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February 02, 2021

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

To,
The Executive Director
Listing Department
BSE Limited
Floor No. 25, PJ Towers
Dalal Street
Mumbai: 400001
Scrip Code: 532725

Sub: Transcription of Conference Call with reference to the Unaudited Financial Results for the Quarter and Nine Months ended on December 31, 2020 with the Management of the Company.

Dear Sir,

In furtherance of our letter dated **January 28, 2021**, we are forwarding herewith a copy of Transcription of Conference call hosted by Nirmal Bang Institutional Equities, on Saturday, January 30, 2021 at 12:30 p.m. to discuss the Unaudited Financial Results for the quarter and nine months ended on December 31, 2020 with the Management of the Company.

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

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“Solar Industries India Limited Q3 FY21 Earnings
Conference Call hosted by Nirmal Bang Equities
Private Limited”

January 30, 2021



MANAGEMENT: **MR. MANISH NUWAL – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER, SOLAR INDUSTRIES INDIA
LIMITED**
**MR. NILESH PANPALIYA – CHIEF FINANCIAL OFFICER,
SOLAR INDUSTRIES INDIA LIMITED**
**MR. SURESH MENON – EXECUTIVE DIRECTOR, SOLAR
INDUSTRIES INDIA LIMITED**

MODERATOR: **MR. CHIRAG MUCHHALA – NIRMAL BANG SECURITIES**



*Solar Industries India Limited
January 30, 2021*

Moderator: Ladies and Gentlemen, Good day and welcome to the Solar Industries India Limited Q3 FY21 Earnings Conference Call hosted by Nirmal Bang Equities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Chirag Muchhala from Nirmal Bang Equities. Thank you and over to you, sir.

Chirag Muchhala: Thank you Vikram and Good afternoon to everyone. Nirmal Bang Equities welcomes you all to the Q3 FY21 Earning Conference Call of Solar Industries India Limited. The management is represented by Mr. Manish Nuwal – Managing Director and Chief Executive Officer, Mr. Nilesh Panpaliya – Chief Financial Officer and Mr. Suresh Menon – Executive Director. I now hand over the call to the management for their opening remarks post which we can take questions from participants. Over to you, sir.

Nilesh Panpaliya: Hello everyone and welcome to the Earnings Call of Solar Industries India Limited to discuss Q3 FY21 Earnings Release. This is Nilesh Panpaliya – CFO, Solar Industries India Limited. Joining us today on this call is CEO and MD – Mr. Manish Nuwal, Executive Director Mr. Suresh Menon along with other members of senior management team.

We will start the call with some remarks on the performance of the company by myself with Mr. Manish Nuwal before we open up the call for questions. Please note that anything that we say which refers to our outlook for the future is a forward-looking statement which must be heard and read in conjunction with the risks that the company faces. A full statement and explanation of this risk is available in our filings with the regulatory authorities which can be found on stock exchange websites.

With this, I would like to pass it on to Mr. Manish Nuwal for his opening remarks.

Manish Nuwal: A very good afternoon to all the valued investors. We are happy to announce that with our teams focused effort and customer support company have shown significant improvement in its performance in this quarter and as a result we have surpassed 9 months' revenue, EBITDA and PBT despite of pandemic challenges. We have seen improvements in demand from housing infra and coal mining and as a result sale have reached to pre-COVID levels in this quarter as far as demand from Indian market is concerned. We can see increase sales from Q4 onwards and as far as sales from exports and overseas is concerned it is doing pretty good and improvements are quite visible in our performance. We expect it to improve further as we move forward.

As far as defense is concerned, sales in Q3 were lower than our expectations. It is mainly due to deferment of deliveries and shipments by our customers. However, we expect continues improvement from Q4 onwards as deliveries for grenade is also likely to start. Our total



orderbook stands at 1,635 crores which includes orders from different products at 678 crores. I am pleased to inform you that in light of the countries expected economic growth with the particular emphasis on infrastructure development and mining. The board of directors have approved a significant expansion of the manufacturing capacity of packaged explosives. This will enable us to set up three Greenfield package explosives plan to increase its geographical reach and customer satisfaction. Overall, our company is in a pretty good position and we are confident of overcoming near term challenges and create sustainable value for its stakeholders. Further going forward, we are optimistic and gives us comfort in committing a better year than financial year 20 despite of pandemic.

Now I will request Mr. Nilesh Panpaliya to take you through the financials. Thank you.

