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03rd August, 2018

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 Wednesday, August 01, 2018.

Dear Sir,

Further to our letter dated 27th July, 2018 we are forwarding herewith a copy of Transcription of Conference call with Investors/Analysts held on Wednesday, August 01, 2018.

Kindly take the same on record and acknowledge.

Thanking you

Yours truly,

For Solar Industries India Limited

KPasari

(Khushboo Pasari)
Company Secretary & Compliance Officer

Solar Industries India Limited

"Solar Industries India Limited Q1 FY19 Earnings Conference Call"

August 01, 2018

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

Moderator: Good day ladies and gentlemen and a very warm welcome to the Q1 FY19 Earnings Conference Call solar Industries. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Reena Kamble from Ad Factors PR. Thank you and over to you Madam.

Reena Kamble: Thank you. Good morning. On behalf of Ad Factors, I welcome all the participants who logged in for the conference call of Solar Industries India Limited. From the management, we have Mr. Manish Nuwal – CEO and M.D., Mr. Nilesh Panpaliya – CFO, also Mr. Suresh Menon – Director of the Company.

Now I will hand over the call to Mr. Nilesh Panpaliya. Over to you Sir.

Nilesh Panpaliya: Good morning everyone and thank you for joining us today to review this first quarter results for financial year 2018-19. Before we begin I request our MD – Mr. Manish Nuwal for opening remarks.

Manish Nuwal: Good morning everyone. I welcome all the investors and well-wishers to this first quarter of the financial year's conference call. We have recorded the highest ever revenue and profit after tax in this quarter and the results are in line with our annual guidance of the rise in revenue and profits by 25%. With the increased focus on highways, infrastructure development and housing the demand for explosives has been quite impressive. Our overseas and exports have shown a significant growth during this quarter and is expected to continue the same as mentioned in our target for 2020.

I will now pass over the call to our CFO – Mr. Nilesh Panpaliya for taking you through the financial performance of the company. Before I hand it over to him another aspect, we would like to mention that in this quarter our Defense revenue has started picking up and this quarter we did a sales of around 27.98 crores.

(Audio Disconnect) 2.45

Nilesh Panpaliya: Before we begin I would like to mention that some of the statements made in today's discussion maybe forward-looking in nature and may involve risks and uncertainties. Documents relating to financial performance along with the quarterly results presentation have already been posted on our corporate website. With that being said in this call we will take you through the financial performance of the company on a consolidated level. A few highlights in the main vertical and thereafter we will be happy to take your questions.

We had our best quarters regarding the numbers where our turnover increased by 32%, recording on sale of 614.7 crores and we maintained our EBITDA margin of (+22%) recording and EBITDA of 135.9 crores and this is despite the translational FOREX loss of 12 crores which was there in our other expense. Our profit after tax has grown to the highest level of Rs. 69.6 crores till date as against Rs. 54.8 crores in Q1 FY18 that is an increase of 27%.

In our product category breakup year-on-year; our explosives quantity sales have shown an increase of 9% that is from 83,346 metric tonnes to 90,623 metric tonnes. The growth has been witnessed mainly in our packaged explosives where demand has come from housing and infrastructure typically road construction. The realization has also shown an improvement of 7.5%, value wise the explosive sale has increased by 16.9% that is from 268.12 crores to 313.39 crores. Similarly, our accessories sale has increased by 39%.

Moving toward our segmental revenue breakup; our infra-housing sector performed pretty well where we recorded a sale value of 163.3 crores compared to 122.69 crores in Q1 FY18 which is an increase of 33%. This has been mainly on account of increased road construction activity. The overall contribution of the said sector remains constant at about 27% in our segment portfolio.

When we talk about our share of revenue of Coal India Limited in our books, it remains pretty constant at 15%. Comparing from Q1 FY18 the sale to Coal India has increased by 26% to Rs. 92.72 crores.

In our international sector that is export and overseas, it continues to deliver stellar performance by recording a revenue of 236.93 crores against the revenue of Rs. 179.42 crores in Q1 FY 18 which is a growth of 32% year-on-year.

Coming to Defense; we did a sale of 27.98 crores in the first quarter of FY18-19 as compared to 37.16 crores done in the whole financial year 2017-18. We wish to reassert that we are likely to reach a turnover of Rs. 200 crores from the Defense in FY19 and currently our order book stands at Rs. 246 crores.

