SOLAR INDUSTRIES INDIA LIMITED

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24th November, 2017

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

Through: NEAPS

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

Through: BSE Listing Centre

Sub: Transcription of Conference Call with Investors/Analysts held on 16th November, 2017.

Dear Sir,

Further to our letter dated 15th November, 2017 we are forwarding herewith a copy of Transcription of Conference call with Investors/Analysts held on 16th November, 2017.

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

"Solar Industries India Limited Q2 FY2018 Results Conference Call"

November 16, 2017

ANALYST:	**MR. KUNAL SHAH - KR CHOKSEY SHARES & SECURITIES**
MANAGEMENT:	**MR. MANISH SATYANARAYAN NUWAL – MANAGING DIRECTOR & CEO - SOLAR INDUSTRIES INDIA LIMITED** **MR. NILESH PANPALIYA - CHIEF FINANCE OFFICER - SOLAR INDUSTRIES INDIA LIMITED** **MR. ROOMIE DARA VAKIL - THE EXECUTIVE DIRECTOR - SOLAR INDUSTRIES INDIA LIMITED** **MRS. SHALINI MANDHANA – DGM - SOLAR INDUSTRIES INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Solar Industries India Limited Q2 FY2018 results conference call hosted by KR Choksey Shares & Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kunal Shah from KR Choksey. Thank you and over to you Sir!

Kunal Shah: Thank you. Good afternoon ladies and gentlemen. On behalf of KR Choksey Shares & Securities Private Limited I take immense pleasure today in having with us the senior management of Solar Industries India Limited, Mr. Manish Nuwal, The Managing Director & CEO, Mr. Nilesh Panpaliya, CFO, Mr. Vakil, The Executive Director, and Mrs. Shalini Mandhana, The DGM of the company who are here today to discuss with us the company's performance in Q2 FY2018. Let me handover the floor to the senior management of Solar Industries for their opening remarks followed by an interactive Q&A session. Over to you Sir!

Nilesh Panpaliya: Thank you. Good afternoon everyone and thanks for joining this conference call for an update on our second quarter results for the FY2017-18.

Well the global commodity prices have bounced back, which has resulted in boosting our sentiments in overseas market. In India, there is a budget boost with a record allocation of Rs. 3.96 lakh Crores in the infrastructure sector, which has resulted in significant investment towards road development, housing and tunneling project and with the Government stated the intention to develop 100 smart cities and its agenda to ensure housing for all by 2022. The explosive sector will witness primary demand from stone quarrying, limestone and iron ore mines. Even with the rising urbanization, there will be a substantial increase in demand for power to meet the energy requirements of growing population. The Government of India is focused to be power surplus by 2022 and to reduce the import of steam coal to zero by 2020. This will definitely lead to superior growth for the Indian explosive industry.

Now before I dwell on the financial results, I would like to highlight the fact that explosive is a seasonal business, the impact of weather condition, especially monsoon on our business cannot be undermined. The second quarter is generally the weakest quarter as mining and construction activities take a backseat due to monsoon. I would further like to highlight that the realization per unit number shared with you now are net of excise duty for this quarter and the numbers, which I shared with you previously were including excise duty. Hence, it is a request to you to consider the new set of numbers for your comparison and analysis. That being said, yes our second quarter has delivered more than satisfactory results.

We are pleased to announce that the net turnover has increased by 30.33% year-on-year to Rs.408.40 Crores in Q2 FY2018 from Rs.313.36 Crores in Q2 FY2017. Our packaged explosive segment has shown a quantity growth of almost 26.28% and bulk explosive segment has shown a growth of 18.35%. The increase in package explosive has mainly been on account of increase in our sales to housing and road construction sectors where the revenue is also increased by 65%. However post implementation of GST, our realization per unit has changed because sales are now net of GST in second quarter while in previous quarter the component excise duty was included. The realization has dropped by about 2% **(inaudible) 4:20** this is due to change in product mix. In case of bulk explosive the drop is about 8%, which is in account of change in raw material price.

Coming to the margins, our EBITDA margin stands at 22.15% in Q2 FY2018 compared to 22.20% in Q2 FY2017. The PBT was at 17.10% in Q2 FY2018 as against 16.74% in Q2 FY2017. Now the company has come in full tax bracket resulting in a tax rate increase from 25.41% to almost 31% when comparing Y-o-Y. Hence the net profit after minority interest stands at Rs.45.74 Crores for Q2 FY2018. The net profit percentage stands at 11.08% in Q2 FY2018 as compared to 11.77% in Q2 FY2017. We expect to end the current financial year with similar kind of margin.

