.5%
Interest & Finance charges	61.3	38.3	-60.1%	45.8	-33.8%
PBT	155.6	79.1	-99.5%	111.9	39.1%
Tax Expense	33.2	16.8	100.8%	29.3	-13.3%
Net Profit	122.4	62.3	-99.2%	82.6	48.2%

Q1 FY23: Consolidated Segment Analysis

Segment 2	Q1FY23	Q1FY22	% Chg YoY	Q4FY22	% Chg QoQ
Revenue					
Conductors	1,548.2	679.5	127.8%	1,503.4	3.0%
Transformer & Specialty Oils	1,068.0	831.7	28.4%	928.2	15.1%
Power & Telecom Cables	637.8	399.8	59.5%	682.7	-6.6%
Others/Unallocated	23.5	10.6	121.7%	15.8	48.7%
Total	3,277.5	1,921.6	70.6%	3,129.9	4.7%
Less: Inter - Segment Revenue	184.2	112.0	64.5%	117.5	56.8%
Revenue from Operations	3,093.2	1,809.6	70.9%	3,012.4	2.7%
Segment Results before Interest and Tax					
Conductors	77.4	19.0	307.4%	57.3	35.1%
Transformer & Specialty Oils	112.4	85.6	31.3%	64.8	73.5%
Power and Telecom Cables	44.4	18.7	137.4%	42.4	4.7%
Others/Unallocated	0.7	0.6	16.7%	1.3	-46.2%
Total	234.9	123.8	89.7%	165.8	41.7%

Q1 FY23: Consolidated Segment Analysis

Segment	Q1FY23	Q1FY22	% Chg YoY	Q4FY22	% Chg QoQ
Less : Finance costs (net)	61.3	38.3	60.1%	45.8	33.8%
Less : Unallocable expenditure net of income	17.9	6.4	179.7%	8.2	118.3%
Profit before Tax	155.6	79.1	96.7%	111.9	39.1%
Segment Results – % to Segment Revenue					
Conductors	5.0%	2.8%		3.8%	
Transformer & Specialty Oils	10.5%	10.3%		7.0%	
Power and Telecom Cables	7.0%	4.7%		6.2%	
Total	7.2%	6.4%		5.3%	

Segment contribution- as % to total revenue	Q1FY23	Q1FY22	Q4FY22
Conductors	47.2%	35.4%	48.0%
Transformer & Specialty Oils	32.6%	43.3%	29.7%
Power and Telecom Cables	19.5%	20.8%	21.8%

Q1 FY23: Financials

Key Ratios	Q1FY23	Q1FY22	Q4FY22
EBITDA Margin	7.8%	7.8%	6.1%
Net Margin	4.0%	3.4%	2.7%
Total Expenditure/ Total Net Operating Income	92.3%	92.9%	94.2%
Raw Material Cost/ Total Net Operating Income	75.6%	75.4%	77.8%
Staff Cost/ Total Net Operating Income	1.6%	2.4%	1.5%
Other Expenditure/ Total Net Operating Income	15.2%	15.0%	15.0%

Capital Employed	30-June-22	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21
Conductors	690.7	681.7	315.5	336.9	434.1
Transformer and Speciality Oils	750.6	655.3	696.6	597.9	528.6
Power/Telecom Cable	487.7	581.2	519.3	801.3	473.8
Others	103.7	102.2	398.4	165.1	389.9
Total	2,032.8	2,020.4	1,929.8	1,900.7	1,826.5