Talking about our CAPEX, we have a plan CAPEX of Rs. 300 crores for FY1819 and out of this we have done Rs. 61.65 crores in the first quarter of current financial year. On that note I conclude my remarks and would like to thank you all for joining us on this call. We would now be happy to discuss any questions, comments or suggestions that you may have. I handover now this back to the operator.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Dhaval Shah from KR Choksey. Please go ahead.

Dhaval Shah: Firstly, that is related to the employee cost. So, the increased this quarter is I suppose for the Africa plant, I mean how much revenue do we now look at in the next coming quarters? And the EBITDA margin has also dipped for this quarter for sub-level and the same has happened maybe because of employee cost and the net margin also dipped because of the higher tax rate, so can you please explain the variance?

Nilesh Panpaliya: First I will come to the employee cost. As you rightly mentioned that since now we have started with commercial production in South Africa as a result of which earlier because it was in project phase whatever was getting capitalized now has actually started becoming a part of revenue expenses, so that is the reason. Secondly when we talk about our EBITDA margin, this quarter the EBITDA margin is roughly around 22.10% and as mentioned that there has been if you take there is a translational FOREX loss to the tune of 12 crores in this quarter, it is showing small dip that is from 22.36 when you compare it with a similar quarter last year. But if you take the Q4 FY18 EBITDA margin that is 21.19%, so from the last quarter it has improved, and it is not 22.10%, so this is…. And as we have already given that we are expecting the revenues for this financial year to grow by almost 25% we remain pretty steady on that.

Dhaval Shah: Can you please share the breakup of packaged and bulk explosive revenues again?

Nilesh Panpaliya: What has happened, the practice which has been followed globally by of all the global explosive manufacturers we are now adhering to the international practice and we will be categorizing them as one that is industrial explosives only. So, it's a request that if you also take a similar view on this.

Dhaval Shah: If you can share some thoughts on that ammonium nitrate price, so how is it moving for the last quarter and what's our take for the coming quarters as well?

Nilesh Panpaliya: If we talk from the previous quarter that is January-February-March, in March there was a rise in ammonium nitrate prices by almost 8% and as we have mentioned that in first quarter because normally in case of Coal India we get a price rise after every quarter, so as I mentioned that the overall explosive prices have increased with almost 7.5%.

Moderator: The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Dixit Doshi: If I understand we have bided for a few ammunition projects like BMCS and others and the tender has completed in May, I guess, so if you can elaborate what are the timeline by when we can expect something from the government about these orders?

Nilesh Panpaliya: In March 2017 the government had floated RFPs for ammunition item and we did participate in the three product categories as rightly mentioned by you that is the BMCS, HCI and HUT rockets and 122 mm rockets. Now presently the documentation scrutiny is going on and as soon as we get the updates we will be regularly updating our investors.

Dixit Doshi: But do you expect this to finalize within a year or so?

Nilesh Panpaliya: Definitely is.

Dixit Doshi: What would be the size of these three products?

Nilesh Panpaliya: Right now, we can't comment because there will be some technical scrutiny then the price discovery. But the contract will be valid for 10 years, so we will be awaiting the price.

Dixit Doshi: You mentioned BMCS, 122 mm and the third product is?

Nilesh Panpaliya: HCI and HUT rocket, 30 mm rockets.

Dixit Doshi: How was the competition in each of the three segments apart from solar are there many other bidders also?

Nilesh Panpaliya: Yes there are definitely other bidders in that and in most of the items there are 3 to 4 bidders.

Moderator: The next question is from the line of Neha Mehta from KR Choksey. Please go ahead.

Neha Mehta: I wanted a split between exports and overseas, if you could give how much was from exports and how much was from the overseas?

Nilesh Panpaliya: Total is around 236 crores which we have mentioned for the quarter.

Neha Mehta: Maybe in terms of percentage can you give me a split how much is coming from exports?

Nilesh Panpaliya: Exports is 236.93 and out of this around 199 is for our overseas revenue.

Neha Mehta: If you could just throw some light on the Eurenco partnership deal that we just entered into, how it is going to go ahead?

Manish Nuwal: The partnership with Eurenco has been forged. We have signed an MoU with Eurenco to set up the project to make bi-modular charge system.

Neha Mehta: Any CAPEX or any the time horizon on the same?