Our overseas and export sector witnessed year-on-year turnover growth of almost 45.26% that is from Rs.118.23 Crores in Q2 FY2017 to Rs.171.74 Crores in Q2 FY2018. The overall overseas market is looking very promising and we are confident of achieving the threefold revenue increase by 2020.

We are continuing to diversify our customer base in our customer basket. Whole India now constitutes 15.25% as against 22.54% in same quarter previous year. Institutional plant is now about 18.32% and the contribution from housing and road sector that is infrastructure segment has gone up to 22.38% when compared to 17.6% year-on-year. Export and overseas now take a significant share of almost 42% compared to 37% in Q2 FY2017.

As on capex, till date we have done a capex of Rs.73 Crores in the first half of the current financial year. As informed earlier we had a planned capex of almost Rs.175 Crores, which now gets revised to Rs.250 Crores for the current financial year. The increase in capex plan is due to our increased investment in overseas and domestic business.

Now a quick update on defence. Currently we have an order book of Rs.131 Crores in Q2 FY2018 our sales to this particular sector was Rs.8.18 Crores. As you are aware that after passing through many stages of trial, validation and revalidation, we are now on the right track towards commercial production stage. In case of our propellants for Akash Missile the documentation for induction has been completed, the serial production will commence soon. Production for the first batch of 24 grains have commenced in presence of Missile System Quality Assurance Agency

and will be completed by February 2018 for static and dynamic trials. For Pinaka Mark-I and Mark-II validation of documents and verification of process parameters have been completed. Another positive development is that the Defence Acquisition Council has approved sourcing of Pinaka Market-I from private sources and we are expecting the issue of RFP by January 2018. In case of warheads, the first production lot of 1000 number is completed. After successful completion of trials, the next batch of 500 numbers will be assembled. We have also started now getting export inquiries for defence products, which will be executed once we get the necessary export permission.

In March 2017, the Government has floated RFPs for eight types of ammunition items. We will participate in most of these RFPs in association with DRDO and leading global technology provider. To sum it up, we established ourselves as a significant player across the value chain and has the right extension placed to achieve our targeted topline growth of 20% for this current financial year. We are gaining superior scale in exploring the growing market opportunities due to our strong management bandwidth and extensive product portfolio. On that note, I conclude my remarks and would like to thank you all for joining us on this call. We will now be happy to discuss any questions, comments or suggestions that you may have.

Moderator: Thank you very much Sir! Ladies and gentleman we will now begin the question and answer session. The first question is from the line of Sagar Gandhi from ICICI Securities. Please go ahead.

Sagar Gandhi: Sir our performance on the overseas side has been phenomenal and as highlighted in the presentation we expect this contribution from overseas segment to increase by 3x, so if you can please highlight why are we so confident and what are the key things, which gives us this confidence?

Nilesh Panpaliya: If you look at the last five to six years of our investment in overseas and hard work, which we have been doing in the last so many years has started giving us results and the numbers are picking themselves, so the confidence of achieving the threefold increase from the last year's figure of Rs.350 Crores to this Rs.1000 Crores is made out of that only.

Sagar Gandhi: Any key geographies, which will stand out among the total portfolio, I mean Nigeria will do well or Zambia will do well, anything specific that you would like to highlight?

Nilesh Panpaliya: Our focus on basically four geographies to achieve this Rs.1000 Crores mark are same one like Nigeria, Zambia, Turkey, and South Africa.

Sagar Gandhi: So you think all four can reach…

Nilesh Panpaliya: We are likely to add another new destinations which we have said in our annual report. So we want to increase our presence to at least 10 countries from the current four countries.

Sagar Gandhi: Thank you so much Sir!

Moderator: Thank you. We have the next question from the line of Shilpa Barwe, an individual investor. Please go ahead.

Shilpa Barwe: Thanks. So the defence order book is at around Rs.125 to 150 Crores for the last six months now. So what is your outlook for the same given the recent news article on army's ammunition program continuing to fail in this?

