May 24, 2025

To,	**To,**
National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, Bandra Kurla Complex	Floor no. 25, PJ Towers
Bandra (E)	Dalal Street
Mumbai - 400 051	Mumbai – 400 001
Trading Symbol: "SOLARINDS"	**Scrip Code: 532725**
Through NEAPS	**Through BSE Listing Center**

Subject: Transcription of Conference Call with reference to the Audited Financial Results for the quarter and year ended on March 31, 2025 with the Management of the Company.

Dear Sir/Madam,

Further to our letter dated May 13, 2025 we are forwarding herewith a copy of Transcription of Conference Call hosted by **ICICI Securities Limited,** on **Wednesday, May 21, 2025 at 11.00 a.m. IST** to discuss the Audited Financial Results of the Company for the quarter and year ended on March 31, 2025 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: 2025.05.24 10:30:31 +05'30'

Khushboo Pasari
Company Secretary &
Compliance Officer

Power to Propel

Solar Industries India Limited
Regd. Office : "Solar" House, 14, Kachimet, Amravati Road, Nagpur - 440023, Maharashtra, INDIA
CIN : L74999MH1995PLC085878
solar@solargroup.com
www.solargroup.com
+91 712 663 4567
+91 712 663 4578

"Solar Industries India Limited
Q4 FY '25 Earnings Conference Call"
May 21, 2025

MANAGEMENT: **MR. MANISH NUWAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SOLAR INDUSTRIES INDIA LIMITED**
MR. SURESH MENON – EXECUTIVE DIRECTOR – SOLAR INDUSTRIES INDIA LIMITED
MR. MILIND DESHMUKH – EXECUTIVE DIRECTOR – SOLAR INDUSTRIES INDIA LIMITED
MR. MONEESH AGRAWAL – JOINT CHIEF FINANCIAL OFFICER – SOLAR INDUSTRIES INDIA LIMITED
MS. SHALINEE MANDHANA – JOINT CHIEF FINANCIAL OFFICER – SOLAR INDUSTRIES INDIA LIMITED
MS. AANCHAL KEWLANI -- SENIOR FINANCE MANAGER AND INVESTOR RELATION MANAGER – SOLAR INDUSTRIES INDIA LIMITED

MODERATOR: **MR. AMIT DIXIT -- ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Solar Industries' Q4 FY '25 Earnings 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 call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the call over to Mr. Amit Dixit. Thank you, and over to you, sir.

Amit Dixit: Yes. Thank you, Aisha. Good morning, everyone. And on behalf of ICICI Securities, I welcome all the participants for Solar Industries' Q4 FY '25 Conference Call. At the outset, I would like to thank the management for giving us an opportunity to host this call. From the management today, we have Mr. Manish Nuwal, MD and CEO; Mr. Suresh Menon, ED; Mr. Milind Deshmukh, ED; Mr. Moneesh Agrawal, Joint CFO; Ms. Shalinee Mandhana, Joint CFO; and Ms. Aanchal Kewlani, SFM and IRM. So without much ado, I will pass it on to Aanchal to take it up. Over to you, ma'am.

Aanchal Kewlani: Thank you so much, Amit. 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 concluding conference call of FY '25. To begin with, I would like to remind you that during this call, we might make projections or other forward-looking statements regarding future events and about the future financial performance of the company. Please remember that such statements are only predictions. Actual events or results may differ materially. And our website will be updated with all relevant information timely.

Now I would request Solar's MD and CEO, Mr. Manishji Nuwal, for his opening remarks. Over to you, sir.

Manish Nuwal: Thank you, Aanchal. Dear esteemed investors, a very good morning. I, Manish Nuwal, Managing Director and CEO, welcomes you all to Solar Industries' earnings call for the fourth quarter and financial year ended 31st March 2025. FY '25 has been a pivotal year for Solar, a year where strategy, scale and execution aligned perfectly to deliver the highest ever revenue and profits. We are happy to report the highest ever sales for the quarter and year at INR2,167 crores and INR7,540 crores.

