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14th May, 2019

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

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

Sub: Transcription of Conference Call with reference to the Audited Financial Results of Solar Industries India Limited for the quarter and year ended March 31, 2019.

Dear Sir,

Further to our letter dated May 7, 2019 we are forwarding herewith a copy of Transcription of Conference call hosted by ICICI Securities, on Friday, May 10, 2019 at 1.00 p.m. to discuss the Audited Financial Results for the quarter and year ended March 31, 2019 with the management of the Company.

Kindly acknowledge the receipt of the same.

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
Q4 FY2019 Earnings Conference Call"

May 10, 2019

ANALYST:	**MR. ABHIJIT MITRA – ICICI SECURITIES**
MANAGEMENT:	**MR. MANISH NUWAL – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR – SOLAR INDUSTRIES INDIA LIMITED** **MR. NILESH PANPALIYA – CHIEF FINANCIAL OFFICER – SOLAR INDUSTRIES INDIA LIMITED** **MR. SURESH MENON – EXECUTIVE DIRECTOR – SOLAR INDUSTRIES INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Solar Industries India Limited Q4 FY2019 Earnings Conference Call hosted by ICICI Securities 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, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhijit Mitra from ICICI Securities. Thank you and over to you Sir!

Abhijit Mitra: Thanks Raymond and good afternoon to all the participants. We are pleased to host the senior management of Solar Industries Limited for Q4 and full year FY2019 results conference call. From the management, we have Mr. Manish Nuwal, CEO and M.D., Mr. Nilesh Panpaliya, CFO and Mr. Suresh Menon, Executive Director. So without further ado, I hand it over to Mr. Panpaliya and Mr. Nuwal for opening remarks. Over to you Sir!

Nilesh Panpaliya: A very good afternoon to all valued investors, well wishers and potential investors of Solar Industries India Limited. On behalf of Solar Industries India Limited, I am Nilesh Panpaliya, CFO welcome you all to earnings call for Q4 and FY2019-2020. As always, I would like to remind you that during this call we might make projections or other forward looking statements regarding future events about the future financial performance. Please remember that other statements are only predication. Actual events or results may defer materially and our website will be updated with all the relevant information. Now to begin with I would request our managing director, Mr. Manish Nuwal for his comments on the company's performance for the year.

Manish Nuwal: A very good afternoon to everyone. We have delivered a very robust performance in FY2019 backed by strong revenue growth across all our business verticals despite of challenging global environments. During the year, our domestic business witnessed a very strong demand from infrastructure segment particularly road constructions and this traction has provided a strong boost for our company. However, the demand from coal mining sector was quite subdued due to the negative growth of overburden removal in coal mining sector in Coal India and Singareni Collieries as well. We are expecting a strong demand in FY2020 from these coal mining customers. As their projected OB removal targets are very high to sustain their coal productions. Our exports and overseas business witnessed a strong growth of 20% despite of the fact that some of the key units continue to witness challenging business conditions although we are confident of keeping this momentum in FY2020. Our strategic decision to expand global footprints is giving us a good geographical diversity and improving our technical strength, which gives us a very strong sustainability support. A consistent increase in revenue from defence products quarter-on-quarter shows a strong growth. This year revenue from defence product sales has reached to Rs.170 Crores showing a robust growth of 358% over the previous year. The RFPs under Make in India programme in which we have already participated are yet to conclude. However with the present order book of Rs.396 Crores from defence products we expect a turnover of around Rs.300 Crores in FY2020 from this section. We are one of the very few players in the world market to have such kind of integrated facilities in the field of explosives, initiating systems and ammunition. Going with the 30% payout policy of solar, our board has recommended a dividend of Rs.7 per share. We expect our growth to be at 20% plus for topline and profit after tax as well for FY2020. Now I request Nilesh to share the financials in detail.

Nilesh Panpaliya: Thank you. The key highlights for the fourth quarter are our defence revenue grew by 207% from 19 Crores to 57 Crores, explosive revenue grew by 15.5% from 331 Crores to 383 Crores, initiating system revenue grew by 24% that is from 62 Crores to 76 Crores. As a result the revenue for the quarter has grown by 17% year-on-year that is to 673 Crores from 575 Crores. We have witnessed both volume and realization growth in the quarter. Our volume has grown by 10% and our realization of explosives has grown by almost 5.4%.

