February 11, 2025

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051
Trading Symbol: "SOLARINDS"
Through NEAPS

To,
BSE Limited
Floor no. 25, PJ Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 532725
Through BSE Listing Center

Subject: <u>Transcription of Conference Call with reference to the Unaudited Financial Results for the quarter and nine months ended on December 31, 2024 with the Management of the Company.</u>

Dear Sir/Madam,

Further to our letter dated January 30, 2025 we are forwarding herewith a copy of Transcription of Conference Call hosted by **Centrum Broking Limited,** on **Thursday, February 6, 2025 at 11.00 a.m. IST** to discuss the Unaudited Financial Results of the Company for the quarter and nine months ended on December 31, 2024 with the Management of the Company.

Kindly take the same on record and acknowledge.

Thanking you

Yours truly,

For Solar Industries India Limited

Khushboo Anish Pasari
Digitally signed by Khushboo Anish Pasari
Date: 2025.02.11 16:21:36 +05'30'

Khushboo Pasari
Company Secretary &
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"Solar Industries India Limited Q3FY25 Earnings Conference Call"

February 06, 2025

MANAGEMENT:	**MR. MANISH NUWAL - MD & CEO, SOLAR INDUSTRIES INDIA LIMITED** **MR. SURESH MENON - ED, SOLAR INDUSTRIES INDIA LIMITED** **MR. MILIND DESHMUKH - ED, SOLAR INDUSTRIES INDIA LIMITED** **MR. MONEESH AGRAWAL - JOINT CFO, SOLAR INDUSTRIES INDIA LIMITED** **MS. SHALINEE MANDHANA - JOINT CFO, SOLAR INDUSTRIES INDIA LIMITED** **MS. AANCHAL KEWLANI - SENIOR FINANCE MANAGER, SOLAR INDUSTRIES INDIA LIMITED**
MODERATOR:	**MR. CHIRAG MUCHHALA - CENTRUM BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Solar Industries India Limited Q3FY25 Earnings Conference Call hosted by Centrum Broking 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 the '*' then '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag Muchhala from Central Broking Limited. Thank you and over to you, sir.

Chirag Muchhala: Thank you, Steve. And good morning to all of you and welcome to Solar Industries India's Q3 FY25 Results Conference Call.

From the Management we have today, Mr. Manish Nuwal – MD & CEO; Mr. Suresh Menon – ED; Mr. Milind Deshmukh – ED; Mr. Moneesh Agrawal – Joint CFO, Ms. Shalinee Mandhana – Joint CFO and Ms. Aanchal Kewlani – Senior Finance Manager.

So, now I hand over to the management for their "Opening Remarks" and post that we can take questions from participants. Over to you.

Aanchal Kewlani: Thank you so much, Chirag. A very good morning to our dear stakeholders and well-wishers. My name is Aanchal, and I would like to welcome you all to the Solar Industries' 3rd Quarter and nine monthly conference call of FY25.

New Year has got pleasant surprises for us and well wishes. We break all of our quarterly reports on revenue, EBITDA, and PAT. This call's recording, including the transcript, will be available on the site. The financial statements, quarterly fact sheets, investor presentations, press releases are also available on our website.

To begin with, I would like to remind you that during this call, we might make predictions or other forward-looking statements regarding future events and about the future financial performance. Please remember that such statements are only predictions, actual events or results may differ materially, and our websites will be updated with all relevant information timely.

Now I would request Solar CEO and MD – Mr. Manish Nuwal, for his opening remarks on the Company's performance, followed by Q&A. Over to you, sir.

Manish Nuwal: A very good morning to one and all. I, Manish Nuwal – Managing Director & CEO, welcome you all to Solar Industries' Quarterly Earnings Conference Call. Thank you for joining us today.

To start with, I am delighted to announce that we have registered the strongest quarter yet with growth in revenue by 38%. Our Q3 performance reflects the successful execution of our strategic initiatives, propelling our net revenue from Rs. 1,429 crores to Rs. 1,973 crores year-on-year basis. This impressive search is attributed to the efforts by our solar team in explosives and defense sector.

