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6th February, 2019

To,
The Executive Director
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai
Trading Symbol: "SOLARINDS EQ"

To,
The Executive Director
Listing Department
BSE Limited
Floor no.25, PJ Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 532725

Sub: Transcription of Conference Call with reference to the Unaudited Financial Results of Solar Industries India Limited for the quarter ended December 31, 2018.

Dear Sir,

Further to our letter dated January 29, 2019 we are forwarding herewith a copy of Transcription of Conference call hosted by ICICI Securities, on Thursday, January 31, 2019 at 4.00 p.m. to discuss the Unaudited Financial Results with the management of the Company for the quarter ended December 31, 2018.

Kindly take the same on record and acknowledge.

Thanking you

Yours truly,

For Solar Industries India Limited


Khushboo Pasari
Company Secretary &
Compliance Officer





“Solar Industries India Limited Q3 FY19 Earnings
Conference Call”

January 31, 2019



MANAGEMENT: **MR. MANISH NUWAL – CEO, SOLAR INDUSTRIES
INDIA LIMITED**
**MR. NILESH PANPALIYA – CFO, SOLAR INDUSTRIES
INDIA LIMITED**
**MR. SURESH MENON – DIRECTOR, SOLAR INDUSTRIES
INDIA LIMITED**

MODERATOR: **MR. ABHIJIT MITRA – ICICI SECURITIES LIMITED**



*Solar Industries India Limited
January 31, 2019*

Moderator: Good day ladies and gentlemen and welcome to Solar Industries India Limited Quarter-3 FY19 Earnings Conference Call hosted by ICICI Securities. I now hand the conference over to Mr. Abhijit Mitra. Please go ahead Sir.

Abhijit Mitra: Thanks Chris and Good afternoon to all the participants. We are pleased to host the Q3FY19 results conference call of Solar Industries India Limited. From the management team, we have with us today Mr. Manish Nuwal – CEO & MD, Mr. Nilesh Panpaliya – CFO, and Mr. Suresh Menon – Executive Director from Solar Industries Limited. Without further ado, I will hand it over to the management team for opening remarks. Over to you Mr. Nuwal.

Nilesh Panpaliya: A very good afternoon to all the valued investors, well-wishers, and potential investors of Solar Industries India Limited. On behalf of Solar Industries India Limited, I, Nilesh Panpaliya, CFO, welcome you all.

As always, I would like to remind you that during the course of this call, we might make projections or other forward-looking statements regarding future events about the future financial performance. Please remember that such statements are only predictions. Actual events or results may differ materially and our website will be updated with all the relevant information.

So, to begin with I would request our managing director Mr. Manish Nuwal for his comment on the company's performance.

Manish Nuwal: Good afternoon everyone. In this quarter, we have recorded the highest ever revenue and profit after tax and results are in line with our annual guidance on the rising revenue and profits as well. With the increased focus on highways, infrastructure development, and housing, the demand for explosives has been quite impressive from Indian market. Our overseas and exports have shown a significant growth during this quarter. The mining sector has shown increased demand which gets reflected by the fact that power generation has grown by 7%.

Our growth for mining was lower due to no rise in overburden removal, but the coal mining to be sustainable, it is imperative that production and overburden removal has to move in tandem. Therefore, we are expecting a positive growth in overburden removal in future and we will be beneficiary of that. Revenues from export and overseas are growing pretty well in spite of global turmoil in some of the countries where we are present. The revenue from defense for this quarter is 41 crores and for the first 9 months, it is 113 crores. We see further augmentation in Quarter-4 of this year. In the current quarter, the Akash, booster propellant, and BrahMos have started. The commercial production for Akash has started and the BrahMos has been established successfully and we have supplied for the trial.

Now, I will request Mr. Nilesh to share the financial details.