The EBITDA for the quarter is **(audio cut) 6:10** 21.53compared to 21.19 on year basis and has improved by almost 240 basis points when compared with the previous quarter. The raw material consumption has increased by 1.39% that is from 57.57% to 58.96% as a percentage of sales. This is on account of change in product mix, rising in prices and lower exports in this quarter. The employee cost has increased by 1.47% because of global recruitment as our geographical presence is increasing in countries like South Africa, Australia and apart from this there has been new recruitment in defence and initiating systems. However, the other expenses are decreased by almost 3.47% on account of lower exports by 41% in this quarter compared to similar quarter last year, which has resulted in lower distribution cost. The profit before tax before these exceptional items stand at 17.75% compared to 17.59%. There is an exceptional item of 6.05 Crores that is written off on account of short recovery of loans from Bhatgaon. Now, the current tax rate is 32% compared to 33%. In absolute basis the net profit has shown a growth of 11% that is 75.23 Crores compared to 67.78 Crores. So these were the key highlights for the fourth quarter.

Now coming to the highlights for the fiscal year 2019, our explosives revenue grew by 21% that is from 1050 **(audio cut) 8:00** Crores. Initiating system revenue grew by 30% that is from 197 Crores to 257 Crores and our defence revenue has grown by 358% that is from 37 Crores to 170 Crores. For the year we witnessed this volume and realization growth in the year. Our volume growth is 9% that is from 329953 metric tonnes average 359116 metric tonnes and our realization of explosives has grown by almost 11% that is from 31830 per metric tonne to 35442 per metric tonne, so this has resulted in a revenue growth of 29% year-on-year basis that is to 2462 Crores from 1916 Crores.

The EBITDA margin for the year has dropped by 112 basis points that is it is 21% compared to 22.11%. The reasons are the material consumption has increased by 1.41% on account of change in product mix, increase in end prices, the end prices have increased from 22721per metric tonne to 25337 per metric tonne and there is a lag in passing the same to the customers, so the commodity prices have been increasing both in domestic as well as global markets. Further the company has started operations in South Africa and further Australia and Ghana are in their initial stage of operations, which also resulted in lower margins. The interest and finance cost increased when we compare year-on-year that is 2.03% versus 1.71%, The reason for the same is increase in interest rate globally especially Turkey coupled with higher working capital requirement especially in overseas market. The profit before tax margin stands at 16.57% compared to 17.73%. The current tax rate is 30.66% compared to 31.22%. In absolute basis the net profit has shown a growth of 18.5% that is 276.80 Crores compared to 233.59 Crores. Now, talking about the balance sheet figures, the total borrowing has increased by almost 26% that is from 514 Crores to 650 Crores.

The total working capital requirement has increased to 359.92 Crores in FY2019 from 226.36 Crores in FY2018. There is an increase in overseas working capital requirement by 115 Crores; however, the working capital days have reduced to 90 days from 105 days as compared to March 2018. The net debt equity ratio is increased from 0.41 to 0.46. The return on capital employed has increased to 28.52 from 26.20 and return on equity has increased to 22.35 from 20.35. The asset turnover is 2.28 up from 2.02. The total capex in FY2019 was 270.86 Crores, out of this domestic we have done around 120 Crores, overseas 84 Crores and defence 67 Crores.

We have a planned capex of 265 Crores for FY2020. Presently, the total order book stands at 1146 Crores comprising of order of 530 Crores from Coal India Limited, 220 Crores from Singareni Collieries and the defence order book of 396 Crores. Giving you some guidance for the future, we expect our topline and bottomline to grow by more than 20% for the financial year 2020. The growth will come from all segments that is domestic, overseas, explosive and defence. With these updates, I conclude my remarks and want to assure our shareholders and potential investors that our business is moving in the right direction as per our vision and it will be in line with the guidance provided. Now, we would be happy to take any questions, comments, suggestions that you may have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sneha Talreja from Edelweiss. Please go ahead.