Nilesh Panpaliya: Our defence order book was around Rs.140 Crores earlier and like we have executed around Rs.8.18 Crores in sum in first quarter, so it has come down to Rs.130 Crores. In most of this, as I mentioned if you have heard that the product validification and all had happened and we are almost in the process of supply. If you recall our con call, which we have done earlier we have specifically mentioned that it is only after the end of second quarter that is from the third and fourth quarter this defence will pick up because now with all the processes stabilized, the supply chain mechanism has now established. So definitely you will see that after the end of third quarter and fourth quarter increase sales to defence utilizing this order book and from fourth quarter also you will see more order flowing in because for most of this product again we are having dialogues and all with the military for supply and as you rightly mentioned that there has been delays, which we have already witnessed in our case also that what we are told earlier and now what is actual, but now it has started happening and we have started delivering to defence.

Shilpa Barwe: So the revenue guidance for FY2018 Rs.100 Crores is still intact, right?

Nilesh Panpaliya: It will be close to around now we are revising it maybe it will be close to around Rs.60 to 80 Crores now for defence.

Shilpa Barwe: Okay.

Nilesh Panpaliya: But for the next year we are confident that whatever we have stated that Rs.200 Crores or Rs.500 Crores we will be able to achieve that.

Shilpa Barwe: Is there any change for the capex guidance of Rs.900 Crores until 2020, I mean in context that we have revised upwards the guidance of FY2018.

Nilesh Panpaliya: So right now we maintain the status of Rs.900 Crores.

Shilpa Barwe: Then the extremely positive outcome of the coal India tender is there any change to guidance for domestic operation of 15% CAGR for 2020?

Manish Nuwal: We will maintain the same projections, which we have given in our recent annual report where we said that we are going to increase our domestic business, which is from 3 Lakhs tonnes to 4.5 Lakhs tonnes so based on that target we are moving ahead. We maintain the same projection.

Shilpa Barwe: So how are the margins in ascending order to export overseas and infrastructure and housing segments now, in ascending order can you just tell me?

Nilesh Panpaliya: So now both our export and overseas are having almost the same margins.

Shilpa Barwe: Sorry.

Nilesh Panpaliya: In both the segments, that is export and overseas and even infrastructure, road construction, and housing, we are having almost similar margins.

Shilpa Barwe: So the Coal India production is up by 8% year-on-year, given the same together with a higher overburden rate why is that Coal India down by year-on-year?

Manish Nuwal: The Coal India if you see volume wise there has been growth, but the revenue has come down because there has been a drop in the prices of ammonium nitrate, the basic raw material and we have a price escalation to Coal India that whatever will be the change in price of raw material will revise the price accordingly. So if you see over last one to one-and-a-half years the raw material prices have moved down significantly, as a result of which you see the drop in the prices, but now with the prices forming up again for raw material, which has happened recently after three months you will see that again the prices will start picking up because every three months Coal India changes the prices.

Shilpa Barwe: Why we are we losing market share or having a kind of degrowth in detonators or initiating systems?

Nilesh Panpaliya: No, no we are not losing any market share in case of detonators or initiating systems rather that is our strong segment and we are very much there. It is only that during monsoon season there is a lower sales of smaller diameter explosives, which gets coupled to the usage of its detonators, so we are seeing that, but otherwise there is no drop in our shares.

Shilpa Barwe: Alright. Thank you so much.

Moderator: Thank you. The next question is from the line of Neha Talreja from Edelweiss. Please go ahead.

Neha Talreja: Thanks for taking my question. It was mainly related to our Coal India orders. In the first half, can I know just how much has been the revenue from Coal India and can we achieve the target, which is mentioned in the annual contract?

Nilesh Panpaliya: Can you come again with the question.

Neha Talreja: Sir you have received the contract, annual contract of more than Rs.500 Crores of Coal India for current year and the first half we must have done somewhere about Rs.150 Crores?

Nilesh Panpaliya: Coal India in first half we have done around 135.83 Crores.

Neha Talreja: Is the annual contract achievable or is there certain difference always between the contract given and whatever is the run rate that we have with Coal India?

Nilesh Panpaliya: Normally what you are seeing is comparing it on the realization or the revenues what actually should be done is we need to compare it on the volume, which is low because as I mentioned earlier there has been a price drop on account of fall in prices of ammonium nitrate. As a result of which this revenue looks to be on lower side compared to that 550 and now coming to the second part yes that is achievable, but as mentioned in the contract terms there is always a plus minus of 10% to 15% in what they give us and what is achievable, so it can increase also 10% and it can decrease also, but there is not much fluctuation.