Our international business has delivered a very positive 3rd Quarter performance, which has grown by 21% year-on-year basis and have reached to the best ever Rs. 758 crores in revenue term. Solar's defense business quarterly performance has picked up as we have discussed in the previous quarterly calls. The growth is around 578%, which is the highest ever quarterly defense revenue in solar history. Now it is at Rs. 409 crores. While domestic demand has been subdued due to the general and state elections in many parts of the country and we have observed a very heavy monsoon season in this year which has resulted into some kind of subdued demand in the mining sector. But our long-term growth trajectory remains robust driven by our strategic diversifications. The Government's active promotion of private sector participation driven by the Atmanirbhar Bharat initiative is fueling modernization and innovation. Solar industries recognizing the potential of this sector early on strategically made huge investments in building its defense capabilities, securing an early mover advantage.

On this backdrop, the Company have signed an MOU the Government of Maharashtra for investing Rs. 12,700 crores in next 10 years to establish an anchor mega project in the state of Maharashtra. The nod from Cabinet Committee on Security for a procurement deal with Solar Industries to supply Pinaka enhanced rockets and area denial rockets to the armed forces will drive the revenue growth, open new possibilities and further establish solar industry's prominence in the Indian defense sector. We have already made our presence felt in the global defense market also.

With a clear vision and a strong foundation, we are confident in our ability to deliver enduring value for our beloved stakeholders. Thank you for participating in today's earning call. Now I will request Aanchal to share the digital financial numbers. Thank you.

Aanchal Kewlani:: Thank you so much, sir. Thank you for the detailed and deep insight. We will now begin with the quarterly financial update followed by the nine-month update.

Highlights for the quarter were:

We have achieved the highest ever quarterly revenue at Rs. 973 crores, up by 38%, highest ever quarterly EBITDA at Rs. 536 crores, up by 46%, and PAT Rs. 338 crores, up by 52%. Highest ever defense revenue in the quarter recorded at Rs. 400 crores-plus. Highest ever order book in the quarter, that is around Rs. 7,100 crores -plus.

Now let's quickly review the quarter in detail:

The top-line grew by 38% from Rs. 1,429 crores to Rs. 1,973 crores.

Coming to the cost:

The raw material consumption is almost same from 52.59% to 52.15%. In absolute terms, the material consumption cost is Rs. 1,029 crores versus Rs. 752 crores in the same quarter of previous year. Employee cost is around Rs. 151 crores versus Rs. 111 crores. Other expenses cost is Rs. 267 crores versus Rs. 210 crores. The interest cost is approximately Rs. 31 crores versus Rs. 28 crores. The depreciation cost is approximately Rs. 47 crores versus Rs. 39 crores.

Coming to the customer's basket:

Revenue from CIL was Rs. 259 crores against Rs. 235 crores. Revenue from non-CIL institutions was Rs. 278 crores versus Rs. 245 crores, up by 13%. Revenue from housing & infra is Rs. 257 crores versus Rs. 251 crores. Export and overseas revenue is Rs. 758 crores versus Rs. 624 crores, which was highest in the 3rd Quarter. Defense revenue was quarterly highest till date at Rs. 409 crores versus Rs. 61 crores, up by massive 570%.

Coming to the highlights for nine months:

The registered revenue to the tune of Rs. 5,374 crores versus Rs. 4,459 crores up by 21%. Highest nine-month EBITDA at Rs. 14.85 crores versus Rs. 1,042 crores up by 43%. Highest nine-month part at Rs. 9.42 crores versus Rs. 633 crores up by 49%.

Now we would be happy to take any questions, comments or suggestions that you may have. Over to you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead. Mr. Ahmed, your line has been unmuted. Please go ahead with your question.

Amit Dixit: Good morning, everyone. And congratulations for a good performance. I have a couple of questions. This one is on aberration side.

Moderator: I am sorry to interrupt. Mr. Amit, your voice is breaking a little bit. Can you use your headset?

Amit Dixit: Yes, I am using my handset. Is it better now?

Moderator: Can you go again, please?

Amit Dixit: Is it better now?

Moderator: Yes, please go ahead with your question.