Sneha Talreja: Good afternoon, Sir. Thanks a lot for taking my question. It was more pertaining to your exports in overseas operations, can you let us know what was the reason for decline in revenues in the particular quarter, which of the countries have not performed well?

Nilesh Panpaliya: So far overseas for the quarter, there is a decline in revenue in Turkey and in Zambia. Now the reason for decline in Turkey is because of extended snowfall in the country coupled with municipal elections. These were the two reasons for which the revenue was down in Turkey and in case of Zambia because of the local scenario is there we have purposely reduced our supplies to few of the customers.

Sneha Talreja: You purposely reduced the supply for which reason?

Nilesh Panpaliya: Because of looking at the local economic scenario there, we had reduced, but now since the conditions are improved, so from this quarter again our supplies have restored to the original levels.

Sneha Talreja: Could you also give us at least for FY2019 what is the country wise growth rates?

Nilesh Panpaliya: FY2019?

Sneha Talreja: Yes.

Nilesh Panpaliya: What we will do is this annual report will be shortly updated on the website, so you can pickup all the country wise data from there.

Sneha Talreja: At least for now if you can just give us a broad numbers, which is growth rate for these countries?

Nilesh Panpaliya: Overall our overseas revenue has increased by almost 21.36% this is just the overseas revenue.

Sneha Talreja: And the numbers for overseas?

Nilesh Panpaliya: Overseas was 700.26 Crores compared to 577.03 Crores this is for the full year and for this quarter Q4 the turnover is 141.15 Crores against 153.21 Crores year-on-year.

Sneha Talreja: And the same way for exports what has been, Sir?

Nilesh Panpaliya: Our exports for the year is 166 Crores compared to 145 Crores, which is a growth of almost 14.5%.

Sneha Talreja: Got that Sir. Going ahead, are there any new units that are planned for expansion in the current year FY2020, which all countries are we expanding in?

Nilesh Panpaliya: So, this year our plans will be operational in Australia and Ghana and there are couple of more countries in Africa and Europe on which we are working, so as and when thing materializes we will inform our schedule.

Sneha Talreja: Sure Sir, Thank you. I will just get back in the queue. All the best.

Moderator: Thank you. The next question is from the line of Priya Singh from Discovery Financial. Please go ahead.

Priya Singh: This refers to the news report, which comes in Times of India again, which I will quote one of the phrase that despite stiff opposition from wildlife conservationists and greens the state government had diverted 88 hectares of plant for Solar Industries Limited for an expansion plant and this land falls in the core tiger area and about 2000 trees are going to be fell for this and there is a lot of opposition from environmentalists and I believe that court case is pending in Maharashtra Court against this decision by the government for the company, could you comment on this please?

Manish Nuwal: There are three things in this issue, first is that as a company we have not violated any norms or guidelines under which we have applied, which land to be transferred to solar. Second is there is no court case pending against us on this matter. Third, we have processed or gone through all kind of stipulation and after that only Maharashtra Government has transferred the land to solar.

Priya Singh: I understand that there is a case pending in the court and the case is right now going to be transferred to Nagpur and there have been several news reports about the land, which is in the forest area, which has wrongly been taken by your company?

Manish Nuwal: On that matter it will come into the court and if we have to respond we will respond at the appropriate forum.

Priya Singh: As per you, you have not taken up forestland, which belonged to the core forest area?

Manish Nuwal: No, that is what I am saying, first thing is that government has transferred the land to us after following all the rules and regulations related to such kind of transfers, if somebody has went to court against this kind of transfer definitely those issues will be dealt at a right forum.

Priya Singh: Sir, this land on which you plan an expansion project, am I right?

Manish Nuwal: Which one?

Priya Singh: This forest land, which you have taken you are doing an expansion project on this land, this land which is in Nagpur?

Manish Nuwal: Yes, after we received the land, on this land we will be doing expansions of our existing facility mainly for defence related projects.

Priya Singh: So, right now you have not yet started it?

Manish Nuwal: Right now means what?

Priya Singh: The construction has not been started on that land?

Manish Nuwal: No, it has been just transferred, so construction is yet to start.

Priya Singh: The land has just been transferred?

Manish Nuwal: Yes.