Neha Talreja: There can be a 10% difference to what we have achieved. Sir, I think even Rohan has a question.

Rohan: Sir, just on your commentary you mentioned that in the defence side you have already started getting the approvals for this Pinaka trials and also on the missile trials you mentioned that static and dynamic trials will start from, what date you mentioned it will start from?

Nilesh Panpaliya: February.

Rohan: February 2018?

Nilesh Panpaliya: Yes.

Rohan: When you are talking about your order book in defence I believe that this in the missile segment if I remember rightly that you did not include any opportunity in the missile segment from your Rs.200 and 500 Crores revenue projection from defence?

Nilesh Panpaliya: No.

Rohan: Right. So Sir how big this missile opportunity and as you have already been given and granted the permission to run the trial from February next year, how big is the opportunity and how much of market share we can grab there in missile?

Nilesh Panpaliya: As we said that we are participating in that RFP where the complete missile assembly will be a part of it and we have already in the process of setting up the entire assembly setup, which will be complete, which will be ready by January 2018.

Rohan Right.

Nilesh Panpaliya: Once they have come out with the RFP and they decide on the numbers that will be the right time when we will be able to comment on what size of opportunity will be there.

Rohan: Any idea that how much is the annual budget of the Government or Defence?

Nilesh Panpaliya: No, not really as of now because these figures are very confidential figures where they do not disclose like how much and what we are going to take.

Rohan: Okay.

Manish Nuwal: Apart from the defence budget, they never allocate budget for each and every product and they do not share with the public that is the main reason. So your question you can definitely talk to Ministry of Defence and find out because as an investor from investment fraternity you can always approach them and ask for all these things.

Rohan: In Pinaka we have captured the opportunity in our order book I mean our revenue estimates are 200 to 500 or that is also exclusive of that?

Manish Nuwal: Yes because what we are saying that we have created a large portfolio of defence products we are not depending on only two or three products like we have been explaining this for last one year and if we look out our strategy of increasing the product portfolio so that any risk from one product get eliminated over the period of time. So our Rs.500 Crores is based on that strategy we are not depending on any one product and if we look at the Rs.500 Crores basically breakup of Rs.500 Crores then definitely rocket assembly and missile assembly is definitely one of them. So as a conservative estimate we do not see that anyone going down will impact our project, but we are very positive of achieving Rs.500 Crores by 2020 from defence.

Rohan: Another question on this tense have you seen that ammonium nitrate prices have started moving up as you said that next negotiation when will happen with Coal India that prices will be moved upwards, so how much price increases happen and what is the current ammonium nitrate price is sir?

Nilesh Panpaliya: Next round of price increase with Coal India will be from December 1, 2017 so they will consider the price increase in last three months time and then they will give us the explanation. So let us wait for another two months time and we will know that for you.

Rohan: That is all from my side. Thanks.

Moderator: Thank you. The next question is from the line of Narendra Solanki from Anand Rathi. Please go ahead.

Narendra Solanki: Congratulations for a good set of numbers. My question is on defence especially in BMCS segment what we have been getting to know is that Nalanda Facility of OFB is coming online with a capacity of around 2 Lakhs per annum maybe Q4 this financial year or Q1 next financial year and total demand is for around 10 Lakhs per annum so how do we see attraction in this segment especially you have already signed license and TOT with DRDO for beta HMX and fine RDX, so how do you see attraction going ahead and additionally can you also comment like with 10 Lakhs per annum demand what could be the amount in Rupees for this?

Nilesh Panpaliya: If you look at the opportunity for BMCS one thing we are very sure that demand is very high, but the conversion rate depends on the Government's overall allocation for these products, so at the moment it will be very difficult to convert it into the figures and all that, but if you look at the RFP the Government intention is to basically increase the private participation in overall ammunition segment, so we are looking at that opportunity and we have started work on creating facility for BMCS, but definitely once we participate in BMCS and see that order then only we will start investment in true sense.

Narendra Solanki: One more question on this, if we get any order in BMCS segment then would be supplied to directly to the concerned parties or would it be through OFB like first OFB would be getting orders and then we would be supplying to OFB kind of a structure like how do we?

Nilesh Panpaliya: No, we will directly cater to the customers and not to organized factory points.

Narendra Solanki: I think we already have setup HMX plant right and we also have signed TOT for beta HMX are these two different things or is it the same?