Manish Nuwal: It all depends on the government decision on the RFPs which are already we have participated and it all depends on the outcome of those RFPs.

Neha Mehta: One more thing was on BrahMos, we were expecting it to complete by June 2018. So, any status update on the same?

Manish Nuwal: Which one can you repeat it again?

Neha Mehta: The Brahmos missile that we are participating in.

Manish Nuwal: We have already finished that facility of integration of rockets in missile. There are certain changes which we have to accommodate based on the technology documents which we are doing now and it's almost completed.

Neha Mehta: So, when can we expect the revenues to commence from?

Manish Nuwal: Revenues will take some time because like we mentioned that based on RFPs which we have participated, and the revenue will depend on that. So, as we got orders or any update on all those RFPs we will communicate to the investors.

Moderator: The next question is from the line of Anubhav Rawat from Ventura Securities. Please go ahead.

Anubhav Rawat: Despite our volumes and realizations going up why are the margins constant so that is my first question? And the second question is which are new geographies that the company is venturing into?

Nilesh Panpaliya: As I said that if you compare it with Q4 FY 18 that margins have improved a bit from 21 to 22.1 but when you are comparing it with a similar quarter last year it is showing a marginal dip and that is because of the translational loss because currency globally have weakened against dollar. So, when we do a translational from the Turkish lira or from South African rand to US dollar then again to Indian rupee so there in other expenses we have taken a hit of 12 crores. So, if you add that back to this 135 crores that 12 crores actually the margins are improved.

Anubhav Rawat: Is there a margin guidance going forward?

Nilesh Panpaliya: Yes it will remain (+22%) and definitely improve.

Anubhav Rawat: And what about the new geographies?

Nilesh Panpaliya: So, South Africa we have recently started and definitely now we are looking ahead for Australia and Ghana.

Anubhav Rawat: So, no other?

Nilesh Panpaliya: And as far as our supply to various countries, these are for the manufacturing. But if you see the countries which are now using our explosives that has increased from earlier 42 to now 51 countries, so there are many countries which are being added. And we are constantly looking for newer geographies.

Anubhav Rawat: In the Defense segment are there any new products that the company is launching?

Nilesh Panpaliya: No, presently these are the same products, the five products which we have always mentioned; Category that is High Energy explosives, Pyros Ignitors and fuses then we are into Ammunition Filling. So, let the RFPs come now, we are all awaiting that and once they are out we will definitely tell that what all product line we are entering.

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

Narendra Solanki: We had a technology transfer agreement from DRDO for BMCS and now we have the same agreement with the Eurenco, so could you throw some light what is the difference between both because as far as Tank Artillery is concerned there are two things, one is propellant and one is ammunition so which one is for which?

Manish Nuwal: Our tie-up with Eurenco is for gun propellant only which we are referring. But there are two types of gun propellant under BMCS. So, for one of them we are tying up with DRDO and for the other one we are tying up with the Eurenco.

Narendra Solanki: Eurenco we guess we have a large caliber or we also have a MoU for medium caliber as well because when we go into medium caliber we are also then opportunity for rifles and all kind of propellant or something like that.

Manish Nuwal: Yes it is in line with our vision to come with all categories of ammunition actually tying up. So, we are with the best technology provider who can help Solar to produce the products who can produce the best quality at the best prices. So, we have been in line with that.

Narendra Solanki: And also, apart from BMCS this Eurenco tie up can also open up opportunity for the orders from Dhanush ATAGS and ultra-light Howitzer, M777 and something like that.

Manish Nuwal: I can't comment on this question at this stage, so as the opportunities grow we will definitely keep you informed.

Moderator: The next question is from the line of Sekhar Singh, individual investor. Please go ahead.

Sekhar Singh: My question was with regards to raw material procurement, just wanted to know an insight into the hedging policy that the management is currently utilizing?

Manish Nuwal: We have no as such particular hedging policy on raw material because ammonium nitrate is a product which can't be hedge over the exchanges like any other commodity aluminum, copper and many others. But ammonium nitrate is not a tradable community on the exchanges. It is not possible for us to hedge that product. And like we are repeatedly mentioning that ammonium nitrate is our key raw material and the movement in the prices of this product normally is getting passed over to the customer on quarterly basis or annual basis depending on the tender condition.

Sekhar Singh: The second question is with regards to lot of projects have been announced by the government but if we look at the ground level, not many has been formalized. So, with regards to same would like to know your outlook on the infra and road sector.