Priya Singh: What will be the project cost and what is the cost of this land can you disclose it to us?

Manish Nuwal: Yes, we will disclose in our annual report, right now I do not have the exact figure.

Priya Singh: And what will be the project cost of the expansion, which you are taking up on this piece of land?

Manish Nuwal: As far as capex plans are concerned right now Mr. Nilesh has updated that for this year our capex plan is for 265 Crores and out of that corpus we will invest in these projects also.

Priya Singh: Since the land is in dispute, are you planning to still go ahead with the expansion over this?

Manish Nuwal: Absolutely in case of any dispute if some court verdict comes up, so we cannot do that expansion, once it will be there in case if there is any dispute because as of now as per our record there is no dispute.

Priya Singh: But, is it not in violation of the CSR norms or environmental norms?

Manish Nuwal: As we have said repeatedly that neither us nor the government has done any violation, we have complied with all the rules and regulations, so if anybody is writing or if you have read somewhere so I want you to please go and verify all the facts and figures not through the media, but through proper channels then get it confirm because we are working on a very ethical and moral grounds our company in the past also you must have seen and we would not follow any such type of things and as far as presently any case or any complaint or anything against us. I hope this answers all your queries.

Priya Singh: I will take it up outside.

Moderator: Thank you. The next question is from the line of Jasdeep Walia from Infina Finance. Please go ahead.

Jasdeep Walia: Sir, my first question is I just wanted you to highlight the major developments in your defence businesses in FY2019 in terms of new product approvals you have got or your products have undergone successful testing or where company has initiated sales of new products?

Manish Nuwal: As far as defence products are concerned like we have said that in the last year we have did 37 Crores and in this financial year we have crossed 170 Crores and for the next year we are projecting that we will be reaching to almost 300 Crores and the product portfolio like we have been sharing with all our investors these portfolios are mainly high energy materials, propellants, pyros and fuses and related items. As far as development is concerned like we have said in our previous quarterly conference call that Akash we have already started and we have received orders and we have completed them also. Now, we are waiting for the fresh orders. As far as RFPs are concerned we have participated in the RFP and we are waiting for them to conclude, so this is the development as of now.

Jasdeep Walia: Got it, and what is the status on BMCS and ammunition technical bids they were supposed to be opened up I believe in the beginning of April I think?

Manish Nuwal: Yes, you are very right. We were expected them to conclude during those time, but technical, since these are happening in India for the first time, so lot of technical queries are there, which we are addressing and this for all RFPs under Make in India program, so those RFPs are still not concluded as of now.

Jasdeep Walia: But, RFPs have been opened?

Manish Nuwal: RFPs, technical part is already opened and we are applying to those queries and once those queries are over we will supply the free samples for the field trials and once the field trials are over then commercial bids will be opened.

Jasdeep Walia: Got it Sir and what is the status on Pinaka, LR Sam and your warhead assembly business should we see some sales coming out of these three in FY2020?

Manish Nuwal: As far as Pinaka is concerned warheads are concerned we are also waiting for RFPs to come through.

Jasdeep Walia: Sir, in your growth that you have budgeted for next year from 170 Crores to around 300 Crores, what are the major assumptions driving that growth are you assuming that commercial orders for Akash, LR Sam or some new product will come to drive that growth?

Manish Nuwal: We are expecting new orders in this year for Akash and some of the pyros and fuse items and we are expecting that RFP should conclude by end of December so that we can start supplying free samples to them in the fourth quarter of this financial year, but based on our current order book, which we have, which is around 396 Crores, so we are quite confident that we will be reaching to 300 Crores level in this financial year.

Jasdeep Walia: So, only Akash and pyros will be the new product segments for next year sales?

Manish Nuwal: As you know that these products are quite sensitive in nature and we cannot share individual product breakup or quantity details, so if you go by those kind of policy, it is difficult for us to share those individual breakup, but like we said that we have already supplied Akash propellants to medium and we are waiting for the fresh orders. Current order book stands at 396 Crores and the product portfolio is also not only Akash and BMCS now we have developed a wide range of product portfolios over the last four, five years, so it is difficult to give any specific answer for any specific products.

Jasdeep Walia: Got it Sir, what is the potential for exports in the defence business?