Nilesh Panpaliya:

As we review the Q3 results recall we are comparing over a quarter where no one have ever heard of COVID-19. The consolidated revenue is up by 14.67% that is 645.85 crores compared to 563.23 crores. The domestic exclusive revenue is up by 0.17% that is 278.67 crores compared to 278.20 crores. Our domestic explosive volume is almost flat that is 86,265 metric tons compared to 86,397 metric tons. Domestic realizations of explosives have improved marginally by 0.31% that is 32,304% compared to 32,204 on account of commodity prices. Initiative system revenue has increased by 24.4% that is 91.50 crores compared to 73.55 crores and when we talk about the revenue mix Coal India as a percentage of revenues stands at 15% for Q3 FY21. In absolute terms it is 97.89 crores compared to 89.99 crores.

In the basket non-Coal India and institutional revenue has decreased by 9%, but now it has shown signs of improvement and even when we compare to previous quarter it is better. In absolute terms it is 73.13 crores compared to 80.74 crores. In housing and infra the revenue is up by 27% that is from 130.77 crores to 166.05 crores and as told to you by our MD that we are seeing a promising Q4. The export and overseas revenue show an increase of 27% from 221.59 crores to 280.42 crores. The defense revenue is down by 11% from 25.79 crores to 22.92 crores, but again we expect a good increase in Q4.

Coming to raw material the raw material consumption is 54.4% as a percentage of sales compared to 53.40% and that is due to increase in commodity prices. The employee cost is a percentage of sale is almost same that is 9.21% compared to 9.16%. The other expenses as a percentage of sales have decreased from 17.33% to 15.87%. We report an EBITDA of 145.47 crores against 122.74 crores that is an EBITDA margin of 22.52% compared to 2.179%. The interest and finance charges has decreased by 0.82% year-on-year that is 10.94 crores compared to 14.11 crores. The appreciation has increased from 22.03 crores to 24.36 crores. PBT has increased by 27% when comparing Q3 FY21 with Q3 FY20 we recorded a PBT of 110.17 crores compared to 86.60 crores that is the PBT margins stands at 17.06% compared to 15.38%. The PAT has increased by 25% from 65 crores to 81 crores and the percentage margins have increased to 12.61% from 11.55%. So this were the updates for the quarter if we



look at the 9 monthly performance and the period-on-period comparison despite being a period of pandemic has shown drastic improvements.

Sales from 690 crores in 9 months FY20 has moved to 724 crores in 9 months FY21. The EBITDA margin is 21.40% at 369.03 crores compared to 21.65% at 365.81 crores. We recorded a PBT of 263.12 crores compared to 262.80 crores and PAT margins of 11.20 compared to 13.34% and profit after tax of 193 crores compared to 225.49 crores.

As far as our CAPEX is concerned the total CAPEX still 31st December 2020 is 180 crores and the CAPEX plan for the financial year 2021 is 210 crores. As we have told you our total order book is 1,635 crores comprising of Coal India order of 535 crores, SECL 422 crores and defense order book of 678 crores and working capital days have decreased from 113 days to 107 days.

This is all from our end. Now we would be happy to take any questions, comments, or suggestions that you may have.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have a first question from the line of Abhishek Ghosh from DSP Mutual Funds. Please go ahead.

Abhishek Ghosh: Sir, just couple of questions if you can just help us understand through your overall expansion that you have spoken about what is the quantum, what kind of CAPEX that you will kind of look at and where does this kind of confidence is coming for expanding this capacity, is it more from the domestic and any particular segment or is it also to do with lot of exports if you can just help us understand with that?

Manish Nuwal: If you look at the wages policies of the government it is pretty clear that government is pushing investments into infrastructure and housing sector and going forward we can see and we are visualizing a growth of around 10% to 12% on annual basis as far as demand from housing infrastructure sector is concerned and as a result of which we foresee that there will be a big jump in demand from this section and looking at an overall advantage of putting a plants in various parts of the country the company have decided that we should expand ourselves from single location which is based at Nagpur to produce this products to different parts of the country that will expand our reach in various parts of the country and it will definitely help us to increase the customer satisfaction also.

Abhishek Ghosh: And sir what is the kind of quantum one should look at in terms of the CAPEX outlay and capacity if you can just help us?

Manish Nuwal: The details of the projects is yet to be finalized, but definitely we will share these details in our next quarterly call.