Manish Nuwal: We are extremely positive on this sector as we can say it’s on the ground, there are lot of activities happening and lot of momentum is there as far as road building and related infrastructure is concerned.

Sekhar Singh: What are the risk factors that you see for the industry and as a company which is a leader in the industry?

Manish Nuwal: If you go through our annual report we have captured all those risk factors in our litigation plan for them. This you can go through that, in case if you have any more questions or and if you ask for more clarity we are happy to respond to that.

Moderator: The next question is from the line of Anmol Das from Stewart & Mackertich. Please go ahead.

Anmol Das: I have a few questions regarding your overseas subsidiaries. I just wanted to know the fellow subsidiaries you have mentioned are they owned directly by Solar Industries or through another subsidiary from overseas?

Nilesh Panpaliya: If we go through our annual report we have given all the details.

Anmol Das: they are 100% owned.

Nilesh Panpaliya: It is clearly mentioned which are wholly owned and which are not, details are given in the annual report.

Anmol Das: You have earlier said that as you are expanding through overseas subsidiary, so I am seeing the Netherlands and Mauritius subsidiaries they have considerable assets but the turnover has not started yet, so can you give some outlook on which overseas subsidiaries would be commencing operations in this fiscal year or in next two years?

Nilesh Panpaliya: Our operational subsidies where we are carrying our manufacturing activities are Zambia, Nigeria, Turkey, South Africa and going forward we will be having Australia and Ghana. So, these are our manufacturing set-up where we have and only these places we will be doing the expansion.

Anmol Das: So, this Australia and Ghana by when will be the starting there operations?

Nilesh Panpaliya: Most probably in this financial year.

Anmol Das: Regarding the Defense orders apart from the mentioned 250 crores around order what kind of orders are you getting for except for Solid Propellants and explosives, can you give anything on the product side?

Manish Nuwal: Like we have been mentioning that the total order is of 346 crores as of 30th June and it covers variety of products like Pyros Ignitors, our propellant, high energy material and some portion related to the rocket side also.

Moderator: The next question is the follow up question from the line of Anubhav Rawat from Ventura Securities. Please go ahead.

Anubhav Rawat: I just wanted to know like don't we get any operating leverage benefit in our business since our revenues have increased more than what we have guided for. We used to guide for normally 25% odd levels while revenues have increased to almost 32%. But our EBITDA margin has remained at what we had guided, so don't we get any operating leverage benefit in our business?

Manish Nuwal: Actually, we have explained at this point just when we started giving the detail of the financial performance. If you go through that it will answer your query. Still we would like to explain it that the lower margins in this quarter compared to the Q1 of the last financial year is because of the foreign exchange loss in our overseas subsidiaries which is around 12 crores and it is part of that section which has resulted into lowering of EBITDA margin compared to the Q1 of last financial year.

Anubhav Rawat: So, had there been no such loss the margins would have expanded with the increase in volumes?

Manish Nuwal: Yes.

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

Abhijeet Mitra: What I was seeing is that we have guided for 1000 crores of overseas and the exports top line by FY20 what we had said to achieve that in FY19 itself it seems. So, any incremental colors or any guidance that you want to incorporate as of this point in time because last year we were at 722 crores I think this year first quarter itself is 236 crores. so number one is that what is leading to the surprised if I'm to call this as surprise vis-à-vis your original guidance, is South Africa ramping up faster than what you were expecting or is the global commodity environment aiding our explosive sales better than what we have initially budgeted for? And in this environment would like to up your FY20 target, so this is my question?

Nilesh Panpaliya: Definitely we would like to retain our target that is of 1050 crores by 2020. Last year we did around 557 crores of our overseas revenue and this year as you mentioned we will be close to around 750 to 775 crores of revenue and as and when we see definitely our product is very well-accepted in the overseas market and the countries also we have expanded from 42 to 51 and this year like we have mentioned that Australia and Ghana will come up. So, whenever we feel that we can have visualization of increase revenue will definitely update all our investors on that.

Abhijeet Mitra: Just to clarify your point here, this guidance of 1050 was exports plus overseas, it was not only overseas?

Nilesh Panpaliya: This was only overseas.

Moderator: The next question is from the line of Sneha Talreja from Edelweiss Research. Please go ahead.