Manish Nuwal: We are also exploring on those lines and there is a good potential of exports for defence products. We have received some orders as well. Let us see how it concludes in this year.

Jasdeep Walia: So, your growth in topline in defence in FY2020, you are not budgeting any significant growth in exports for next year FY2020?

Manish Nuwal: No, because the overall guidance for 300 Crores out of 396 Crores order book includes exports also.

Jasdeep Walia: Would exports be growing significantly in FY2020?

Manish Nuwal: Yes, we are hoping for that.

Jasdeep Walia: Thank you Sir. That is all from my side.

Moderator: Thank you. The next question is from the line of Sandish Shetty from PhillipCapital. Please go ahead.

Sandish Shetty: Sir, can you please share the breakup for FY2019 capex?

Manish Nuwal: Capex?

Sandish Shetty: Yes, FY2019 and FY2020.

Manish Nuwal: Total capex we did was 270.86 Crores out of this in domestic facility we did 119.38 Crores, for overseas we did 84.17 Crores and for defence we did 67.31 Crores.

Sandish Shetty: And Sir for the coming year the overall capex?

Manish Nuwal: Capex plan is almost around 265 Crores for FY2020.

Sandish Shetty: Thank you Sir.

Moderator: Thank you. The next question is from the line of Keval Shah who is an Individual Investor. Please go ahead.

Keval Shah: Thank you for the opportunity. Sir, continuing to the previous question what is the capex for FY2020 specific to defence, which we have planned?

Manish Nuwal: 90 Crores.

Keval Shah: 170 Crores of revenue in defence, which we clocked this year, how much would be exports from that?

Manish Nuwal: As a policy because of the sensitiveness of the defence products we cannot share the breakup.

Keval Shah: Not an issue. In our non-CIL institution business, we saw a degrowing of around 11% this year, so could you just mention what was the main reason behind that and what is the outlook for that business going forward?

Manish Nuwal: In this year, the sales in institutional sector has went down was mainly because of the loss of some quantity order in Singareni Collieries Company Limited and in some of our customers where we were not getting payments on time we stop supplies to them, but going forward for financial year 2020 we are hopeful to get a good demand from these set of customers.

Keval Shah: I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Shreyas Bhukhanwala from Canara Robecco Mutual Fund. Please go ahead.

Shreyas Bhukhanwala: Two questions from my side, one is you have seen employee cost over the last four quarters have been at a higher level of around 45 Crores to 48 Crores, so one reason what you give was higher recruitments, so going ahead how do we see this run rate over the next one and one-and-a-half years?

Manish Nuwal: As you said that the employee cost was increased because of global recruitments as our geographical presence is increasing in countries like South Africa, Australia and Ghana, and we have also been making recruitment in defence and initiating systems and presently since we have not reached the optimum utilization, the percentage of sales are appearing to be on higher side, but now with the defence revenue coming up and our increasing overseas revenue this will be in line.

Shreyas Bhukhanwala: But, most of our recruitments are done can we say that?

Manish Nuwal: No, they are happening on continuous basis because there are certain geographies, which will be coming up as we are expanding ourselves globally.

Shreyas Bhukhanwala: So, any quarterly run rate if you can give us for next year or probably on the full year basis, what is the percentage of sales what we can look at?

Manish Nuwal: We believe that the current staff cost as a percentage of sale will almost remain in the same range and there will not be any further increase as a percentage in terms of our sales and going forward in two years time we see that it will go down, it will not go up.

Shreyas Bhukhanwala: And secondly on the volume front, I guess we did around 358000 of metric tonnes in the domestic side, so what are we targeting for the next year?

Manish Nuwal: We are expecting that as far as volume growth is concerned, we are expecting almost 15% volume rise on top on this.

Shreyas Bhukhanwala: 15%?

Manish Nuwal: Yes.

Shreyas Bhukhanwala: Roughly 410000?

Manish Nuwal: We will cross this number.

Shreyas Bhukhanwala: Thanks. That is all from my side.

Moderator: Thank you. The next question is from Nirav Savai from JM Financial. Please go ahead.