Abhishek Ghosh: But the leverage part of it should not increase a lot, one should assume that part of it in terms of the overall outlay?

Manish Nuwal: Yes, definitely we will take up all these project based on our overall philosophy which we have been doing like overall debt equity ratio should not cross more than 0.55 and on CAPEX program which we are doing on annual basis which was around 240 crores in the past. In this year due to COVID pandemic now we have decided that it will be around 210 or 215 crores. So the total CAPEX on these projects will be part of our overall CAPEX program.

Abhishek Ghosh: One more thing if you can just help us understand the overall increasing in the geographic expansion that he had done in terms of exports you have added two, three more countries and how should one look at it more from a two to three year perspective how are they sharing and also are you also looking to now add more countries in terms of those new geographies that stabilizes?

Manish Nuwal: Like we have been sharing with you all the people that our foray into overseas market is in line with our vision to become a global players in the field of explosives and our vision is very clear and shared with everybody and as a matter of strategy we want to expand our geographical reach in various parts of the world and to give more inputs on that side we have entered into Africa to start with Nigeria, Zambia and then we have expanded ourselves in South Africa and the logic behind that was we want to expand more into the whole African continents and having ourselves positioned in South Africa will give us an added advantage. Accordingly, we have invested in South Africa. Going forward like we have already said or shared in the last call that our Ghana plant is also operationalize that will help us to expand our presence in the Western African part of the world and as far as Tanzania is concerned we are already open up the entity there and sales have also started, the project work is going to finish in the month of March and that will also help us to expand our reach in the Tanzania market and the nearby places. As far as European part is concerned, we are already present in Turkey and from Turkey we are expanding to the nearby markets. As far as Australia is concerned, we have been there from last couple of years, growth in their market as per our expectations, but it is part and parcel of the overall business challenges and we are still pursuing opportunities in that market. We will definitely share more as we move forward. As far as South East Asia is concerned, we have already decided couple of years back that we want to enter into that market, but due to various challenges we could not enter into that market, but now finally we have now decided and started taking action and we will be in Indonesia to start some of the products of our company in the next financial year.

Abhishek Ghosh: Sir the recent good strong performance the growth that we are in is it more coming out of any particular region ramp up of that Australia or anything because Australia you mentioned it is not as per your expectation, so is there any other region which is contributing to this good growth as we are seeing in the export market or the overseas market?



Manish Nuwal: So the performance from all the subsidiaries are doing much better now compared to the earlier quarters and as far as any particular territory is concerned it is not like that, but definitely increased sales from other sections like Ghana, Tanzania and South Africa and Turkey especially because earlier Turkey was in economic turmoil sort of thing now it has improved and stabilized so that is also helping us to improve our performance.

Abhishek Ghosh: And sir if you can just help us understand the overall raw material movement impact because we are seeing gross margins seems to have come off as far as most and predominantly for the standalone operations, so is there anything that we should read by in terms of gross margin stand the overall increases in the ammonium nitrate prices?

Manish Nuwal: You are very right in raising this point of increasing prices in the commodity section. Definitely we are also being impacted because of this **steep rise**, but like we have been saying that our most of the contract are linked to the raw material prices. So definitely we are getting hit because of this increasing curve and we believe that in coming quarters we will get advantage of this price rise also, but we are trying our best to overcome this challenge which has come up after the COVID impact because in the COVID times every commodity was available at a damp cheap prices. Now once the demand is back the prices are also going up. So we will also get impacted, but overall we are confident we will be able to meet this challenge.

Abhishek Ghosh: And sir is there a supply chain disruption in availability of ammonium nitrite or anything, is there a supply chain disruption that you are witnessing?

Manish Nuwal: After the Beirut blast definitely, the regulations are more tightened as far as ammonium nitrite is concerned. We are also impacted because of that, the supply has also dried up and as a result there is a shortage of ammonium nitrite, but now it has started improving and in couple of months it will settle.

Abhishek Ghosh: You are with a largest scale player with that 20%, 25% kind of market shares, do you think the weaker players are not organized players are within a little weaker in this entire environment today where there is a supply chain disruption and other things, is that something that is happening in the marketplace?

Manish Nuwal: Basically, it has two sides of the story. First is that since we are more organized, we have contracts with the customers. Definitely since we are at the leading players, we have to obey the contractual commitments also or fulfill the contractual commitment. So on one side we have better control on the supply side of raw material, but on another side we have to also fulfill the contractual terms whereas as far as unorganized players are concerned they do not have the contacts on supply side at the same time they may get out of the contractual terms also. So on overall basis we believe that it is a challenging situation and we are doing better than others.