Sneha Talreja: Pertaining to the non-institutional portion of it, so we have been seeing from last two quarters that this particular segment volumes have been declining, could you just provide some reason behind it?

Nilesh Panpaliya: No?

Sneha Talreja: Non-institutional business, the Singareni Mines.

Nilesh Panpaliya: Institutional business has actually increase. If you see our Q4 FY15 the revenue from this Institutional in Q1 FY19 is 86.38 crores compared to 79.42 in Q4 FY18 and even compared to 84.88 in Q1 FY18. So, it is actually on year-on-year, it is up by 1.77% and quarter-on-quarter it is up by 8.76%.

Sneha Talreja: I am referring to the customer wise revenues wherein you said Coal India and the next is institutional business?

Nilesh Panpaliya: That only I am talking that a non-Coal India and institutional business in Q1 FY18 is 86.38 crores as compared to 84.88 crores in Q1 FY18 and as compared to 79.42 crores in Q4 FY18, so these are the figures which are there in front of me and both are showing an increase of 1.77% year-on-year and 8.76% quarter-on-quarter.

Sneha Talreja: But actually I meant that it has been increasing at the slowest pace, so if I look at your other segments like Coal India is grown by around 26%, your exports in overseas business has grown around 32% of course international continues to grow at a higher rate, just meant what is happening in this business.

Nilesh Panpaliya: This business if you talk there are all industries, all the cement companies and these companies where there is a gradual slow-down as far as mining activities are concerned. But the way things are shaping up definitely in coming quarters you will see that this sector is also contributing.

Sneha Talreja: Your housing and infra segment continues to perform at a robust rate and we have been seeing improving performance on quarter-on-quarter basis, so you think that the growth in this segment can sustain at about 30% even in the coming quarter?

Nilesh Panpaliya: Yes definitely we are confident on that.

Sneha Talreja: In your initial remarks you said that the Defense has started picking up, so if at all you could give some color on it that what is the incremental thing which has happened in the current quarter?

Nilesh Panpaliya: As we mentioned that for full financial year we did 37.16 last year and then this coming quarter we did around 28 crores of revenue from Defense, so that is what we meant that it has now started and the target which was given for this year of 200 crores looks pretty much achievable.

Moderator: The next question is from the line of Deven Choksey from KR Choksey Shares & Securities. Please go ahead.

Deven Choksey: The 12 crores loss from overseas subsidiaries is it a one-time in nature or is it going to be something which one will have to be careful about in subsequent quarters also I think that would be first question? and I think couple of them thereafter, would like you to elaborate a little bit more on the target for the Defense that you have set up at 200 crores because in the first quarter it is around 28 crores so I think in the subsequent quarters you would be having 170 crores about I think kind of a business in next three quarters coming up, so it would be equally divided in three quarters or it would be a lumpy in some quarters and some quarter would-be thin quarters, so maybe that? And the Eurenco I would like Manish ji to elaborate little bit more in detail on Eurenco.

Nilesh Panpaliya: Talking about the FOREX, there was definitely these things are very unpredictable in nature the way each country's currency will be moving. But we keep seeking continues guidance from various FOREX domain experts, both from those countries and from as well as our international advisors and try to do the best whatever we can. But this is very unpredictable and there may be small such type of expenses which may be there. But I can assure you that we have been taking effective steps to ensure that this reaches to the minimal possible. As far as for Defense revenue is concerned we did around almost 28 crores in the first quarter but the remaining will be split up into the three quarters and it will be almost equally spread in the three quarters. So, definitely second quarter we will see a much incremental around 50 crores of revenue coming from Defense and then gradually increasing to minimal in the third and fourth quarter. And as far as Eurenco is concerned I will just hand it over to Manish ji.

Manish Nuwal: Deven bhai like we have mentioned that we have entered into strategic partnership agreement with Eurenco to make the bio-modular charge system in India. and it is a well-known fact that there is a huge backing for this product in the Indian market and the countries to a large extent dependent on the imports and to address this issue government under the strategic partnership program they have floated the RFP and BMCS is one of them. We have participated for this product and the documentation scrutiny is already going on and after that we are likely to supply the samples to the Army for products evaluation and as it develops we will definitely share more highlights on this product and a tie up with the BMCS or with Eurenco.

Deven Choksey: So, this is going to be little bit long drawn program because Army will give the approval and thereafter this is going to be taken up, is it?