Amit Dixit: If you look at the export orders that we have received over the recent past, particularly the one the last one that we received, it was like Rs. 2,000 crores. So, just wanted to get sense on the ammunition export market. How do you see panning out over the next 12 months to 15 months? Are we seeing some more opportunities over there? And is it possible to just to give the categories where we are seeing high mg explosive or Pinaka, for instance, or something else that we might be getting in? That is my first question.

Manish Nuwal: If you have seen that what we are working in different sectors on a variety of products, one of them was high energy materials for which we have received a lot of orders from the international markets and which we have shared with all the stakeholders whenever we are getting any such kind of significant orders. But as far as the orders from Indian defense market is concerned, we were waiting for the Pinaka orders to come in, which is one will be, which is the biggest orders for the history of Solar. Like CCS has cleared the procurement of these products, and we should be able to sign it at any moment. So, let us wait for that. And as of now, the total order book of defense is Rs. 4,971 crores. And once Pinaka comes in, it will be around, say, Rs. 6,000 crores approximate number. And if you add these two, then the total order book will be Rs. 11,000 crore plus, which will happen very soon. So, if you summarize that the facilities which we have established for the whole defense spectrum is being properly utilized in the coming periods. So, like high energy materials we have started giving results, propellants we have started, we are supplying to BrahMos, we are supplying to many defense public sector enterprises and we have participated in many development programs on the basis of which we are getting orders for Pinaka kind of rockets. And we are also participating in many other rocket programs. So, once those start getting developed or anything materialized happens, we will definitely share with our stakeholders.

Amit Dixit: Wonderful sir. Sir Bhargavastra recently it was news in the media that it is being listed and the army actually **(Inaudible) 15.45**. When can we say and which war stage we are in, when can we do or you know some more development on this front?

Manish Nuwal: As far as Bhargavastra is concerned, it is one of the products range for which we were working. It falls under the loitering ammunition. So, initially we developed loitering ammunition, which can work as a Kamikaze mode, which we have received our supply also. We were the first Company in India which has developed this product on its own without having any kind of foreign knowledge or foreign supply of the critical component. It was almost 100% sourced in India, which was practically our ratio of domestic content was plus 80%. And in the same line, we have started development on the anti-drone systems, which will be a hard kill. And we may have a soft kill also in the future. So, the recent trial which has happened at the Balasore, which has we have seen that the results were quite encouraging. So, this product we are developing on our own and within two years of development, we have reached to this stage. So, based on these trials, we will definitely are likely to get some kind of positive traction from the end user because the whole knowledge and development is within India. So, this will help the security forces a lot from strategic angle. So, we may see that in two years' time we should be able to start commercialization of this product.

Amit Dixit: Wonderful, sir. One bookkeeping question, if I may. What was the cash flow from operations in nine months and CAPEX so far in nine month?

Manish Nuwal: Can we share it later?

Amit Dixit: Yes, sure. That helps. Thank you so much, and all the best.

Manish Nuwal: Thank you.

Moderator: Thank you. The next question is from the line of Amit Zade from Ageas Federal Life Insurance. Please go ahead. As there is no response from the current participant, we'll move on to the next. It's from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: First of all, Manish, thank you very much for nice result. You have delivered again. Sir, Company has signed with Government of Maharashtra for investing Rs. 12,700 crore in next 10 years to establish an anchor mega project. Please say more few words about this project and how the Company will arrange the funding?

Manish Nuwal: So, the recent signing of MoU with the Government of Maharashtra is in line with our strategic initiative to have a strong defense product portfolio in our Company's basket. So, it is in line with that, we have signed this MoU with the Government of Maharashtra. And this is a tentative plan that we should be able to deliver or execute these projects in next 10 years, but we are confident that we should be able to do all these investments in next 7 to 8 years' time. And if you look at the current profitability of the Company, if you take the 9 months figure and if you convert it into 12 months figure, the yearly profit after tax is around Rs. 1,250 to Rs. 1,300 crores. And as we are going forward, the profit after tax will also keep increasing because of the many the orders which we are going to receive plus the international subsidiaries which are going to enhance their business and in India also we are expanding a lot. So, if you club all these three, the healthy cash profit will keep generating to sustain all these investments.