Moderator: Thank you. We have next question from the line of Rohan Gupta from Edelweiss Securities. Please go ahead.

Rohan Gupta: Sir couple of questions first is on our CAPEX plants as you mentioned that the company so far now has been concentrated on single location, but now you are looking at multiple location, sir I understand that you have still to chalk down the complete plans, just wanted to understand sir will it be driving our margins because I believe that the one plant single location we have economies of scale or we are going to get benefit of the transportation cost benefit and also if you can just give some color on at least remaining CAPEX for one plant will be roughly how much location wise?

Manish Nuwal: So like I said that details of the project the location and the overall CAPEX will be shared in coming quarters, but on an overall basis while we decide on expanding ourselves from one location to say multiple locations definitely we have to do the network analysis, demand supply scenario for each regions and definitely whenever we will decide it will be decided on overall commercial benefit to the company. So we will definitely balance the CAPEX part and the return on capital employed side at the same time we have to enhance the customer reach also.

Rohan Gupta: So then I clearly understand that we will be doing a fair amount of exercise before getting into that my question was sir that what is the minimum requirement and minimum investment which we have to start with us by getting into any location?

Manish Nuwal: I cannot answer your question at this moment, but whenever we will freeze all these plans I will share with everybody.

Rohan Gupta: Sir, second question is on our export revenues and also is slightly taking over from the previous participant also so sir we have this quarter done great revenue from the export market probably the highest ever seen in many quarters you have guided that you are looking 1,000 crore turnover from that fourth market by FY22 I think with the current run rate itself it is pretty much achievable, sir do you see that there is a pickup in all the export markets and as you mentioned that almost countries across the market are doing well and contributing to give revenues, so can we see that there is a faster pickup in these markets and can lead to a 1,200 crore kind of annual turnover by next year from these export revenue if you can give any guidance on that?

Manish Nuwal: Since we are quite optimistic as far as our business from exports and overseas is concerned that is what I have shared also, but we should also not forget the challenges which has been created because of the pandemic in many parts of the world especially African side and there are challenges as far as currency availability is concerned in many parts of the world. So these are challenges, but we are optimistic that looking at the upturn in the overseas business which we have seen in from last two, three quarters will continue in coming year as well and based on our efforts and visibility at the same time considering the realistic situation also which can also



change. So we are optimistic that we will definitely cross 1,000 crores in the next financial year.

Rohan Gupta:

Sir on a domestic growth that volume growth for the quarter has been distributed and I think that there has been some change in the reporting system also because last year the reported volumes were higher at roughly (Inaudible) 25.20 range I think there has been some change in reporting system, but even looking at the presentation the volume growth for the quarter has been almost nil while we have seen that some of the sectors in the economy has picked up very well especially from the cement and other infrastructure related activities and also in the Coal India probably that is not getting reflected in our volume growth numbers, do you see that there is any particular reason or we are still living under the impact of COVID and in some of the markets and some of the regions are not contributing to this just some elaboration on that?

Manish Nuwal:

So as far as demand from housing infra is concerned wherever we are present we have not lost any market first of all. Second the demand from this sector has reached to the pre-COVID level that is what I have also shared and accordingly we are meeting the customer requirement, but at the same time definitely there were disruptions to some extent in availability of our raw material that has also impacted the sales of these products to our customers, but now sales situation has improved compared to the previous quarter definitely we will see more sales of explosives in this Q4.

Rohan Gupta:

So you are saying that raw material challenges is that there was a shortage of AN and that has caused lost some of the volumes which we could not do?

Manish Nuwal:

As far as ammonium nitrite is concerned like I said there were some disruptions that has resulted into this kind of less supply of product or we could not produce what was the demand in the market, but these things keep happening in the market and people get settled and I am pretty based on our experience of the past in Q4 we will deliver better than the Q3 and Q4 will definitely be better than the last year Q4 which was impacted due to COVID and going forward we believe that demand will be very good and we could be able to meet the demand from Q1 of the next financial year to the best possible.

Rohan Gupta:

I think last quarter you mentioned that the revenue recognition for the multi-mode hand grenades will happen in the Q4, just wanted to get some update on that and on overall defense business that how the pickup is happening on the multi-mode hand grenades also and where do you see that our revenue for the defense business going in the next year?