Manish Nuwal: Absolutely, these products take lot of time. But we don't see that it will take more than two years to complete the round.

Deven Choksey: What is the total potential that we see in this over a period of time?

Manish Nuwal: As of now the government has floated the RFPs for 1 lakh pieces every year. And the market pricing are yet to be came out in the domain but the last purchase was around Rs. 17,000 to 18,000 per piece. So, that was the ballpark figure available in the public domain.

Moderator: The next question is from the line of Rahul Agarwal from ICICI Prudential. Please go ahead.

Rahul Agarwal: I just want to understand in terms of Defense, what is our capability so that we can get a sense of what could be the size of the opportunity going forward?

Nilesh Panpaliya: Presently we have made an investment of almost 400 crores into Defense, this is likely to be the revenue of close to around 1000 crores as a potential and as we have mentioned that as and when we will have more clarity on the RFPs we will be making substantial capital investment to further increase.

Moderator: We will take the next question from the line of Santosh Yellappu from India Nivesh. Please go ahead.

Santosh Yellappu: My first question pertains to the domestic market. If I look at the Q1 FY18 order book and Q1 FY19 order book for the domestic segment, is it fair to interpret that currently the mix of the order book has higher component of detonators and accessories as a result of which is it fair to again interpret that the margins for the domestic business which had seen almost a 150 kind of bps decline in FY18 should again see some kind of bounce back in the domestic business?

Nilesh Panpaliya: If you talk about the present order book it stands at around 1150 crores which comprise typically the orders from Coal India then Singareni Collieries and Defense up to 246. When we talk about order from Coal India and Singareni it is typically more of bulk explosives which is there and as we said about margin so definitely like we have repeatedly been mentioning that because of this translational FOREX loss there was decline in the margin as compared to Q1 but if you compare to Q4 it has improved. So, definitely we are very positive that the margins will be maintained and improving.

Santosh Yellappu: On the domestic business only, Coal India reported a 15% YOY increase in Q1 production numbers. And also few mines were shut down in Q4 from Coal India, so how do you see the tendering activity going forward from the Coal India and subsidiaries side can we expect such kind of strong growth in the next few quarters or was it a one-off kind of a scenario?

Nilesh Panpaliya: No, definitely Coal India has been focusing on growing their production. As far as both the annual target which they have taken for '18-19 that is Coal India has taken 652.25 million tonnes and even OBR removal has been 1451 cubic meter. So, definitely and the Coal India stock has reduced by almost 11 million metric tonnes over the same period last year. With these things in mind we are definitely looking that Coal India will improve their production and based on which our explosive consumption will also grow accordingly. And one more thing as the minds are getting deeper and deeper definitely the overburden itself is increasing where maximum explosive is consumed. So, that's why that increased demands for explosive is quite eminent.

Santosh Yellappu: In other words is it fair to assume that we can see a 20% increase in the awarding value from the Coal India tenders this year in FY19?

Nilesh Panpaliya: No, the tender has already gone like last October-November and it's a two-year tender whereby Coal India based on their mining plan has given their consumption of explosives for the year, so based on that. Now all depending on the scenario various economic factors and all they may change or alter their mining plan based on which the explosive demand may change. But as of now we are seeing a good demand from Coal India and we have already mentioned that there has been a growth compared to last year a growth of 26.06%.

Santosh Yellappu: So, it is fair to assume that we would maintain such kind of growth in the next 2 to 3 quarters?

Nilesh Panpaliya: Yes definitely. For our company to target is that we will grow our revenue by 25% and it may come from any basket but it is bound to be there. And we have already given that from 3 lakh metric tonnes we will go to 4,50,000 tonnes by 2020 and all these parameters and different areas and segments will help us to reach that.

Santosh Yellappu: Coming to the international business, I saw the Australia and Ghana subsidiaries annual reports, there seems to be already a decent investment has gone into these two subsidiaries which indicates that more or less a major chunk of the CAPEX is also done. So, is it fair to assume that revenues or some kind of initial sale activity would kick in from H2 FY19 onwards in these two countries?

Nilesh Panpaliya: So, as and soon that is about to start we will definitely inform the investors.

Santosh Yellappu: Other way to look at it, are you done with the investment part?

Nilesh Panpaliya: No, not yet. There has been some part we have done but that is more to come.

Santosh Yellappu: South Africa revenues what we did in Q1 approximately?