Ravi Naredi: Exactly what is the project, this one?

Manish Nuwal: Project is basically to set up the facilities for manufacturing of defense products for the security forces.

Ravi Naredi: And it is only for Maharashtra Government or it will be for Pan India working?

Manish Nuwal: No, for defense it is only for the Government of Maharashtra.

Ravi Naredi: Sir, thank you very much. Keep it up.

Manish Nuwal: Thank you.

Moderator: Thank you. The next question is from the line of Dipen Vakil from Phillipcapital. Please go ahead.

Dipen Vakil: Thank you for the opportunity sir and congratulations on a great set of numbers. Sir first is, your defense growth has been phenomenal for this quarter and we earlier had guided for a revenue topline of close to around 20,000 contributing from defense and that was something around close to around Rs. 1500 crores. So, any revision on that guidance that you would like to present?

Aanchal Kewlani: So, yes, annual guidance we had given around 1500. And for the nine months, we had reached Rs. 975 crores. So, we feel that the annual guidance is sustainable. There may be some 5%-10% plus minus in the same. But we are sure of reaching the guidance.

Dipen Vakil: Got it. Sir my next question is in the line of, sir, our core explosive business. So, this quarter has been largely flattish when we look at the domestic explosive number. So, when do you expect the market scenario to change? When do we expect the pickup in education to start coming in even in the explosive segment? The volume in first half of the year had been good. We had around 12% growth in the volume for exclusives. However, we observed that due to subdued demand due to above normal monsoon and general and state elections wide over in the country, slower mining activity had been there, which has impacted the volume in quarter three. As we go ahead, we have observed demand picking up from Jan 25, which should help in better volume from now onwards.

Dipen Vakil: Okay, and any more order in pipeline in the defense sectors which are then in near to medium term?

Aanchal Kewlani: Pinaka, so as Manish has spoken, we already had the CCS confirmation and we should be signing the order. Once that comes, we will be announcing.

Dipen Vakil: Got it. So, execution timeline for the Rs.7,900 crore of order, what would be the execution timeline for Rs. 7900 crore? And once Pinaka is confirmed, what would be the execution timeline for those Rs. 6,000 odd crores of Pinaka?

Aanchal Kewlani: So, there are a few orders in that. So, every order has different timelines. So, it may range around 8 years to 12 years.

Dipen Vakil: 8 years-10 years Pinaka. So, the other defense is also 8 years-10 years?

Aanchal Kewlani: Yes. And this is for the Pinaka we are speaking about. For the rest of the orders, I think it's 3 years to 4 years.

Dipen Vakil: Okay, got it. Thank you so much for answering my questions and all the best.

Aanchal Kewlani: Thank you.

Moderator: Thank you. Next question is from the line of Narendra from RoboCapital. Please go ahead.

Narenda: Hi, thanks for the opportunity and congratulations on a good set of numbers. So, my first question is regarding our overall guidance that we had of 30% if I am not wrong, topline growth. So, given that we are on the cusp of signing the MOUs for the Pinaka orders, do we see any upward revision in the guidance?

Manish Nuwal: So, like we have given guidance that in this year, the revenue growth should be around 30%. But like we have said, because of some slowdown in the domestic market, there is a reduction in volume growth and that is impacting the revenue growth also. But if you remove the domestic part in all other sections, we are doing very good, including the defense sections. But as far as the revenue guideline is concerned, definitely we are falling short of 30%. But initially the EBITDA margin and the PAT margins, which we have said that in this year, we should do better than the last year. But we are doing even better than what we have given guidance at the start of the year. So, if you take both the things together, the revenue is not increasing to that level, which we have expected, but profit or EBITDA margin are reaching to even a better level than what we have shared at the start of the year.

Narenda: Yes, I understand. I actually wanted to know 2-3 years down the line, do we continue to expect a 30% kind of CAGR year-on-year for the next 2-3 years given that we have such a big order coming in? And also on the margin front as well, we have been continuously doing better than what we have guided. So, could we see this 26%- 27% kind of margin sustaining going ahead as well?