Nilesh Panpaliya:

Thank you. Coming to the financial details, as we have told you that the profit after tax and results are in line with the annual guidance and on the rise in revenue and profits of almost around 25%. For the third quarter of the fiscal year 2019, the revenue has grown by 45% year on year, i.e., from 466 crores to 653 crores. The reasons are explosives revenue grew by 43%, i.e., from 257 crores to 353 crores. Initiating system revenue grew by 23%, i.e., from 51 crores to 63 crores. Export and overseas revenue grew by 42%, i.e., from 168 crores to 239 crores. We witness both volume and realization growth in the quarter. Our volume growth is 15%, i.e., from 83,537 metric tons to 95,719 metric tons and the realization of explosives has grown by almost 25%, i.e., from 29,590 to 36,920. The revenue from defense in this quarter is 41 crores and 113 crores for 9 months. The sales volume to infrastructure segment has shown a growth of 31% for the quarter and 27% in last 9 months.

Talking about raw material prices, the raw material prices are on upward move both in domestic as well as global market as a result of which raw material as percentage of revenue is 57.4% compared to 54.91%, i.e., increase of 2.49 %. This is one of the reasons for lower EBITDA for the quarter. Although we are increasing the sale price, but we are yet to get the complete benefit in our realizations. Now with the commodity prices stabilizing, we will see the price growth which will restore our margin. Increase in commodity prices and devaluation of currency has further impacted the margin as the raw materials in our overseas subsidiaries are purchased in dollar. We have taken effective steps to minimize the impact of the same.

Coming to other expenses, the other expenses have also increased by 2.4% from 14.46% in Q3FY18 to 16.86 in Q3FY19. This is because we have made provision of 7.5 crores as per Ind-AS provision of ECL. You all are also aware that there has been huge volatility of currency in Q1, Q2, and initial part of Q3 as a result of which in domestic, there is a forex loss of 5.58 crores because the rupee appreciated from 72.48 to 69.77 on 31st December 2018. As such, the exports got revalued at lower rate. In overseas operation, there has been a forex loss of 2.5 crores on outstanding USD liabilities on account of devaluation of currency resulting from mark to market. Since our commercial production has just started in South Africa and the plant is in initial phase of stabilization, hence the operating cost is a bit higher which will get normalized as the operation increases. Going forward, margins will increase.

Talking about EBITDA, now as a result of increase in raw material consumption and increase in other cost, the EBITDA has dropped from 22.96% to 19.12% year-on-year; however, for 9 months, the EBITDA margins are 20.79 compared to 22.15. As I said, there will be improvement in margin going forward due to expected price rise and stabilization of currency and raw material. The profit before tax margin stands at 14.58 compared to 17.73. This is on account of lower EBITDA margin. The interest margin is on same line, i.e., 2.24% compared to 2.28%. Even though the finance cost is reflecting a decrease as percentage of sale, but absolute term, it has increased by 4 crores because interest at globally has been on rise. Even there is increase in domestic interest rates. Talking about depreciation, they are slightly reduced on account of incremental sales.



The current tax rate is 32.33%. However, during the period, we did receive some refund from previous year amounting to 9 crores during the quarter which has resulted in better PAT margin. For financial year 15-16 as per the final order, we got a refund of 2.5 crores which got adjusted against the current year tax payable amount. And in Zambia, we have got 50% tax holiday effective from 17-18. As a result, we got rebate of 6.64 crores which got adjusted against the current quarter tax payable amount. As a result of all this, the profit after tax stands at 11.28% compared to 12.39% year-on-year basis. In absolute basis, the net profit has shown a growth of 28%, i.e., 73.67 crores compared to 57.68 crores. For the 9 months, the same is 11.27% compared to 12.37 and in absolute basis, the net profit shows a growth of 22%, i.e., 201.57 crores compared to 165.81 crores. So, this was an update on Q3 from our side.

Now, we are open to take your questions, suggestions, and comments.