Nilesh Panpaliya: Like we have created a mother facility to produce HMX and from that facility there can be number of applications, which require different set of specifications for that product so based on user demand if they have developed some products and they want a specific requirement then definitely like that we have entered with a technology tie-up for DRDO for particular product so this is what we are doing and it depends on customer-to-customer and specification gets changed and we have to align with that.

Narendra Solanki: One more thing we have recently heard about successful test of a smart handy airfield weapon so do we also have opportunity in this segment in near future?

Nilesh Panpaliya: We cannot comment on that, it is too early for us.

Narendra Solanki: That is it from my side.

Moderator: Thank you. The next question is from the line of Ankit Merchant from SMC Global. Please go ahead.

Ankit Merchant: Sir my first question was related to how much is the Coal India's requirement served by Solar, I think it was around 26% and with now new orders how much will it be?

Nilesh Panpaliya: The recently concluded tender of Coal India we have received around 35% of the total quantity and the second question is how much we will cater it depends on Coal India's demand and that is all, so we have orders and we will try to convert as much as possible out of this quantity.

Ankit Merchant: What about the South Africa utilization how much has it reached now because we just started in January?

Nilesh Panpaliya: Yes we have started in January and we are getting our product qualified in various mining companies, so we will start commercial production on full scale from this quarter.

Ankit Merchant: Can you share some light on the Australia capex about which segment are you planning to enter over there because I believe a lot many explosive companies are already present in Australia so are we trying to create a niche market for ourselves or how are we planning to?

Nilesh Panpaliya: We are yet to finalize on the capex plans for Australia, so once it will be there we will definitely share.

Ankit Merchant: Some light on inorganic growth in defence are you planning or any joint venture tie-ups are you looking forward?

Nilesh Panpaliya: At the moment we are not into that mode of inorganic growth in defence, we are focusing on organic growth.

Ankit Merchant: I know it will be very little vague as such, but Sir how is your product line different from Premier Explosives in defence side?

Nilesh Panpaliya: Basically what we are producing we are sharing with you and what they are producing they must be sharing with you, so it is not possible to compare 1:1, but by and large if they are also into propellant, we are also into propellant. Apart from that I do not know what they are producing.

Ankit Merchant: That is it. Thank you.

Moderator: Thank you. Next question is from the line of Nitisha Shah from Anvil Shares & Stock Broking. Please go ahead.

Nitisha Shah: First congratulations for a very good set of numbers. Sir in H1 we have achieved 22% revenue growth YOY, generally H2 is better than H1, so what topline growth do we expect to end the year with and that is my first question and the second is what are the margins in defence and since defence turnover is expected to increase, so will there be a further improvement in the margins from this current level?

Nilesh Panpaliya: In the current financial year as we have mentioned earlier we are expecting a 20% topline growth compared to the previous year.

Nitisha Shah: In the second half our growth will be kind of?

Nilesh Panpaliya: It will be more than 20%.

Nitisha Shah: About defence margins, the EBITDA margins in the defence?

Nilesh Panpaliya: They will be definitely better than our existing margins, which we are there, so as and when by the end of the year we will all come to know what defence margins are because there is a product mix, there are different type of products, which will flowing in on changing the product mix changes.

Nitisha Shah: I just wanted to know YOY what has been the fall, the decline in ammonium nitrate prices, which has been reflected in revenues?

Nilesh Panpaliya: Ammonium prices have gone almost around 7% to 8% from December till June.

Nitisha Shah: That means the realizations would have gone down by the similar percentage?

Nilesh Panpaliya: Yes it will go down by similar percent and may be again when you see there are different segments again, so again there is a different product mix, we have large diameter, small diameter so based on even their share in this thing the realization keep on changes.

Nitisha Shah: Going forward you expect that the ammonium nitrate prices would be almost stable or maybe?

Nilesh Panpaliya: They have started as mentioned earlier like they have started moving up, they are increasing that effect take place after three months because Coal India after three months revising the pricing.

Nitisha Shah: As the price revision is expected on December 1, 2017, so then in the second half now there will be an improvement in realization?

Manish Nuwal: There will be improvement in realization from December month, but before that in this current three months period there will be a lag between the AN prices and the Coal India prices or other customers prices.

Nitisha Shah: Thank you Sir! That is all from my side.