Manish Nuwal: So, I cannot predict for next three years. And normally as a practice, we give guidance at the start of the year. But yes, because of the increase in defense sales, which we are lacking in last many years and increase in international operations, we see that these margins we should be able to maintain around.

Narenda: Okay, thank you so much and all the best.

Manish Nuwal: You are aware that business sentiments and business dynamics keep changing. So, these are our ambition to reach or achieve even better. But sometimes 2%-3% plus minus is not a big thing for our kind of industry.

Narenda: Yes, I understand. That's why I asked for a longer term view. Thank you.

Moderator: Thank you. The next question is from the line of Sanjaya from Ampersand Capital. Please go ahead.

Sanjaya: Hi sir, two questions. First of all, this margin improvement that you have seen again in this quarter, do you see further upside to it or it is sustainable?

Manish Nuwal: We cannot commit whether there will be improvement or sustainable at this moment. But like I just answered, that if you look at the increase in different sales, better realizations of facilities in the international market and upcoming new facilities in the domestic market, we should be able to do in the similar levels of margins. But like I said, business dynamics can keep changing which we have seen in last many years. So, this is our guideline, but we cannot commit that this we will achieve on every quarter, and we will improve it further on every quarter basis.

Sanjaya: Sir, you have seen some good order inflow in this quarter. Can you just give us some alarm on what were the key drivers of this order inflow? I mean, which all segments were the key contributors?

Manish Nuwal: We have already shared that.

Sanjaya: Order inflow mix I am talking about?

Manish Nuwal: Yes, we have already shared the orders. Because whenever we are getting any material orders, we are sharing with all the stakeholders. If you just go to all our declarations to the exchanges, you can see all those numbers.

Sanjaya: And last thing, sir, you mentioned that you may fall short of your guidance of 30% growth somewhat. But are you seeing improvement again in the domestic market and from January onwards?

Manish Nuwal: Yes, it is much better than the previous last four months.

Sanjaya: Thank you.

Moderator: Thank you. The next question is from the line of Ankur from HDFC Life. Please go ahead.

Ankur: Hi, sir. Good morning. Thanks as always for your time. Just on the same question on the domestic volume growth, what will be your guidance for FY25? Where do you think you will end up in on domestic volume growth?

Manish Nuwal: So, we expect that instead of 15% guidance, which we have given at the start of the year, we should do around 8% to 10%.

Ankur: Okay, that's helpful. And also, any outlook on ammonium nitrate prices, it seem to be kind of settling down and getting better. So, how do you see that kind of thing going on?

Manish Nuwal: No, the ammonium nitrate prices, which are correctly rolling are the sustainable numbers. So, there can be plus minus of 5%, not more than that. But I don't foresee any increase in ammonium nitrate prices going forward.

Ankur: Okay, so largely stable.

Manish Nuwal: Like I said, plus minus 5% and so on.

Ankur: Okay, fair. And so just on your export and your overseas business, clearly, we have seen the very strong growth last two quarters. So, if you could help us, what geographies or what's really happening there, what is driving this growth, how do you see this going forward as well?

Manish Nuwal: Like we mentioned that the sales from our international business has grown up quite significantly on the nine-month basis, it is almost Rs. 2,136 crores compared to Rs. 1,869 crores, which is quite a big number, 14% increase. And in the last quarter, which is Q3, the increase was of 21%. So, we think that this momentum should keep going up in the years and next year also.

Ankur: Which regions, what's helping you grow this so strongly is what I was trying to understand, which region geography is kind of driving this growth?

Manish Nuwal: It's a mix of all that we are doing better businesses in our existing territories. We are entering in new territories also. And that's why we are having better results.

Ankur: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Hi, sir, morning. Regarding service business, especially Pinaka, the standard Pinaka is as you shared 10,000 **(Inaudible) 29.19**. How much is for the Company, you are saying its near to 6000. Am I right?

Manish Nuwal: Yes.

Rakesh Roy: Okay, again on Pinaka. The demand for Pinaka is the international market is increasing, especially for Armenia and like other countries. So, how do you see the demand for our Company, our supply, or do we get any inquiry from them?