Manish Nuwal:

We are pleased to share that we have received an order which we have discussed in the previous call after that we have to supply the some quantity to the various testing agencies which we have also completed in the previous month and the product have passed all the parameters and accordingly we are likely to receive the final green signal or in a contractual terminology we say that it is a bulk production clearance which we are going to receive very soon and once we get it we will start the production and supply of this product. As far as other



orders or other products from defense application is concern, we have already started production of those things only because of deferment of supply in the previous quarter it gets delayed that will reflect in the Q4 numbers. As far as next year sales from next year is concerned we are quite optimistic that whatever delays we have seen in the previous year will not be reflected in next year. From next year we are quite optimistic sales from different products will be on track and we will see many more orders coming in the next year or probably next year.

Rohan Gupta: Sir I was asking that now since we have already got order from a multi-mode hand grenades and it was roughly 500 crore opportunity over next year consecutively, do you see that there will be any delays on that or spill over or we are going to capture this entire opportunity in next years?

Manish Nuwal: No, we will definitely not miss this opportunity and we are confident that in next two years we will deliver the full quantity we have already geared up everything whatever is required for this order.

Rohan Gupta: So it means that roughly may be 200 and 300 will be split maybe in revenue for next two years if I am assuming rightly on that?

Manish Nuwal: Yes you are not wrong on this assumption.

Moderator: Thank you. We have next question from the line of Sagar Naik from Equentis Wealth Advisory Services. Please go ahead.

Sagar Naik: So first one is housing and infra segment has also picked up now and has grown well this quarter, so how much of this could be due to pent up demand that is now materialize and how much would be sustainable going forward?

Manish Nuwal: As far as demand from housing infra is concerned, we do not see that it is a pent-up demand we believe that it will be sustained in the quarters to come.

Sagar Naik: And sir commodity cost has increased you mentioned that is the reason for impact on gross margins, but realization is flat quarter-on-quarter as well as in year-to-year, so are we negotiating price hikes now?

Manish Nuwal: Like I said that most of our contracts are linked to the raw material prices, so as prices will go up we will also increase our finished goods prices. There can be some delay of a month or one and half month if something is linked to a particular date apart from that we are quite comfortable and we will be able to manage the situation.

Sagar Naik: And sir for Ghana what was the sales in this quarter and year-on-year and quarter-on-quarter growth if you could give?



- Manish Nuwal:** As a matter of policy, we do not share the revenue from each country on quarterly basis.
- Sagar Naik:** Sir just if you can share the growth numbers last quarter you mentioned it was something around 18%?
- Manish Nuwal:** So this year we have around 27% of growth coming from exports.
- Sagar Naik:** And sir on this CAPEX front what is the current capacity and utilization levels for packages explosives?
- Manish Nuwal:** The capacities we have has multiple products and various plants, so it is not possible to give a one figure of capacity utilization for each line of product for each campus. So whatever capacity utilization we share in our annual report that you can see in our next annual report.
- Moderator:** Thank you. The next question is from the line of Amit Zade from Antique Stock Broking. Please go ahead.
- Amit Zade:** Just wanted to understand is there any impact of currently depreciation in our overseas markets I think there have been steep currency protrusions in African countries and all, so is there any impact on us of that?
- Manish Nuwal:** So there has been some transitional loss and if we talk about this quarter-to-quarter if we compare then the total impact on sales is around 11.5 crores and when we talk about 9 months the total impact is about 97 crores.
- Amit Zade:** Impact of 97 crores for the 9 months?
- Manish Nuwal:** Yes.
- Moderator:** Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.
- Sujit Jain:** I have a question when therefore you got indicated looking at the COVID situation in your last call you might aim at 15%, 20% kind of a growth for next year if the situation does not worsen, are we on track for that?
- Manish Nuwal:** Yes, we are on track of that for the next financial year we expect around on a conservative side we expect a growth of 15%.
- Sujit Jain:** And now that all things are falling in place in terms of the CAPEX that you have done in defense of which for many years did not yield revenues, but now everything is falling in place in terms of order book as well, in over the medium term can we expect now solid double digit growth three to five years?