Nilesh Panpaliya: We are sharing the overall revenue for the overseas market, so presently won't be able to comment on that.

Santosh Yellappu: Just to get a color at least lastly?

Nilesh Panpaliya: We will definitely be better than last. We will be improving from Q1 to Q2, Q3-Q4, so that will be there.

Santosh Yellappu: Have we attained at least 40%-50% kind of plant level utilization?

Nilesh Panpaliya: In this current quarter we will achieve.

Moderator: The next question is from the line of Sabyasachi Mukherjee from India Nivesh. Please go ahead.

Sabyasachi Mukherjee: I have couple of questions on the loan position on the working capital front. If I see your slide in the presentation, so working capital in overseas have been stretched somehow to an extent of 43-44 crores from 200 crores to 243 crores, what is the view of on the working capital requirement on the overseas business in the quarters ahead?

Nilesh Panpaliya: As and when our revenue or turnover will increase well definitely there will be more requirement of working capital. So, accordingly that will be in line with that and as we already mentioned that our overseas turnover is going to increase threefold from 16-17 by 2020 like we are talking so higher the turnover more will be the requirement for working capital.

Sabyasachi Mukherjee: So, if I just put figures last year your overseas turnover was somewhere around 550 crores and you had a working capital requirement of 200 crores, now this year you are having a guidance of 750 crores. So, I believe that your working capital requirement is somewhere around 400 crores for that?

Nilesh Panpaliya: No it is close to around 243 but for 1000 crores yes, that will be the requirement and we are definitely working on reducing it to the lowest possible.

Sabyasachi Mukherjee: As far as the Defense segment of the domestic business, so how has been the payment terms and you are going to kind of ramp-up the Defense revenue this year around 200 crores, so will it affect the working capital again?

Nilesh Panpaliya: Yes they will be marginal increase compared to whatever it is but we are pretty confident with all our previous experiences we had working with the Ministry and whatever we had earlier fulfilled. We have received the payment pretty much close to whatever as per the signed documents, so we are confident. But as you rightly mentioned there will be some increment in the working capital requirement.

Sabyasachi Mukherjee: One last question on the interest cost, so I was seeing the interest cost last few quarters around you had a run rate of around 8 crores, last year you had total consolidated interest for somewhere around 32 crores. I find that it has jumped to 12 crores this quarter. Is it because of the rise of MCLR and all those factors interest cost rising and rising cost of borrowing?

Nilesh Panpaliya: Definitely that is there and not to take much hit on FOREX loss as you said this overseas, we have started taking domestic loans which are substantially higher compared to the FOREX loans as a result of which we see an increased interest cost.

Moderator: The next question is from the line of Chirag Muchhala from Nirmal Bang Equities. Please go ahead.

Chirag Muchhala: On the explosives side, you mentioned in your opening comments that packaged explosive segment growth was very strong driven by road construction, etc. Is it possible to quantify the volume growth that we achieved in this quarter or the likely growth that you expect in this segment for the full-year?

Nilesh Panpaliya: Overall when we talk about the explosive increasing volume, it has grown 9%. From 83,346 metric tonnes to 90,623 metric tonnes that is the volume growth which we have achieved and our target for volume for this year is almost around 3,80,000 metric tonnes compared to 3,30,000 tonnes which we did last year.

Chirag Muchhala: But individually just packaged explosive volume growth will not….

Nilesh Panpaliya: As we said that we have adopted this global practice of adhering to the giving combined explosives as a whole rather than segregated because that is what globally everybody's doing.

Moderator: The next question is from the line of Santosh Yellappu from India Nivesh. Please go ahead.

Santosh Yellappu: Just one book keeping question, what's the CFO (cash flow from operations) in Q1 FY19?

Nilesh Panpaliya: Cash flow, we are finalizing on that and we are not going to share for this quarter. But second quarter will definitely have the cash flow numbers.

Santosh Yellappu: The cash flow numbers?

Nilesh Panpaliya: Yes.

Moderator: Thank you very much. That was the last question. I now hand the conference over to the management for closing comments.

Nilesh Panpaliya: Thank you once again for joining us on this call and I hope we were able to answer all your questions. Should you need any further clarification or would like to know more about the company, you can reach out to the Investor Relation Team. Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, for any further queries or questions, you may reach out to Ms. Reena Kamble from Adfactors PR. On behalf of Solar Industries that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.