Manish Nuwal: So, we cannot answer on or we cannot share the details about each inquiry. But by and large, like we said that we already have some export orders for Pinaka rockets, which we have started supplying. At the same time, in India, for which this program was started, so we have received the CCS clearance, and we should sign the order anytime soon. So, once we have these numbers, so definitely the interest of international more countries will start growing. And once it grows, so definitely we will get some kind of better utilization of our facilities. But for this time, these kind of orders from international market or Indian market takes time. Nothing happens in one year or one and a half years.

Rakesh Roy: This extended Pinaka is a replacement for old Pinaka or they are just adding more? Just to understand and how much mixing they are expecting sir**?**

Manish Nuwal: We can discuss it separately please.

Rakesh Roy: Okay, right sir. And you are saying you are currently near to 5000 crores order, 6,000 you're expecting for Pinaka. And how much you are looking from the BrahMos because the export domestic market is increasing. So, how much you are looking from the BrahMos and Nagastra?

Manish Nuwal: So, like I said, the total order book in defense as of now is Rs. 4,971 crores. And the Pinaka order should be around 6,000 crores. So, the total order book will be around Rs. 11,000 crores. So, this 11,000 crores include all Pinaka, Brahmos, Akash, mines, grenades, Nagastra, everything.

Rakesh Roy: And last question regarding sir, **(Inaudible) 0:31:58** where we stand separately sir?

Manish Nuwal: So, we have intention to start this program, which we have already started working. So, if anything significant or material happens, we will share with you.

Rakesh Roy: Okay, sir. One last question. From the last question over the next 3 years-4 years where do you see our revenue over the total Solara revenue for defense business?

Manish Nuwal: So, like for this year we have given a guidance of Rs. 1,500 crores, so we have almost crossed Rs. 900 crores and we should do around Rs. 1,400 to Rs. 1,500 crores in this year. So, in the end of Q4 or once we will give guidance for the next year, we will share you that what we can achieve in the next financial year or in next year, something like that.

Rakesh Roy: Okay, thank you sir.

Moderator: Mr. Rakesh does that answer your question?

Rakesh Roy: Yes, thank you.

Moderator: Thank you. The next question is from the line of Pratik Mukasdar from RNL Investments. Please go ahead.

Pratik Mukasdar: Manishji, congratulations for a wonderful set of numbers. You guys are continuously raising the bar up. So, it's very heartening to see. I want to ask one question. Now that US has a change of frames and Trump has come in, and so does it really change the global sentiment as far as our business goes or that is just the headline and below the headline work is going as usual and it is even getting better.

Manish Nuwal: So, like we have seen the announcements or the intention of the United States to stop the recent conflict which is happening between Russia and Ukraine. But if you have to connect all the dots, that what he is also saying, that the NATO countries should increase the defense budget to 5% from an average of 1.6% to 2%. So, if all NATO nations have to increase the defense budget to 5%, so what is the purpose for that? So, if you look at the current situation and the recent scenario where practically the world's ammunition in those countries has almost wiped out or almost became zero level. So, they have to fill up them again, which will not take less than 7 to 8 years. And that is also assuming that the conflict will come to stand still. There will be no use of any ammunition in any part of the world. So, if you look at the realistic situation, we believe that next seven years to ten years should not be a big change in the demand of ammunition and related products.

Pratik Mukasdar: Okay. And how do you see the mining space like last year, as you mentioned earlier also, that because of the extended monsoon, the growth was slightly subdued. But in coming years or for the coming period, how do you see it going forward?

Manish Nuwal: You see that the drop in say 5% from our estimation in this year, we should be able to do around more than 15% in the next year. So, we should be able to make up all the deficit which we have seen in this year.

Pratik Mukasdar: Okay, fantastic. Thank you. Congratulations on that.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press '*' and '1' to ask a question. Ladies and gentlemen, if you wish to ask a question to the management, you may press '*' and '1'. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Hi Manish. Hearty congratulations. Manish, on what we have discussed many times before, given all the opportunities in the international markets plus the defense where we have now made significant forays after many, many years of effort to build that activity. Would we say that 20% plus kind of revenue growth for the next 3 to 5 years, that region remains intact, right?