- Manish Nuwal:** Yes we are quite optimistic and confident that we will achieve those sets of number.
- Sujit Jain:** And you have explained that you will breach the two equity of 0.5 we already had about 740 crores, 720 crores versus 1,500 crores of equity, though you are yet to give your details about the CAPEX plan, but then we could presume if you had to not to breach those levels most of the CAPEX should be funded through internal accrual?
- Manish Nuwal:** Yes, this is our plan that we will meet most of our CAPEX requirement from internal accrual only.
- Sujit Jain:** And the working capital number I listed if you could give that again?
- Manish Nuwal:** It is now 107 days compared to 113 days on a comparable quarter.
- Sujit Jain:** Compared to last quarter sequentially you are saying?
- Manish Nuwal:** On 31st March 20 it was 113 days now it is 107 days.
- Sujit Jain:** And then now that defense will eventually become a good portion of revenues you see this working capital cycle getting slightly stretched or here also you have some targets in mind which you will not breach?
- Manish Nuwal:** We do not have kept specific target which we will hit, but definitely like we have been saying that 110 days should be ideal numbers which we will follow, and we believe that in spite of increase in sales of product for defense we will maintain these number of days.
- Sujit Jain:** South Africa and Australia the losses and you indicated that this year there will be profit how has been the progress there?
- Manish Nuwal:** As far as Australia is concerned our project has not yet started, but sales have definitely improved and we will share the detailed numbers in our annual cost.
- Sujit Jain:** And South Africa?
- Manish Nuwal:** The same thing is applicable for South Africa also the business has started improving and now we are in a much better position compared to the previous quarter or previous year and things will definitely keep on improving now onwards.
- Moderator:** Thank you. We have next question from the line of Bharat Gupta from Edelweiss Securities. Please go ahead.
- Bharat Gupta:** My question pertains like you have mentioned in the opening remarks that there has been some deferment of sales in the export side, so can you give the quantum of it?



- Manish Nuwal:** No, we said deferment of sales on defense side. Exports is going pretty well.
- Bharat Gupta:** So is there any quantum like can you specify what was the exact contribution which got spread over to Q4?
- Manish Nuwal:** What we were expecting is good 60 to 70 crores of defense sales every quarter which is we were not able to achieve because of deferment from the customers.
- Bharat Gupta:** My second question pertains to the ROC side, so sir we have seen that the ROC has diluted to nearly 20%-odd for FY20, sir going forward what kind of like visibility we have where we can reach back to either to 25% odd levels, so do we have that kind of visibility going ahead where we can improve on the margins and on the ROC side?
- Manish Nuwal:** So our ROC did get impacted because of this COVID pandemic because of previous year 2020 we did loss sales and profits, but now as we said we are back on track and we are expecting a good sales and EBITDA margins so our ROC will be back on track on 25% portfolio.
- Moderator:** Thank you. The next question is from the line of Manish Mahawar from Antique Stock Broking. Please go ahead.
- Manish Mahawar:** First question is in terms of institutional business we are consistently seeing the decline in revenue Manish can you throw some light on the institutional business please?
- Manish Nuwal:** The sales from institutional sector has reduced mainly because of COVID impact in the first two quarters. Now we will see improvements from Q4 onwards.
- Manish Mahawar:** And sir institutional also consist of Singareni I believe right?
- Manish Nuwal:** Yes.
- Manish Mahawar:** Singareni tender was supposed to be renewal in this year so it has been happened?
- Manish Nuwal:** The tender is completed, but we had shared that information on the stock exchange.
- Manish Mahawar:** And second question in terms of Manish is there any probability in our margins side over a longer term I am saying next 18 to 24 months do you see our EBITDA margin can improve?
- Manish Nuwal:** So in this quarter itself if you could see it is around 22.5 and as we proceed ahead with good export over this and defenses definitely there will be some margin improvement.
- Manish Mahawar:** But any ballpark number like peak margin we can make in this business?