We have also achieved the highest ever quarterly EBITDA and PAT at INR546 crores and INR371 crores, registering a growth of 47% and 42% year-on-year and highest ever yearly EBITDA and PAT at INR2,031 crores and INR1,288 crores, registering a robust growth of 44% and 47% in the year FY '25. We have achieved around 27% EBITDA margin, which is more than our annual guidance.

Solar's international business is gaining good momentum and as a result, registered an 18% year-on-year growth. Solar's ability to expand its global footprint and forging strong relationship with its customers as a trusted partner underscores company's strength in identifying and capitalizing on global opportunities.

The defense sector revenue has increased from a small base of INR517 crores to INR1,355 crores, showing a growth of 162%, years of strategic efforts in building state-of-the-art facilities, developing wide range of products and qualifying products across the customers has positioned Solar as a strong player in defense in the global market. This is reflected in the substantial increase in our order book to over INR15,000 crores, including a landmark order of INR6,084 crores for Pinaka rockets and contracts of around INR8,500 crores from international markets.

A historic milestone was the inauguration of our state-of-the-art loitering ammunition and testing range by Honorable Prime Minister, Shri Narendra Modi-ji, a testament to Solar's growing capabilities in defense and aerospace. Hosting Honorable Prime Minister of India was a moment of immense pride for our Solar team, which has boosted the morale of our team to do even better in the coming years.

We are propelling Solar to the next frontier. Further to our capex of around INR1,200 crores in this financial year, a massive plan to do a capex of INR2,500 crores in the coming year will unlock new opportunities, scaling existing capabilities, upgrading technologies and expanding the product portfolio, including advanced ammunitions and aerospace solutions.

Aligned with India's Atmanirbhar Bharat initiative, Solar has signed a INR12,700 crore MoU with Government of Maharashtra to invest in defense and aerospace over the next decade. Now Solar is entering in FY '26 on a strong footing, driven by growth of 15% to 20% from explosive sector and a robust target to surpass INR3,000 crores from defense. Supported by this momentum, we are targeting total revenues of INR10,000 crores in FY '26.

With this, defense contribution in total revenue will be crossing 30% from the current share of 18%. I'm sure these sets of number will satisfy our esteemed shareholders. Reflecting our financial strength and commitment to shareholders, the company has proposed a dividend of INR10 per share for FY '25, up from INR8.5 per share in FY '24.

Our vision is bold. Our fundamentals are strong, and our dedication to stakeholders' value creation is unwavering. I sincerely thank all our esteemed investors and analysts for joining us today. Thank you for your continued trust and partnership.

Over to Aanchal for presenting the financials in detail. Thank you.

Aanchal Kewlani: Thank you so much, sir. Before beginning, I would like to quote that this year, as mentioned by our MD, has been a very remarkable year in Solar's journey where we have achieved significant milestones. Needless to mention, keeping the aggressive foundation for continuous growth, we have given a strong return to our stakeholders by entering INR1 lakh crore market club cap.

Now we have shared the investor presentation carrying all the necessary information for your perusal. Hence, we run through the same very quickly. Key highlights for the quarter and the year are as follows: sales, the consolidated revenue for the quarter is INR2,167 crores versus INR1,611 crores. For the year, it is INR7,540 crores versus INR6,070 crores.

The percentage of the sectors and the customer basket are as follows: CIL is at 13%, non-CIL and institutional is at 14%, H&I is at 16% in the basket, international business at 36%, defense is 20% in the basket from 12%. In the year, the domestic basket comprises of 44%, international business at 38% and defense business at 18%.

Coming to the cost bifurcation. Raw material consumption for the quarter stands at INR1,165 crores against INR829 crores. For the year stands at INR3,907 crores versus INR3,196 crores. The employee cost for the quarter stands at INR174 crores versus INR119 crores and for the year, it stands at INR600 crores versus INR433 crores.

Coming to the other expenses for the quarter stands at INR288 crores versus INR309 crores and for the year stands at INR1,073 crores versus INR1,071 crores, which is almost similar despite the huge rise in the sales.