Moderator: Thank you. Next question is from the line of Santosh Yellepu from India Nivesh Securities. Please go ahead.

Santosh Yellepu: Congratulation for the good set of numbers. I had three questions first a book-keeping question, what is the reason for increase in the inventory days from 73 to 85 days.

Manish Nuwal: There is no specific reason for that. It is a general part of the business cycle sometimes inventory has increased because we have recently started our South Africa venture. We have started exports to Australia so because of that there are materials lining in those countries and which are going to start soon, so because of that inventories have increased.

Santosh Yellepu: This is not a long-term trend that is what just trying to understand here?

Manish Nuwal: Because wherever you start the new venture the inventory always goes up and once it runs when the commercial production start or commercial sales starts, so inventory figure will definitely go down.

Santosh Yellepu: If I look into Economic Explosives and Blastec last two year numbers, the numbers were very good and in absence of the numbers of these two for the first half can you just give some colour how the topline has grown and how is the margins panned out, I remember Blastec margins have been improved in the last two years and I would just like to get a sense which way the margins are adding for these subsidiaries?

Nilesh Panpaliya: Blastec and may be if you are talking about, which other company?

Santosh Yellepu: Economic Explosives, Sir!

Nilesh Panpaliya: So the product line of Blastec, Economic and Solar are totally different, so when you consider you should consider our margins all because you cannot have **(inaudible) 34:24** we should put all this together.

Santosh Yellepu: Lastly is it possible to share the revenue split of the international revenue split we shared in the presentation?

Nilesh Panpaliya: We shared that, overall we have already shared, total revenue close to around 280 last year, right now we would not.

Santosh Yellepu: Understood Sir! I will take it after the call. Thank you.

Moderator: Thank you. Next question is from the line of Aniket Dharamashi from Value Quest Advisors. Please go ahead.

Aniket Dharamashi: Congratulations on a good set of numbers, just wanted to understand the current order book of defence, which is at Rs.131 Crores just a split between the products there?

Nilesh Panpaliya: It is basically comprises of all the products across the line, which we are manufacturing that is propellant, high energy explosives then we have the ammunition.

Aniket Dharamashi: Secondly Sir this capex plan, which has been revised for Australia and Ghana from Rs.175 Crores to Rs.250 Crores, what is the extra Rs.75 Crores go into?

Nilesh Panpaliya: Going to Australia and Ghana as we mentioned and along with some domestic also.

Aniket Dharamashi: Alright. Thank you Sir!

Moderator: Thank you. Next question is from the line of Anubhav Rawat from Venturas Securities. Please go ahead.

Anubhav Rawat: With a healthy capex plan where do we see our working capital loans and long-term loans going forward?

Nilesh Panpaliya: Going forward we will be maintaining the present debt equity ratio and most of these requirements will be met through our internal accruals. The debt equity ratio will be maintained in the same level and most of this incremental capex and working capital requirements will be met through our internal accruals.

Anubhav Rawat: One more thing Sir what is your insurance policy given the volatile nature of your product for Solar?

Nilesh Panpaliya: We are taking all the necessary insurance cover for our operations and working capital and because since we know that we are into hazardous kind of industry, so we cannot afford to run the business without any insurance cover.

Anubhav Rawat: Thank you Sir!

Moderator: Thank you. Next question is a followup from the line of Neha Talreja from Edelweiss Finance. Please go ahead.

Neha Talreja: Thanks a lot for taking a followup question. Regarding the overseas operations we are targeting somewhere about Rs.1000 Crores in the next three years if at all you can just give the breakup all

these will be from the four subsidiaries that we have or will it have contribution even from the newer ones that we are working on like Australia and Ghana?

Nilesh Panpaliya: We have been maintaining that this threefold increase will be from our overseas business and overseas business means our current locations as well as the upcoming locations, so location wise breakup is very difficult to be shared at this stage.

Neha Talreja: If at all we can mention what are the current utilization rates among these subsidiaries and how much can we go up to in each of these with current investments?

Nilesh Panpaliya: That we will share later.

Neha Talreja: Sure Sir! I will contact you then.

Moderator: Thank you. Next question is from the line of Sabyasachi Mukherjee from India Nivesh Securities. Please go ahead.

Sabyasachi Mukherjee: Thanks for the opportunity. Just to understand the realization part on the bulk explosives, so in your presentation it is mentioned that for this quarter it is around 24188 and similarly the numbers are shared for previous quarter as in Q1 of this year and Q2 of last year, so as you mentioned before the call only that this quarter number is net of excise, net of GST, so the numbers of previous quarters are also similar or is it including GST?