- Manish Nuwal:** Globally things are moving in the way which we see day in and day out. We can just comment there will be improvement, but very difficult to come across a particular digit or a number.
- Manish Mahawar:** Again in this EBITDA margin Manish ji what I recall earlier in terms of our raw mat sourcing because most of the raw material back on integrated except ammonium nitrite, so is this true at the moment or we are still have a sourcing some raw mat apart from ammonium nitrate from outside?
- Manish Nuwal:** So ammonium nitrite yes we are sourcing from outside other than that we have capacities most of them we are making in house, but at times when we get it at a better price compared to our in house production cost we will do buy source from there as well.
- Manish Mahawar:** Last question in terms of overseas revenue you said 1,000 crores of revenue in the FY22 right sir in overseas?
- Manish Nuwal:** Yes.
- Manish Mahawar:** And this is excluding export revenue this is purely an overseas subsidiary what we are talking about?
- Manish Nuwal:** Excluding exports.
- Manish Mahawar:** And if possible, Manish ji to share may be next three years number for possibly these 1,000 crores of revenue when you are talking about FY22 in next three years what will be the number?
- Manish Nuwal:** So 15% growth year-on-year we are expecting.
- Manish Mahawar:** And Nilesh ji last question from my side in terms of translational loss when you said is around 11.5 crores this is the revenue as well as EBITDA for the quarter?
- Nilesh Panpaliya:** So when sales revenue gets affected similar EBITDA levels will also get affected and so will be the profit levels.
- Moderator:** Thank you. We have next question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.
- Sujit Jain:** Just to clarify then in South Africa, Australia, and Ghana earlier we had indicated that we will breakeven in FY21 are we on track?
- Manish Nuwal:** In Ghana yes, we are on track we have already reached to a breakeven level. In South Africa we will be expecting breakeven in Q4.



- Sujit Jain:** And in Australia when operation resumed, we will immediately we have to breakeven right?
- Manish Nuwal:** No, I have not said that I said that in next financial year we will start the operations and our trading operation have already started and sales by exporting out of India has increased compared to the last year and once project start definitely within a year time we will reach to the breakeven numbers. So probably what you are asking is when we will reach to breakeven number. So I am saying in next couple of months we will start the project and after that it will take at least a year time to reach to a breakeven number.
- Sujit Jain:** And in terms of exports and overseas number total for 9 months which is about 753 crores how much is exports; how much was overseas?
- Manish Nuwal:** We just always have a combined figure for that do not give us the breakup as a policy.
- Moderator:** Thank you. We have next question from the line of Chirag Muchhala from Nirmal Bang Equities. Please go ahead.
- Chirag Muchhala:** Two question from me firstly on the Coal India order book so just commented around 535 crores so this is executable over what period and is there any next tender coming up shortly from Coal India?
- Manish Nuwal:** The Coal India tenders till November month and we expect that after three, four months they will float the tender.
- Chirag Muchhala:** So these 535 crores is to be delivered till November 2021?
- Manish Nuwal:** No, this tender value includes the quantity for Singareni Collieries also. I was sharing that we have two, three orders which are ending on different date, but one of the major orders which is bulk explosives is going to end by first of November or 31st of October and once it is over, they will float a new tender. So sometimes they extend the tenders also so it depends how they will float and when they will float, but normally they float tenders two, three months before it gets conclude, but may be due to COVID they may extend by another two, three months' time.
- Chirag Muchhala:** And the second and last question from me on the Pinaka rocket, so is there any further update on that the government has placed the order for hardware on the vehicle suppliers, but any further update on when the orders for the missiles is coming?
- Manish Nuwal:** As far as order is concerned, they have yet to place any RFP for this product, but definitely things are going in a right direction. Since they have already placed orders for hardware definitely, they have to float RFP for the ammunition also. So we believe that in a quarter or two quarter they should float RFP for Pinaka rocket for which we are nominated production agency apart from another PSU.



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- Chirag Muchhala:** So basically, it will be split only between us and the ordinary factory board right sir?
- Manish Nuwal:** Yes, they normally give orders to the production nominated production agencies and as far as nominated production agencies are concerned for this product ordinance factory and our subsidiary economic exposures is a nominated agency.
- Chirag Muchhala:** So my question was that either of the two will get it or they will split between the two in whatever ratio they decide?
- Manish Nuwal:** These details will come in RFP. Once they have float RFP then only we can see whether they will put a condition of only one player or they will put a condition of two players or what will be the ratios between these two players whatever it is. So I can answer those questions once RFP is out.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Chirag Muchhala from Nirmal Bang Equities for closing comments. Over to you, sir.
- Chirag Muchhala:** Thank you Vikram. We thank the management for taking time and sharing their valuable insights on this call and we also thank all the participants for their presence.
- Management:** On behalf of the entire Solar team, we would like to thank everyone for participating in this conference call and if you have any further questions or suggestions you can please directly mail it to us or you can contact Chirag and we can always connect us with you. Thank you.
- Moderator:** Thank you very much sir. Ladies and gentlemen on behalf of Nirmal Bang Equities Private Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.