Coming to the EBITDA, we reported a quarter EBITDA at INR546 crores against INR371 crores. We reported yearly EBITDA at INR2,031 crores versus INR1,414 crores. Depreciation cost stands at INR50 crores against INR37 crores and yearly cost stands at INR182 crores versus INR143 crores. Interest and finance charges cost for the quarter is at INR29 crores versus INR32 crores. And for year, it stands at INR116 crores versus INR109 crores.

Coming to PBT, which stands at INR464 crores versus INR305 crores with a fantastic increase in PBT margins. And for the year, it stands at INR1,739 crores versus INR1,161 crores. Coming to the PAT. It stands at INR346 crores versus INR243 crores. For the year, it stands at INR1,288 crores versus INR875 crores.

These are the updates for the quarter and year, which are explicitly given in the presentation shared with you. We are now open to the questions. Over to you.

Moderator: The first question is from the line of Mr. Ravi Naredi from Naredi Investment.

Ravi Naredi: Manishji, congratulations for best results so far in the history of company and inauguration of state-of-the-art loitering munition testing range by Narendra-ji Modi. We congratulate you and your team for fantastic result and everything. Sir, my question is INR2,500 crores capex you have planned for this current year. So how you arrange the funds either from internal accrual or as well as debt?

Manish Nuwal: Raviji, the capex program for this year is for INR2,500 crores, and this will be arranged through our internal accruals and a little bit of debt from the bankers.

Ravi Naredi: Okay, sir. And second, we are targeting handsome growth of INR10,000 crores top line this year. So what net profit expectation we are having this year? And can you bifurcate net profit margin between coal and defense separately?

Manish Nuwal: As far as margins are concerned, like we have -- last year, we have given a guidance of 23% plus EBITDA margin. But in fact, we have achieved around 27% in this financial year. So, if you look at the past history also in last 5 years, our revenue has increased by 3x plus and EBITDA has also increased by 4x and profit after tax also increased by 4.5x.

So looking at the margin side, we believe that our international business is doing better and defense is also gaining a good momentum. So we expect that we should be able to maintain or improve these levels of EBITDA margin and PAT margins. And as far as the margin differentiation is concerned, we treat business as one unit. So we give guidance based on the business as a whole.

Moderator: The next question is from the line of Ashish Kumar from Ampersand Capital Investment Advisors.

Ashish Kumar: My first question is on the margins again. We are expecting a good mix improvement in case of defense business. So like do we expect significant improvement in our margins from the current 27% levels? And second question is the breakup of capex that we have done INR2,500 crores, how much it is for defense and how much will be for explosives?

Manish Nuwal: Yes. As far as margins are concerned, like last -- I will repeat again. Last year, we have given a guidance of around 23% plus as far as EBITDA is concerned. So this year, we have already achieved around 27%. But as you know, the business dynamics keeps changing. But still, based on our defense and international business, we are confident that we should be able to deliver similar margins in the future also. And as far as the differentiation on defense capex or explosive capex, totally, we have allocated around INR2,500 crores to be made on different opportunities. So that's all.

Moderator: The next question is from the line of Umesh Raut from Nomura India.

Umesh Raut: Congratulations for the strong set of numbers. And also many thanks for the defense systems, which we have developed contributed significantly in recent adaptation. I have a strategic question. I think you are mentioning about closer to INR12,700 crores of investment in terms of MoU...

Manish Nuwal: Your voice is not clear.

Umesh Raut: Am I audible now?

Manish Nuwal: Yes. Now you are better.

Umesh Raut: So my first question is pertaining to your strategic investment of about INR12,700 crores in terms of MoU signing with the Maharashtra State. So could you please share some insight which all areas that you want to target apart from loitering ammunitions within defense space? And how are your addressable opportunities over there?

Manish Nuwal: Yes, as far as our earlier shared information that we have signed an MoU and the total amount will be around INR12,700 crores could be invested over a period of 10 years. So these are the broader time lines and investment amount. But we are confident that looking at our current position in the ammunition market or so you can say defense market, we are pretty confident that these amounts will be invested much earlier.

And as far as products are concerned, you are aware that what kind of products we are manufacturing, like we have the energetic materials, we have rockets, we have missiles, mines. And as we are going forward, we are expanding the loitering ammunitions ranges for different applications. So this is what we all are doing. And from the current level of capacities, we are enhancing to a multiple level in the coming years.