- Moderator:** We have a question from Dhaval Dama from Equirus Securities. Please go ahead.
- Dhaval Dama:** Just a couple of questions. First, just wanted to know what would be our average realization in bulk and cartridge for the current quarter and what would be the volume growth over there, because I am not able to get your presentation for the quarter?
- Nilesh Panpaliya:** The practice which is now followed globally by all the global explosive manufacturers is – and we are also adhering to the international practice – that we will be categorizing both bulk and cartridge as one, and that is as industrial explosives. So, it is a request like last time also we had asked for the same. So, if you talk about the quantity growth for these explosives, it is almost 15% in the quarter, i.e., 83,537 to 95,719 metric tons and for 9 months it is 2,33,896 to 2,53,871, i.e., 9% growth in volume.
- Dhaval Dama:** Sir, how is the realization moving on a sequential basis over a year?
- Nilesh Panpaliya:** The realization in case of explosives have moved from almost 25% from Rs. 29,590 per metric ton to Rs. 36,920 per metric ton.
- Dhaval Dama:** Another thing I just wanted to ask you like you mentioned that overburden removal in Coal India and everything is less, still we believe that we might be continuing to express strong growth in growth cartridge explosives only?
- Manish Nuwal:** As of now, that is what we have explained in our initial start that despite of practically zero growth rate in overburden removal, we have increased our sales of package and bulk both and because of that, the volume has increased from 83,537 to 95,719, and we strongly believe that from coming quarter, sales of bulk explosives will grow further and we will see that the growth from infrastructure and housing will also be there. So, we are confident of reaching to our annual..., what we said in our first quarter that this year we will be reaching around 3,60,000 tons of explosives compared to almost 3,30,000 tons in the last year. This is despite of negative growth rate in overburden removal.



- Dhaval Dama** Another thing I wanted to ask you, let's say this quarter we are seeing that our EBITDA margins have moved to around 18.5%. So, going ahead for next year, do we expect our margins to remain in a similar line or we expect that it will inch back towards 20% considering that your international business your currency headwinds could also come in base effect for you sometime during next year. So, what's our expectation on that count?
- Manish Nuwal:** If you look at our this quarter results, our EBITDA margin is around 19.12% compared to 22.96 in the comparable quarter in financial year 18, and what we have said that once we start getting the increased price rise which we have already started from the month of December but from January it will be on full-scale basis. On that basis, we believe that our price realization will go up further and price rise of ammonium nitrate and other commodities will soften little bit. Because of that, we will move to our average rate of around 22% of EBITDA level. And like you said that once our overseas operation will also start, South Africa operation will start, so you are very right. Our defense sales will go up, South Africa operations will go up. So, these 2 factors along with our other raw material side will definitely help us to noise the same margins or better margins from Q4 itself.
- Moderator:** The next question is from Rahul Agarwal from ICICI Prudential Life. Please go ahead.
- Rahul Agarwal:** Sir, just I wanted to have a sense on how does the working capital move quarter-over-quarter?
- Nilesh Panpaliya:** The total working capital requirement has increased to 303.22 crores in 9 months from 226.36 crores. There is increase in overseas working capital by almost 79.27 crores. The overseas long-term borrowing has decreased by almost 7 crores. The domestic long-term borrowing got increased by 29 crores. So, the gross borrowing has increased by 100 crores, but the net debt to equity ratio is around 0.44. However, the working capital days have reduced to 99 days from 105 days as compared to March 2018.
- Rahul Agarwal:** In the last quarter in September, I guess, we were at 94 days.
- Manish Nuwal:** In the previous quarter, yeah, we were at 99 days.
- Rahul Agarwal:** That is flat quarter-over-quarter. What is the defense order book now?
- Nilesh Panpaliya:** The defense order book as of now is 430 crores.
- Rahul Agarwal:** What kind of execution we are looking in the next quarter?
- Manish Nuwal:** We are expecting that from 41 crores, it should cross 60 crores.
- Moderator:** The next question is from Santosh Yellapu of India Nivesh Securities. Please go ahead.