Nirav Savai: Question is mainly related to our export in overseas business, particularly overseas business, we had catered about 1000 Crores plus of topline for FY2020, but we continue to work with the 1000 Crores kind of a target or you see some upward revision possibly happening there?

Manish Nuwal: Yes, like we have been sharing with all our investors, in the past two quarters we have seen there was a significant slowdown in some of the countries especially Turkey, we have suffered because of that; however, going forward we are quite optimistic and we can see that there is some improvements in those markets, apart from that we have started operations in South Africa and we are likely to start operations in Australia and Ghana as well, so based on these kind of initiatives and development, we foresee that our target of 1000 Crores plus we are expecting to reach to that level, but on a conservative mode we feel that we would definitely cross 900.

Nirav Savai: Cross 900?

Manish Nuwal: Yes.

Nirav Savai: And other vertical infra side, the growth was I think the best ever growth about 35% kind of a Y-O-Y growth, so what is your view or any guidance in this sector for next year?

Manish Nuwal: From this sector also we are foreseeing that our volumes should go up by 15%, however, we do not see much price rise in this sector now onwards because the end prices now on the peak level and the prices have also started reflecting those increase, so we are expecting that 15% volumes should be there.

Nirav Savai: Right and on the institution side, as you said that last year there was a decline and this year we see a better improvement in topline so which sector in particular do you see where the growth will come from?

Manish Nuwal: Which sector means what?

Nirav Savai: Whether an institution, I mean non-CIL?

Manish Nuwal: When we were talking about the drawback like products for coal mining, it covers institutional, Coal India and Singareni, all those three sectors, so if we combine all these critical customer section based on that we have given our projection that we will definitely increase our sales volume at 15%.

Nirav Savai: Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Chirag Mucchala from Nirmal Bang. Please go ahead.

Chirag Mucchala: Sir, the first question is on the debt and the working capital side, so I know considering the healthy growth in FY2019, out net borrowing has increased by roughly 110 Crores to 560 Crores, so considering the future growth outlook where do you see this leverage settling down in next one to two years?

Manish Nuwal: Our net debt equity ratio has increased from 0.41 to 0.46, you definitely see this is not increasing beyond 0.5 that is the maximum increase.

Chirag Mucchala: On similar lines on the working capital cycle front, so there considering that our future revenue mix would be shifting in favour of overseas and defence so that over the next couple of years where do you see that?

Manish Nuwal: So, if we talk about consolidated basis, our working capital will come down to 90 from 105, now what happens is that because some of the projects are on spot basis, so definitely the initial inventory levels are high, so as we are not manufacturing ammonium nitrate, so we need to keep that level also and when there are some exports from our subsidiaries from India, which has a large lead time inventory levels are higher, but we are confident that over a period of time this will come significantly down and you will see further improvement from the present 90 days working capital side.

Chirag Mucchala: Despite revenue mix we are saying that from here on it will not increase at best it will only reduce?

Manish Nuwal: Yes.

Chirag Mucchala: Sir, the next question is on the realization aspect, Q4 we had a 5% increase in the domestic realization for the explosive, considering the competitive intensity as well as ammonium nitrate prices, you have guided for a 15% volume growth in FY2020, but is there a possibility of any further increase in the realization considering the recent trends?

Manish Nuwal: Like we have said that ammonium nitrate prices has already reached to the peak level and based on that the impact of price rise has been passed on to the customer. There may be some few customers where there can be lag of month or two to three months time, so going forward we do not see much price rise in FY2020; however, volume rise will be there.

Chirag Mucchala: Last question is on the forex impact, so for FY2019 and for Q4 can you quantify the exact forex loss or gain that we might have booked?

Manish Nuwal: So, for total forex loss for the quarter is 1.68 Crores and for the year it is 23.74 Crores.

Chirag Mucchala: FY2019 is 23 Crores and Q4 is 1.68 Crores?

Manish Nuwal: Yes.

Chirag Mucchala: And in your P&L it is part of the other expenses?

Manish Nuwal: Right.

Chirag Mucchala: Thank you Sir.

Moderator: Thank you Sir. The next question is from the line of Santosh Yellapu from India Nivesh Securities. Please go ahead.