Umesh Raut: Got it, sir. My second question is in terms of investment into research and development. So I understand that you have a significant capacity expansion plan. But at the same time, how are you looking at R&D in terms of percentage of sales going up from here on? And would you be dependent more or less on DRDO or you are also planning to kind of develop in-house R&D department in your company?

Manish Nuwal: So if you look at the history of Solar in last 10 years, we have always been working on developing the variety of products. And those developments were in association with DRDO. At the same time, we were developing many of the products on our own. So we will continue those efforts for our national security, and that is what will give a reflection of what Solar has been doing as far as research and development is concerned.

As far as a particular number or figure, which you may be expecting us to give, so we don't bifurcate the expenses into R&D or other things. So all the expenses are being part of our P&L, regular expenses.

Umesh Raut: Got it, sir. My last question is pertaining to recent news source where it was indicating that there could be fast tracking of ordering close to about INR24,000 crores, INR25,000 crores purely because of recent escalations. So are we expecting any fast tracking of major program for us in terms of Nagastra or possibly new orders for Bhargavastra as well?

Manish Nuwal: So if you look at the current geopolitical situation, these things are obviously bound to happen. And we always read all these articles from the media. So based on those information and the interactions we have, we feel that the defense program will be on a fast track now.

Moderator: The next question is from the line of Jyoti Gupta from Nirmal Bang.

Jyoti Gupta: Great set of numbers. Two questions. One, of course, the emergency procurement orders, which is going to a lot of defense companies. And you said that you're also aware and possibly -- I mean, and the defense devices, which have been used in India-Pak war, I believe, would you be getting repeat orders for that?

Other thing is please throw some light in terms of the time lines for the domestic procurement plans orders and the international because as I understand, international orders would have possibly a delivery time lines of 2 to 4 years.

While if I look at the Pinaka ones, which is like 85% in 10 years and the rest in the next 15 years -- the remaining part of the year. If I had to just bifurcate the entire order between domestic and international, what kind of time line -- average time line do we see in domestic orders and international orders?

Manish Nuwal: Your question is quite long, but I will try to capture this. If you look at the current geopolitical situation in media articles, definitely, government is trying to buy many items on emergency procurement route. So we all are waiting for those items to be shared, and it depends at which products we can readily cater. And if we have the ready-made facility and the raw materials to cater them on really emergency route, we will attempt for them. So once it is there in our order book, we will definitely share.

As far as the orders of Pinaka is concerned, we have already shared that the Pinaka order is of around INR6,084 crores and which, by and large, to be delivered over next 10 years. So you can consider an annualized revenue of INR500 crores to INR600 crores based on the 2 Pinaka variants for which we have already received orders. There will be many more variants coming up in the future. So -- once those are converted, we will share. As far as energetic materials orders are concerned, those orders are for a period of 4 to 5 years. Hope I answered your question.

Jyoti Gupta: Yes, sir. And could you just throw some light on the -- as at date, what kind of order book we have? And what do you expect in FY '26?

Manish Nuwal: So as we receive orders, we will definitely share. But as of now, the total order book from defense is around INR15,000 crores and around INR2,000 crores from non-defense.

Jyoti Gupta: So INR17,000 crores [inaudible 0:22:14].

Manish Nuwal: INR2,000 crores from non-defense and INR15,000 crores from defense sector.

Jyoti Gupta: I missed out that, sir. Again, there was some crack in the voice. So INR15,000 crores from defense and INR2,000 crores from non-defense.

Manish Nuwal: Total order book is INR17,000 crores.

Jyoti Gupta: Okay, got it.

Manish Nuwal: INR15,000 crores is from defense.

Moderator: The next question is from the line of Dipen Vakil from PhillipCapital.

Dipen Vakil: Congratulations on a great set of numbers. Sir, my first question is, can you share us the split between our India revenue and out of India revenue, including defense and explosives both?

Manish Nuwal: We don't share those breakup. But like we have said that total orders are around INR18,000 crores from defense and INR15,000 crores -- out of INR18,000 crores -- out of INR17,000 crores, INR15,000 crores from defense and out of INR15,000 crores, INR8,000 crores is from India, rest all is from international.