- Santosh Yellapu:** Sir, congratulations on good set of numbers. I have 3 questions. It is good to see some initial traction in the defense business. Defense, there are 2 parts. I was trying to understand for the Akash booster, what is the duration of this order that is to be executed and on the BrahMos part once assuming we would be clearing up the trials process, tentatively by what time will we be reaching a stage where will be getting the mass production order?
- Manish Nuwal:** We can share the fact that Akash commercial production started. We started supplying through the BDL and order whatever we have at this stage, we are likely to close it by March or April month of this year 2019. And as far as BrahMos booster is concerned, we have already started trial production. We supplied it for the field trials. However, when the commercial production will start, it is difficult to say on that front at this stage.
- Santosh Yellapu:** What I was trying to get a sense of is, will there be any tendering process or we will be automatically eligible once the trial succeeds, then we will be automatically getting the order? I am just trying to understand the arrangement.
- Manish Nuwal:** As far as the normal procurement policy, after the trials are over, they have to pass through the tendering process. It's a natural part of the procurement mechanism.
- Santosh Yellapu:** On the second part, where do we stand on the CAPEX outlook that we had planned for FY19 as of now and what we intend to spend for FY20? The guidance part on CAPEX.
- Manish Nuwal:** For this year, our CAPEX target was 300 crores, and in the first 9 months, we have done almost Rs. 201 crores and we are moving towards our target and we may end up at around 265 to 270 crores.
- Santosh Yellapu:** And what's the outlook for 2020 Sir, next year?
- Manish Nuwal:** That we will give in the next quarter, but like we said earlier also that our CAPEX program is by and large should be meeting our carry generation from the business. It should not be more than that. So, we are working towards that.
- Santosh Yellapu:** Good to know that. Sir, last question. On the Turkish operations, given that there was some unrest and the business has got normalized now, is it fair that we would see the kind of incremental jump in the QoQ numbers we had seen, same kind of jump can we see expect to see it for the next 3 quarters?
- Manish Nuwal:** Yeah, based on the ground realities, things have started getting settled and we believe that revenues from all those operations will be much better compared to this quarter.
- Moderator:** The next question is from Tanush Mehta from Dalal & Broacha. Please go ahead.



- Tanush Mehta:** Sir, I wanted to know that there were some changes in the raw material prices in December and I feel that they would contain in January as well. So, how would it impact our raw material?
- Nilesh Panpaliya:** What we mentioned was that there has been increase in the prices of raw material, but the proportionate increase we did not get in our selling price. So, now with these commodity prices stabilizing, we will get a price growth or a better realization which will help us to restore our margin.
- Tanush Mehta:** Then, do we have any inventory that was purchased at a higher price?
- Manish Nuwal:** Normally, the average inventory cycle what we have for these sensitive products is not more than 15 to 17 days.
- Moderator:** The next question is a follow-up question from Dhaval Dama. Please go ahead.
- Dhaval Dama:** Sir, just a couple of bookkeeping questions. What would be our tax rate guidance for FY19 and FY20?
- Manish Nuwal:** It will be same, full tax rate.
- Dhaval Dama:** Okay. And one more thing like, on a sequential basis also and on a YoY basis, your other expenses have grown quite significantly. Any particular reason or any one-off in this year?
- Nilesh Panpaliya:** What has happened is we have made a provision of 7.5 crores as per Ind-AS provision of ECL and secondly in domestic, we have a forex loss of 5.58 crores because rupee has appreciated, and as far as the export outstanding got revalued at lower rate, i.e., at 69.77. These are the two main reasons.
- Dhaval Dama:** This we have booked during the current quarter?
- Nilesh Panpaliya:** Yeah, this we have booked during the current quarter.
- Dhaval Dama:** Okay. Any translation loss in our overseas subsidiaries during the current quarter? You mentioned something in your opening remarks also. Any particular number?
- Nilesh Panpaliya:** Yeah, we do have translational loss. For this quarter, our translational loss is almost 25 crores in revenue and EBITDA we did lose around 5.5 crores and on PAT around 3.66 crores.
- Moderator:** The next question is from Deepiksha Shah of Anvil Stock. Please go ahead.
- Deepiksha Shah:** Sir, I wanted to know about the defense order book of 430 crores. It will be executable over what time, and the second question is that in FY20, what would be a revenue guidance for defense?