Nilesh Panpaliya: What numbers?

Sabyasachi Mukherjee: The realization numbers.

Nilesh Panpaliya: So what number you have right now?

Sabyasachi Mukherjee: Presentation it is mentioned that Q2 for bulk?

Nilesh Panpaliya: For bulk it is 24188.

Sabyasachi Mukherjee: 24188.

Nilesh Panpaliya: For Q1 it is 24128.

Sabyasachi Mukherjee: In the presentation it is 27279.

Nilesh Panpaliya: No that is for as I mentioned earlier that is excise duty because you should not get confused that why these are changed and that is why we mentioned in the concall that you should take these rates now for a comparison.

Sabyasachi Mukherjee: Q1 net of excise how much it would be?

Nilesh Panpaliya: 24129.

Sabyasachi Mukherjee: If you can share the Q2 of last year?

Nilesh Panpaliya: It is 26307.

Sabyasachi Mukherjee: Thanks a lot.

Moderator: Next question is from the line of Anubhav Rawat from Venturas Securities. Please go ahead.

Anubhav Rawat: Could you please shed some light on the EBITDA margins for your manufacturing, mining, defence and exports?

Nilesh Panpaliya: What we have shared?

Anubhav Rawat: EBITDA margins.

Nilesh Panpaliya: EBITDA margins?

Anubhav Rawat: Yes.

Nilesh Panpaliya: The EBITDA margins for our overseas and domestic business as I said are almost the same around 20% plus.

Anubhav Rawat: And for defence?

Nilesh Panpaliya: Defence as I said when we supply and see what type of product mix then accordingly we will be able to know because there are four, five categories of product each having a different thing, so let us wait and find out.

Manish Nuwal: But one thing is very sure that EBITDA margins from defence will be definitely higher than our current explosive business and reason is very simple because defence required investments and those are long gestation projects, so always depreciation in interest factor will be high and that will definitely require us to have better EBITDA margins to sustain ourselves and to growth further.

Anubhav Rawat: Alright, understood Sir! Thanks a lot.

Manish Nuwal: I hope I have addressed your point.

Anubhav Rawat: Yes Sir you have.Thank you so much.

Moderator: Thank you. Next question is from the line of Kunal Shah from Choksey Shares & Securities. Please go ahead.

Kunal Shah: Sir seeing the overseas business there is a substantial growth, so is there any one geography that is outperforming or is it all the geographies that are outperforming and the reasons for outperformance and how sustainable they are as in the growth rate?

Nilesh Panpaliya: First of all, all the geographies are doing quite well. There is no specific geography, which have been doing much, much better than other one. Practically all geographies are doing good. Nigeria has recovered from the last year of currency shock and it is doing quite well and Turkey also has improved a lot and Zambia has also improved on the basis of copper prices, so all three geographies are doing well. South Africa we have just started like I said earlier we have qualified our product and number of mines and it will give us good boost in coming quarters and based on these confidences from different, different market and our upcoming expansions in different countries based on that we are quite positive that we will achieve this or we will surpass this number of Rs.1000 Crores by 2020.

Kunal Shah: But the sustaining should continue right in the growth I am talking ex-capex I may not be correct, the capacity can we continue the same growth?

Nilesh Panpaliya: If you look at the sustainability part, sustainability is not a issue at the moment for us because from Rs.350 Crores we will be reaching to Rs.1050 and definitely after that what capex we are doing or we will be doing from 2018 onwards will be for the new geography, so that will definitely help us to growth it further, so we are quite positive that every year we will expand our overseas business by 25%, 30% level and we are pretty confident of achieving this growth rate in coming years.

Kunal Shah: Thank you Sir! That is all from my side.

Moderator: Thank you. Ladies and gentlemen that was the last question. Over to you Mr. Kunal Shah for closing comments.

Kunal Shah: Thank you. On behalf of KR Choksey Shares and Securities Private Limited we thank the senior management of Solar Industries and all the call participants for such an engaging discussion. Have a good day and thank you Sir!

Manish Nuwal: Thank you very much and in case of any further query we are always available. Thank you.

Moderator: Thank you members of the management. Ladies and gentlemen on behalf of KR Choksey Shares and Securities Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.