Market performance and shareholding structure

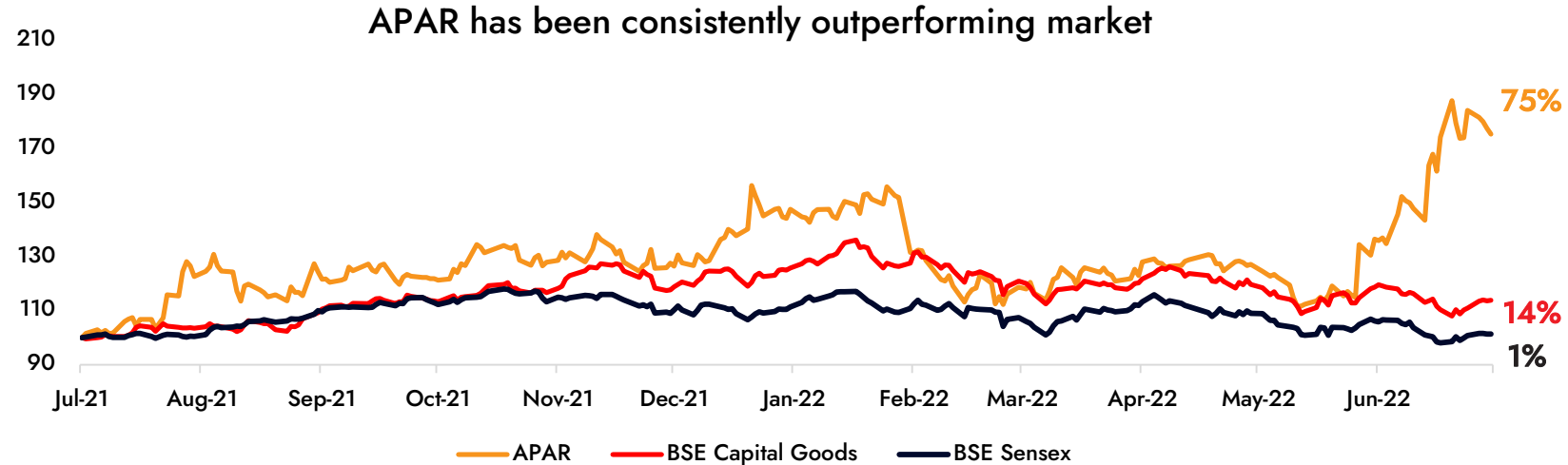
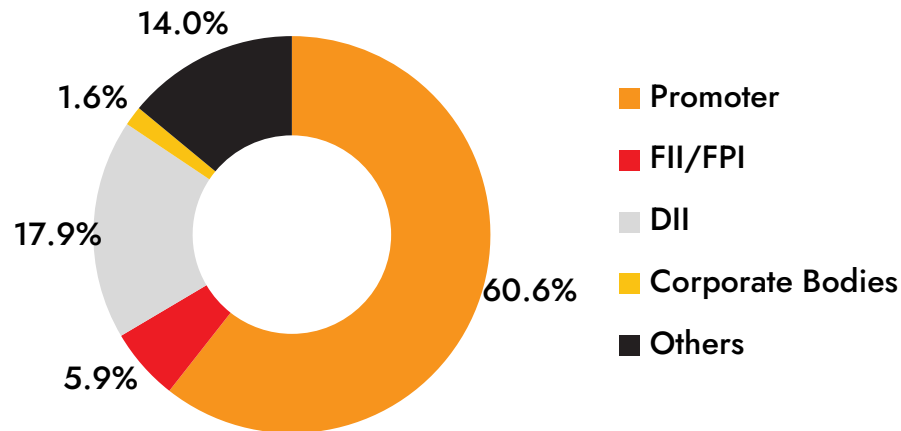


Chart has been rebased to 100

As on June 30, 2022
Outstanding shares – 3,82,68,619



Major Non-Promoter Shareholders	Shareholding (%)
HDFC Trustee Company Ltd.	8.5%
L & T Mutual Fund Trustee Ltd.	4.3%
Nippon Life India Trustee Ltd.	3.4%
Raiffeisen -Eurasien-Aktien	1.5%



Mr. Sanjaya Kunder

Contact No : +91 22 67800400

E-mail – sr.kunder@apar.com

Add: APAR house, Bldg no. 4 & 5, Corporate Park, V.N. Purav marg, Chembur Mumbai- 400 071. India



Mr. Nihar Mehta / Mr. Mohit Joshi

Contact No : +91 99202 52534 / +91 99302 06777

E-mail – nihar@s-ancial.com/ mohit@s-ancial.com

#215, Shiv Shakti Industrial Estate, 2Nd Floor,
J R Boricha Marg, Lower Parel, Mumbai - 400011

Thank You