Manish Nuwal: Sir, like we have discussed in the previous call also, we believe that 15% volume growth should not be a big issue for us, barring some 1 or 2 quarters on a horizon of three, four years. So, if you capture around 15% growth in our traditional market, and if you top up that with the defense **0:37:22 system** opening up for us in a big manner, we don't see that 20% should be a problem for us from any angle. So, definitely we should do 20% plus as far as topline is concerned. And bottomline, definitely as we move ahead, the margins are already at a very healthy level, or you can say very good levels. Even if we maintain those levels and if we enhance our efficiencies and utilization, margin will be very good to maintain and sustain at those numbers. So, 20% growth should not be a problem at all for us.

Bharat Shah: And which will mean that compared to our Coal India, or institutional and the other domestic infrastructure business, both defense and international business, I suppose would be growing at defense clearly, but even international business should be growing much better than that 15% growth rate that you have talked about, right?

Manish Nuwal: So, if you look at the current international business size, in this year also, nine months we have did around Rs. 2100 crores. In the domestic market, we have done around Rs. 2300 crores. So, by and large, both are well divided and almost near to each other. So, I think that 15% growth in the both sides should not be a problem for us.

Bharat Shah: Which means about 20% plus growth over 3 to 5 years in topline and either maintaining margin or getting some more gains due to efficiency and operational strength plus the mix of the business favoring the literally better yielding businesses. Should be the kind of broader picture, some quarter in between can pose a challenge, but that's part of the game.

Manish Nuwal: Absolutely.

Bharat Shah: Thank you Manish.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sorry, Manish, to disturb you again, this Maharashtra project, Rs. 13,000 crore, how much top line it gives on one crore investment and what will be our margin and when we start this investment on this project?

Manish Nuwal: Like we said that it is an MOU which we have singed and not a final contract with the Government of Maharashtra. Once we have a final detailed plan, then we will discuss with our stakeholders.

Ravi Naredi: Okay, thank you very much.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: Yes, sir. My one question is, are we working on a new product apart from current product?

Aanchal Kewlani: As we have been seeing that the CAPEX we have been undertaking year-on-year is to increase the geography, increase the product portfolio and increase our geographical presence in domestic market also.

Rakesh Roy: Just I try to understand especially in defense business, any sort of we are going to add in near future?

Aanchal Kewlani: Yes, we have been adding various products, another ammunitions ranges. So, as and when the products qualify and receive the orders, we inform our stakeholders.

Rakesh Roy: And my last question, sir, is there any planning to high up our defense business in the next 3 to 4 years?

Aanchal Kewlani: Sorry, can you just repeat your question?

Rakesh Roy: Is it possible from solar energy, is it possible to spin off our defense business in the next 2 to 3 years?

Aanchal Kewlani: Currently, we have defense in our group as we hold for economic exclusives, we have the main defense business. So, that will continue.

Rakesh Roy: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Yash from Stallion Asset. Please go ahead.

Yash: Hi, thank you for the opportunity. So, my question is on your defense segment, what is the current EBITDA margins that you're making and will they improve from here?

Manish Nuwal: So, the current EBITDA margin for our Company is around 27%. We believe that it should continue in the coming period.

Yash: I am just talking specifically to defense, sir.

Manish Nuwal: You can ask such things, but we will answer only one thing, that we as a business as a whole, we are achieving around 27% EBITDA margin, and we should be able to continue with the similar margins.

Yash: And so what would be your guidance for our CAPEX for FY26 and FY27?

Manish Nuwal: That we will give in the end of Q4 results.

Yash: Okay, got it sir. And regarding the 3,000 crores of Pinaka orders, so this will be like, they will be materializing in your order book in FY26 once you sign the documents or are they in process? Like what is the status of it?

Manish Nuwal: Yes, we should be signing the contract anytime soon, because after the CCS has cleared, basically the procurement of these products from Solar, at the same time there is another defense PSU, Government undertaking. So, once they have cleared, it's a matter of time, and we are expecting it to get signed very soon. So, we will definitely share the news with our stakeholders once we sign the contract.