Dipen Vakil: Okay. Sir, can you throw some light on the new product development in the defense side, namely in your Bhargavastra, Nagastra 2? And what kind of time lines are we expecting in terms of their preparedness and getting their approval? So can you throw some light on this front?

Manish Nuwal: Yes. Like we have already developed and supplied Nagastra 1, we are expecting repeat orders in coming period of the same product. And we have also developed Nagastra 2 and Nagastra 3. So likely to received orders for those products in the coming year. And once we receive, we will share. As far as Bhargavastra is concerned, it is -- we have passed the 2 trials at different levels for different applications. So those trials were very successful. And as we move forward, we are expecting that this product should be ready in this calendar year.

Dipen Vakil: Got it, sir. Sir, just one last accounting question. Can you just give us your total employee count and that will be all from my side.

Manish Nuwal: We have shared the total employee cost in our financial numbers as...

Dipen Vakil: Count?

Manish Nuwal: That we will discuss later.

Moderator: The next question is from the line of Raj Rishi from Development Consultants Private Limited.

Raj Rishi: How much of a positive impact can this suppose it increase in defense spending by you? We are talking about taking the defense spending to something like from 2% to 5% of the GDP. How will it benefit Solar?

Manish Nuwal: Like we have already shared the total order book of our defense is around INR15,000 crores. And out of INR15,000 crores, the domestic orders are in the range of INR8,500 crores and international is balance INR6,500 crores. So as we move forward, we are expecting that since our products are well qualified in the international market, we are expecting more and more orders from the international markets.

So already out of INR15,000 crores, more than half is from international market and that gives a glimpse of our current stature in the global markets. And definitely, any kind of increase in the defense budget is giving us a big opportunity to expand ourselves not only in India but outside India also.

Raj Rishi: Okay. And sir, whatever your capex plans, do you have any equity raising plans?

Manish Nuwal: I think the current INR2,500 crores plan in this year can easily be met with our current cash position plus the internal accruals.

Raj Rishi: Okay. And sir, how entrenched are you with the BrahMos program?

Manish Nuwal: We are supplying some of the intermediate products to this product, and we are part of that program. So I can't share more.

Moderator: The next question is from the line of Het Choksey from Deven Choksey.

Het Choksey: First of all, congratulations on a stellar Q4 and FY '25 and just the phenomenal success of our products in Operation Sindoor is a testimony of the capabilities we have built over the last decade at economic explosives. So keep up the good work with Nagastra, successful testing of Bhargavastra and the continuous indigenization and the product profile, which you plan to develop in the coming years.

And just the testimony for the fact that just from supplying core ammunition, you are integrating the entire supply system. So keep up the good work and best wishes. Nothing beyond that. Just one question on the BrahMos project. We have seen a lot of companies or a lot of countries showcasing interest in acquiring BrahMos from the Indian government. Do you -- what is your outlook on this? And how do you think the new ammunitions which you have developed can be of a significant contribution in this project?

Manish Nuwal: So I will -- thank you, Deven for your compliments for our achievements and what we have done as far as providing the best-of-class products for our country's border security. So definitely, it gives a big compliment to our team members, and it's a satisfying moment for our team members or company that our products were being used as a part of this operation.

So I would like to just share some basic glimpses that if you look at the last 10 years or 20 years of geopolitical situation, very few companies in this market has really spent on building capacities for defense products. And Solar is one exception, which has kept investing in developing the products, developing the facilities.

And in last 7 years, we were supplying to many of the international customers who qualified the products, a lot of technical challenges, a lot of improvements, a lot of developments were part of those qualifications. So after reaching to that stage, if we look at the opportunity size, so 3 years back, there was no discussion on the war side. Now Russia, Ukraine, Israel side and now India, Pakistan side.

So those are natural things to happen. If you look at last -- after World War II, there was no big event happened. So sometimes these things can convert and conflicts can convert into the bigger things or bigger wars. So nobody wants them. But to secure ourselves, we, as a country or all the nations would like to invest in this sector or keep the products ready for defense.