- Nilesh Panpaliya:** This 430 crores will be executed in current year as well as the following year which is coming up. That is how we said that we will be achieving, and our guidance for next year that by the present this thing should be close to around 400 crores. Earlier we did say that it will be around 500 crores, but the process of RFP got delayed. Still we were expecting the technical bid to open, but that has delayed. So as a result, now we think that whatever is the situation, 400 is what is quite achievable by us in the coming year.
- Deepiksha Shah:** At what rate do we expect our overseas and exports revenue to increase over FY20 and as per the scale up in South Africa and overall what growth do we expect?
- Manish Nuwal:** If we look at our target which we have given for the year 2020, we are moving towards achieving that target and this year if you see the 9 months' figure and the balance period of this year, we are likely to cross 750 crores, and for the next year, we are likely to cross 1000 crores. This is only for our overseas operations, exports will be different.
- Deepiksha Shah:** And Sir, what about exports?
- Nilesh Panpaliya:** Exports for the 9 months is almost around 137 crores.
- Manish Nuwal:** For the whole year if we annualize it, we are likely to cross 160 to 170 crores, and for the next year, we are likely to do around 200 crores.
- Moderator:** The next question is from Punit Kabra. Please go ahead.
- Punit Kabra:** Congratulations on an excellent set of numbers. You said 5 crores is domestic forex loss for exports. Fair to assume this is just a book entry in the mark to market? It will get reversed in the current quarter based on actual realization?
- Manish Nuwal:** Yes.
- Moderator:** The next question is from Aditi Savji of Easy Tax Private Limited. Please go ahead.
- Aditi Savji:** I would like to ask about the reason for reshuffling the shareholding and if there will be any impact on the business of the company?
- Nilesh Panpaliya:** These changes in shareholding has happened within the promoter family only and it is basically a realignment and the necessary disclosures have already been given to the Exchange.
- Aditi Savji:** Saw a lot of disclosures on the BSE site, so that's why I asked this question. There won't be any impact on the business, right?
- Nilesh Panpaliya:** Business is going on and that is how we are performing and you can see the results as well.



- Moderator:** The next question is from Sneha Talreja of Edelweiss. Please go ahead.
- Rohan Jain:** Sir, one is on your CAPEX guidance. I think, earlier it was some 300 crores, now we are likely to spend 260 crores this year. Earlier also I think we were looking close to 250 to 300 crores to be spent in FY21. So, this lesser CAPEX which we have been able to complete this year, so is it that some of the markets globally which we were looking and wanted to spend in those markets we didn't spend or in the domestic market only or in defense that it has come down? If you can just give some sense that how the 260 crores is going to be tagged in defense and overseas and in India this year and if you can give some sense for next year also?
- Manish Nuwal:** While giving the annual guidance of 300 crores CAPEX for this year, we had said that it is basically to do the business or to set up the new facilities for defense and that will depend on the RFPs. So, like we have said that RFPs have already been delayed, there will be some shift of CAPEX from this year to the next year. That's all.
- Rohan Jain:** Large part of this 260 is only on the defense, right?
- Manish Nuwal:** I am not saying that. I am saying that total CAPEX plan for this year was 300 crores. Now that we already did 200 crores, and in the balance 3 months, we are likely to reach around 260 to 270. And the reduction in CAPEX is mainly because of the RFPs.
- Rohan Jain:** Okay. And if you can give some sense for FY20 to be spent overseas?
- Manish Nuwal:** For the next year you are saying?
- Rohan Jain:** Yes, for next year only.
- Manish Nuwal:** Next year will be around Rs. 70 to 75 crores.
- Rohan Jain:** That is to be spent overseas?
- Manish Nuwal:** Yes.
- Rohan Jain:** Okay. And in defense, Sir?
- Manish Nuwal:** Defense, we have not made that breakup for the next year right now but we can share at a later stage.
- Rohan Jain:** In terms of this price increase which you have said that have been taken and now is more effective in the month of January and that's where we see probably their margins will improve, but in the meanwhile hasn't the TAN prices or ammonium nitrate prices have already started coming down now?