Yash: Sure. And sir my last question is again on the MoU with Maharashtra Government. So, this project will have products which are like not your conventional products related to missiles or explosives. There'll be something completely new that you're working on?

Manish Nuwal: Well, just go through that MOU which we have shared the notifications with the exchange. You can see the things which we have already covered. So, those things will give you clarification.

Yash: Okay, got it. Thank you, sir. All the best.

Moderator: Thank you. The next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: Hi sir, good morning. Thank you for the opportunity. A couple of clarifications. Earlier we mentioned that the order book, the existing order book, ex of Pinaka, execution should be 3-4 years. Is this for defense or the total 7,000 odd-crore order book? Second for Pinaka, if you could help us understand that while the execution is 8 years to 10 years, what kind of milestones or how will the ramp-up happen? And third, what will be the incremental investments that would be required for Pinaka that we may probably have to undertake? Thank you.

Manish Nuwal: So, the total order book from non-defense is around Rs. 2,151 crores. Those orders are for next two years. And as far as defense is concerned, the international orders are in a timeline of 3 to 4 years and once Pinaka comes in, the order will vary from 7 to 12 years' time. So, once those comes in, we will share the details. And as far as investments on Pinaka thing is concerned, we give annual, we already shared that in this year, we're going to do a CAPEX of around Rs. 1200 crores for the group as a whole. So, that covers all those investments.

Alisha Mahawla: Sure. While I understand the execution timeline of 7 years to 12 years, will it be possible to maybe also shed a little bit color of how will the ramp up be happening?

Manish Nuwal: Color means what you want to understand?

Alisha Mahawla: Will it be starting from 26 onwards and if there is any milestone or maybe is it going to be slightly back ended, it will ramp up and maybe only be meaningful for us from a revenue perspective, say 28 and beyond?

Manish Nuwal: We will see that once we sign an order, within six months the deliveries will start and we are geared up for that. And there will be practically consistent deliveries of the products unless otherwise that if there is any some special situation emerges which require us to delay the supply or due to any kind of supply chain disruption. So, those are natural business scenarios but apart from that we should be able to deliver the product based on because there are two products in this order, so one order will be for 7 years and one order will be for 12 years. So, ramp up will start from next financial year from Q3.

Alisha Mahawla: Understood, thank you and you and all the best.

Moderator: Thank you. Next question is a follow-up question. It's from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: My question is on the line of our ammunition side of business. So, we are seeing some huge growth potential coming on the ammunition side of it. So, can you highlight what kind of orders are anticipated here or what kind of growth are we seeing in the ammunition side of it now and even going ahead?

Manish Nuwal: Mr. Vakil, I have answered these questions repeatedly in this call. You can go through the transcript and you will get the answer please.

Dipen Vakil: Got it, sir. I'll look into the transcript then. Thank you.

Moderator: Thank you very much. The next question is from the line of Nishant Chowhan from Geojit**.** Please go ahead.

Nishant Chowhan: Sir, on the defense orders, we talked about our current order book of around Rs. 4,971 crores. So, just wanted to know, are these more export orders or they are for the domestic consumption?

Manish Nuwal: It includes domestic and international, both.

Nishant Chowhan: Okay, because I think last quarter we mentioned about two big orders which were for export orders itself. So, it would be largely export oriented or international?

Manish Nuwal: Yes, as of now, the orders are mainly for international.

Nishant Chowhan: Okay, thank you. And secondly, we have talked about entering Kazakhstan and Thailand as per our annual reports. Any update on that, sir?

Manish Nuwal: Yes, the unit at Thailand has already started. Kazakhstan we should start in next two months.

Nishant Chowhan: Okay, sir. Thank you for your time.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Chirag for his closing comments.

Chirag Muchhala: Yes, thank you to all the participants for their presence and thank you to management for giving us the opportunity to host this call. Sir, would you like to make any closing remarks?

Aanchal Kewlani: Yes, Chirag. We appreciate your participation and interest in our Company's performance and we will be very happy to see you again in the closing quarter of FY25. Thank you so much everyone.

Chirag Muchhala: Thank you all. This concludes this conference call.

Moderator: On behalf of Centrum Broking Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.