Santosh Yellapu: Thanks for the opportunity. I had three questions, first question, when can we expect the next round of Coal India awarding to be seen and what would be the approximate value of these tenders, second question reasons for the sharp swing in the Q4 purchases of stock in trade increasing as percentage of sales in the fall in the RM cost, there is some mix in the raw material and purchases mix and the third question is mix of detonators and accessories to the current order book of around 750 Crores within the industrial explosive business?

Manish Nuwal: The current Coal India tender is likely to end by September end or may be October end, so we have time for the new tender to come.

Santosh Yellapu: I am sorry to interrupt my intention is when are the new tenders likely to come, where we will be participating?

Manish Nuwal: The new tenders for Coal India you are saying?

Santosh Yellapu: Yes, so excluding the current order book what are the new tenders pipeline, what is the pipeline of new tenders and when they are likely to come up for awarding that is what I meant to ask?

Manish Nuwal: There are no new tenders in next three months time as far as Coal India and Singareni Collieries are concerned.

Santosh Yellapu: And about the remaining two questions Sir?

Manish Nuwal: And the second one was you were asking about the detonators and initiating systems as a percentage of total order book?

Santosh Yellapu: Yes, of the 750 Crores of total order book from the industrial explosive business, what would be the component of these two?

Manish Nuwal: So, the total order book from explosive sector, which we are sharing with you is for Coal India and Singareni Collieries right, out of order the initiating system value will be around 5% to 10% and the other business, which is normally on a spot basis and which keep coming in a year's time.

Santosh Yellapu: And what about last question, the third thing, so raw material cost as percentage of sales declined from 57% to 49% and purchases of stocking trade increased from 3% to 11.6%, I am referring to the quarterly numbers, what is the reason for this internal shift within the raw material mix?

Manish Nuwal: As far as raw material prices are concerned as you said that the commodity prices has been increasing in global market and therefore lag in passing the same to the customer, so the same is reflecting as increased as we are yet to get the complete benefit in the realizations, so for the quarter if you see our raw material consume stands at 58.96% compared to

57.57% on Q4 basis and so this as far as raw material prices are concerned price have increased.

Santosh Yellapu: What I said was purchases of stocking trade has increased and RM costs have decreased Y-O-Y as percentage of sales I am referring the ratio?

Manish Nuwal: It is because of the export sales to our own subsidiaries, which is overseas subsidiaries, so in case of there is stocking trade, which is in the pipeline, so it will remain on a stocking trade unless it has reached to that level.

Santosh Yellapu: Got it Sir. Thanks a lot, Sir.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.

Abhijit Mitra: I had one small question, the trade segment, which is essentially the infra and the housing segment has grown to almost 25% of the topline, so do you see further scope of this particular segment growing in terms of the overall pipe and which can act as a margin level going forward?

Manish Nuwal: There are two things in this, as far as volume growth is concerned we are expecting that this infrastructure boom will be continuing coming years based on that we are expecting 15% volume rise from this segment, but as far as your question of the overall mix of customers from this sector in a total sales pie chart we feel that as our difference and the other section like Coal India and overseas growth this will remain at this level or may go down by 2% to 3%, so in overall basket 1% or 2% or 3% moving from one side to other side is not a big change.

Abhijit Mitra: Right, but over the last four to five years this has grown to be a meaningful part growing up to 25% itself is a big thing, so you see that 25% getting saturated out at this level because the other parts are also picking up now?

Manish Nuwal: Because like we have said that coal mining was not growing, had grown in the last two years, but from this year onwards we see that there will be a significant jump, because this kind of changes keep happening in the market place, so sometime there will be infrastructure loan, sometime there will be housing loans, sometime there will be mining loan, it can be a club of two, three customer sections, which give us a push to our sales.

Abhijit Mitra: That is it from my side.

Moderator: As there are no further questions, I like to hand the conference back to the management team for closing comments.

Manish Nuwal: Thank you everyone for being there and participating actively in this conference call. In case you have any further queries or you have some comments or you have something to share with us, you can e-mail to us and we will definitely respond to it. With this note, we end this conference call. Thank you so much.

Moderator: Thank you very much. On behalf of ICICI Securities Limited that concludes the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.