- Manish Nuwal:** A prices have not started coming down but that has stopped increasing now.
- Rohan Jain:** But now in a month, ammonia prices have fallen very sharply around 20%, so...?
- Manish Nuwal:** That is what is the base of our assumption that some softening of ammonia has started. Rupee conversion has also reduced from 73 level to 71 level. So, that will help in reducing our procurement average prices of ammonium nitrate.
- Rohan Jain:** So, as one side you will see that raw material prices for us probably will fall and the price increase which we have taken already will be effective?
- Manish Nuwal:** Yeah, and there was a lag in raw material increase versus finished goods price rise, which has happened in the month of December and the complete effect was not captured in that quarter, and if we capture that complete effect of price rise, then definitely our margins will start improving again.
- Rohan Jain:** Manishji, just one last thing. Sir, how one should be looking this defense order book? Now I think that every quarter by quarter, we will be tracking that number very closely but like previous quarter, I think the number was 470 crores of the order book and now we are sitting at 430 crores. So, almost whatever had been depletion in the order book is almost getting reflected in the revenues. So, how the order book will build up? I mean how the government is going to distribute the order, and will it make sense to look order book quarterly basis or the revenue can be completely different from the order book?
- Manish Nuwal:** Basically if you look from our angle, then we don't look at the current order book practically. We look at the target which we are giving to our stakeholders. We gave target of 200 crores for this year, but because of some slippages, we will be reaching to around 170 level. For next year, we have explained that we gave a target of 500 crores, but looking at the current status of RFPs, we may expect that it can further delay by 3 to 6 months' time, and even if that delay but still we are hopeful that we can cross 400 crores, but on a conservative side, we said that based on the current order book and prospective orders from other customers, we are likely to cross 400 crores in the next year. So, I hope that your question on quarter-on-quarter order book and deliverable and so that has practically less meaning to our annual target and the real business positions.
- Rohan Jain:** So, we should not be looking these numbers like that there have been 40 crores...?
- Manish Nuwal:** These numbers definitely give some kind of comfort.
- Rohan Jain:** Yeah, we can read like that there is only 40 crores revenue has happened but order book has come down from 470 to 430. It means that there has been no additional order in the current quarter. So, this kind of reading...



- Manish Nuwal:** That's what I am saying. If you look at 3 quarters back what was our quarterly run rate and in the previous year in the same Q3 what was our sales and what was our order book. So, you can see from the data that the order book has expanded significantly and deliverable has expanded or started delivering significantly, so that is the basic punch line.
- Rohan Jain:** We were talking definitely on an international market that we have identified few more markets to mark our entry probably over next 2 years. Would you be comfortable giving on this forum that what are the other 2 territories or regions you are looking to go next year?
- Manish Nuwal:** We will be very happy to share as and when things develop, so we will share with everybody as and when we start our operations, but we have already shared back from Q1 our trial production should start in Australia and Ghana both. So, we are maintaining that stand.
- Rohan Jain:** And this current quarter South Africa plant which is started, because of the lower utilization, did we incur any losses there and was it significant to have impact on our EBITDA margins or it was insignificant?
- Nilesh Panpaliya:** Yeah, definitely because of lower utilization as this was the initial period and we were having trial productions and trials at various customer ends, so definitely we incurred losses, but going ahead from Q1 next year, the plants will definitely have better volumes which will eliminate these losses and margins will improve and our overall performance.
- Rohan Jain:** So should we look for the year-end, our margins will be what we have been looking at earlier or it will be lower only for the current year?
- Nilesh Panpaliya:** Even in Q4, we are expecting a margin to be around our levels, i.e., 22%. It was only in this quarter that...,
- Rohan Jain:** So, only this is the current quarter phenomenon, but in Q4 we will be back to 22% margin?
- Nilesh Panpaliya:** Absolutely, and if you look at the annual guidance of 25% rise in revenue and profits, we are very confident of reaching to those numbers both on top line and bottom line as well.
- Moderator:** The next question is a follow-up from Punit Kabra. Please go ahead.
- Punit Kabra:** Just a couple of questions on defense. Can you share what is the capital employed in defense right now as of date?
- Manish Nuwal:** It is around 450 crores.
- Punit Kabra:** What is the CAPEX completed in defense so far since beginning until now?
- Manish Nuwal:** It will be around 420 crores.



Punit Kabra: Okay. And based on whatever business we are doing right now Manishji, how does the working capital and the margin profile for the defense business look? Can you throw some light?

Manish Nuwal: Yeah. Normally like we have said in our earlier quarterly conference calls, the EBITDA margin should be better in defense business, but if you look at the overall CAPEX nature and the business cycle, definitely these are long cycles. The gestation period is quite high. And if you look at the working capital cycle, we have also mentioned in our earlier conference call that initially whenever we will start any new product line in defense section also, initially working capital cycle will be more than what normally current cycle is which is say around 90 to 100 days. Once it settles in say first run or second run, then it will again fall to the same standard business cycle of our explosives of around 90 to 100 days.

Punit Kabra: In the longer term, defense should not worsen the working capital cycle. That is what you are....,

Manish Nuwal: No. This is based on our current experience that whenever we have started a new product, either you take the case of Akash or either you take some of the pyro products which we have started supplying. Initially it was a long period, but once the cycle gets settled, we were getting payments in 45 to 60 days which is quite usual for any transaction with the government bodies.

Punit Kabra: Second question I had was on debt. I think I heard we mentioned that CAPEX going forward will be from the internal accruals or cash flows and if that is right, then can I say that we are past the peak that it should not go up going forward?

Manish Nuwal: Peak debt in real number or peak debt in debt to equity ratio-wise you are saying?

Punit Kabra: Peak debt in absolute number.

Manish Nuwal: Okay. We believe that the real debt level should not go up significantly but definitely as business will grow, the debts will go up but it will be less than our cash generation from the business and the net debt to equity ratio will keep falling, say currently it is now 0.44 level and it should go down further.

Punit Kabra: Any targeted net debt Manishji for FY20? What is the ratio we can look for?

Manish Nuwal: I think it should be less than 0.4.

Moderator: We also have a follow-up question from Santosh Yellapu. Please go ahead.

Santosh Yellapu: Sir, I had a couple of questions. As you just mentioned that by Q1, we will be doing the trials to international locations, and if my understanding is right, the international operations at Zambia and Nigeria would be running at peak utilization levels. So, given the favorable



atmosphere from our business point of view, do we see a scenario where we would pursue any kind of CAPEX or look to expand the capacities?

Manish Nuwal: We have already started expanding the capacities at both the countries.

Santosh Yellapu: Okay. Second thing, I would like to know what would be the contribution of revenues from Coal India and Singareni Collieries for the 3 months this year versus 3 months last year?

Moderator: We have another follow-up question from Punit Kabra. Please go ahead.

Punit Kabra: Just wanted to check if you can share some idea about any business or order book from referencing the exports beyond the Indian government and domestic?

Manish Nuwal: Punit, we have said in the past also that looking at the sensitivity of the product, it is difficult for us to share the individual sort of data or country-wise data.

Punit Kabra: Okay.

Manish Nuwal: The earlier question from Santosh was on Coal India and Singareni breakup. Mr. Nilesh is giving that.

Nilesh Panpaliya: We got a revenue of almost 124 crores from Coal India and a revenue of almost 35 crores from Singareni Collieries.

Moderator: We do have a question from Abhijit Mitra. Please go ahead.

Abhijit Mitra: Just a few questions on the volume side, Sir. Initially you mentioned that you gave the quarterly volume breakup. Can you give the 9-month volume also on a YoY comparison? And also if you can highlight, what I can understand is that from your volume growth which is almost 15% on a YoY basis for the particular quarter and there is almost a 25% realization growth. So, on the industrial side, are you not getting this amount of realization growth because then this would be for the first 9 months we are not seeing much growth on the industrial side. Is the understanding right?

Manish Nuwal: I think what you are asking I can just share again that in this quarter the volume increase was 15% and for first 9 months, it was around 9% volume rise. It was low in initial first 6 months. It was very negative. Now that has started picking up and we also shared the same facts with you. Based on that, we are saying that in this year, we are likely to cross 3,60,000 tons **(Inaudible) 45:19** last year, almost 327.

Abhijit Mitra: So, you are maintaining the guidance which you had given in the last quarter. And just to understand, this 750 crores of top line has no contribution from South Africa this year?



- Manish Nuwal:** Out of 750 crores, South Africa will not be a significant portion.
- Moderator:** We do have a question from Manish Mahavir of Antique Stock Broking. Please go ahead.
- Manish Mahavir:** I just wanted to understand what is the explosives market size in India if FY18 and what was the growth in this year?
- Manish Nuwal:** For the last year, we can say that based on our data we have, it should be around 6000 to 6500 crores and this year because of lack of overburden removal growth, but housing and infra was very good. So, we say that this year, industry growth should have been around 7% level.
- Manish Mahavir:** And Sir, possibly what you talked about around 6000 to 6500 odd crores of industry last year, in tonnage term, what would be the industry size?
- Manish Nuwal:** That figure I don't have right now with me but we can share at a later stage.
- Manish Mahavir:** Secondly Sir, in this part actually how is our market share in the industry now?
- Manish Nuwal:** In the last year 17-18, our market share was around 24% level.
- Manish Mahavir:** On exports front, I am not talking about overseas subsidiaries, only export what we do from India, it is consistently for the last two to three year I think it's in the range of around 150 odd crores or maybe 130 odd crores, and however on looking some data on our explosive industry, basically on export from India, it was consistently going up very significantly like almost 700 odd crores or 800 crores in India. Earlier, I believe, we used to have a market share of almost 40% to 50% in the export from India. So, basically what was the reason that our export is not going up now?
- Manish Nuwal:** No. Practically data **(Inaudible) 49.11** some lacunar in that. We will just reiterate what we are doing. In the first 9 months like we said, we have done export of 136 crores. This is basically direct export without our subsidiaries, but if you include our own subsidiaries, then it is around 100 crores first 9 months. So, total export from India from Solar side is almost 230 crores and as per our market intelligence, our market share is around 60%.
- Manish Mahavir:** Okay. Because I am looking at one of the reports where it is showing in FY17 the exports from India is around 700 odd crores.
- Manish Nuwal:** You can send me that report and we will revert back and we will give our comments on that, no issues.
- Manish Mahavir:** Nileshji, can you give me a capacity in South Africa, Ghana, and Australia geography?
- Nilesh Panpaliya:** We don't share the capacity-wise details on country-wise basis.



- Manish Mahavir:** Possible to share the investment done in these 3 geographies?
- Nilesh Panpaliya:** Yeah, we will share in our annual results and annual report.
- Moderator:** The next question is from Neerav Savai of JM financial. Please go ahead.
- Neerav Savai:** Can you just provide the quarterly numbers from housing and infra side revenues from that vertical and also on the institutional side?
- Nilesh Panpaliya:** You are asking for only housing and infra?
- Neerav Savai:** Housing and infra institutional and ideally if you see historically you had been giving for all the verticals, export and overseas also. This time I think in the presentation it is missing. So, if you can just help us out with the breakup.
- Nilesh Panpaliya:** For the current quarter, our revenue from institution is almost around 70.22 crores, and from housing and infra, it is around 162.95 crores. And this is against 118 crores in similar quarter previous year, so which is a growth of almost of 38%.
- Neerav Savai:** Right. And how about export and overseas?
- Nilesh Panpaliya:** Export and overseas is almost 239.44 crores against 168.28 crores showing a robust growth of 42%.
- Neerav Savai:** And Coal India you said was about 125 crores, right?
- Nilesh Panpaliya:** Coal India is 124 crores.
- Neerav Savai:** Can you just help me out with this total explosive revenue and initiating system revenue also?
- Nilesh Panpaliya:** The total explosives revenue is around 353 crores compared to 247 crores and the initiating system revenue is almost 63 crores for the quarter compared to 51 crores. This was for the quarter.
- Moderator:** Sir, we have no further questions. Do you have any closing comments?
- Manish Nuwal:** On behalf of Solar Industries India Limited, we thank you all for attending this conference call and we are hopeful that we did answer all your queries in a satisfactory manner, but in case you have any queries pertaining to the results, you can always email it to us and we will be very happy to revert you back on your queries. Thank you so much.
- Moderator:** Thank you very much, Sir. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.