So we are one of the few companies which is part of the global supply chain, and we have developed a lot of products for our country as well. So if we -- as we move forward, we will have many opportunities where we can participate and becoming part of the security solutions.

Moderator: The next question is from the line of Amit Vijay Saoji from A1 Investments.

Amit Vijay Saoji: Congratulations for the numbers and a big thank you for the team for the role in Operation Sindoor. My question on a lighter note is, if you can tell, is there any policy for bonus issue as Dil Maange More?

Manish Nuwal: Thanks for the compliment. So we are aware of our investors' expectation. They're expecting bonus from the company, but we will address this wish of shareholders at an appropriate time. Thank you.

Moderator: The next question is from the line of Hardik Rawat from IIFL Capital.

Hardik Rawat: Manishji, I had a couple of questions with regards to our defense order book. Now that has scaled up beautifully to about INR15,000-odd crores. We are targeting roughly INR3,000-odd crores worth of revenue in FY '26. I wanted to know what is the possibility that in how many years do you think we can possibly execute this order book of INR15,000-odd crores?

Manish Nuwal: Which order book?

Hardik Rawat: So our current defense order book of INR15,000 crores.

Manish Nuwal: Yes. So like I said, this total order book is INR15,000 crores out of that international is around INR8,500 crores. So this international will be delivered in next 4, 5 years. And the domestic INR6,500 crores apart from Pinaka, the other items are very small. So Pinaka is a bigger program, which is around INR6,000 crores will be delivered by and large over a period of 10 years. And based on the current order book and the expected orders in this financial year, we expect that INR3,000 crores orders or revenue from defense should not be a big issue for us.

Hardik Rawat: Sir my next question was with regards to our NWC or net working capital intensity. While we had a substantial increase in the mix of defense in the current year, our NWC intensity has more or less remained the same, marginal increase, but nothing major. Just wanted to understand that as our mix shifts more towards defense, 30% in FY '26 and possibly higher in the years to come, how do you see the net working capital intensity for the company going forward?

Manish Nuwal: We are not very much concerned on that part because we have always been saying that once the defense product starts stabilizing, the working capital cycle start reducing. But if you look at the last year's working capital cycle, although defense sector has increased, the sale from defense has increased from 9% to 18%.

But despite of that, our working capital cycle is not going up, rather it has shown improvement. So I believe we should be able to address these pointers. And we have a variety of products to be delivered to the Indian customers, defense PSUs and international market. So we are not very much concerned.

Hardik Rawat: The reason that -- yes, that point is well taken. The reason that I'm asking is because your peers in the defense space, unlike us, they are more focused towards the domestic defense, which I think is probably creating the difference. How would you comment on the kind of receivable cycles you see in the domestic defense contracts that you execute and the international domestic -- international defense orders that you execute?

Manish Nuwal: I think I have answered to your question. And frankly speaking, you have invested in Solar, not in -- you might have invested in other companies and Solar as well. So we are a different company than others. We don't want to compare ourselves with any other PSUs or other things. So we have a blend of products, a blend of customers across the global markets. So that gives a kind of reflection what we are operating at. If you look at my 20 years of performance also, how we are changing the landscape of customers' profile. So that gives a reflection.

Moderator: The next question is from the line of Chirag Muchhala from Centrum Broking.

Chirag Muchhala: Congratulations to the entire Solar team for a landmark year. Sir, firstly, I wanted to discuss on the explosive business. So for both domestic market and for overseas market, if you can provide your outlook for FY '26? And for overseas market, sir, some of the key geographies, if you can speak about how is our progress?

Manish Nuwal: Yes. So like we have said in the last previous quarter's commentary that as far as domestic market is concerned, demand was quite subdued, which you are also aware of if you look at the other products like cement and steel. So we are also part of the similar value chain. So the market demand was not up to the expected level.

But if you look at the current volume with Q3, there is a significant improvement, and we have shown a growth of 14%. And I think as we are entering into the FY '26, the volume should be quite good. And similarly, in international market also last year on revenue terms, we increased our business by 18%. And combined together for FY '26, we expect that we should be doing around 15% to 20%.

Chirag Muchhala: Okay, sir. And specifically regarding some of our large international geographies, it is possible to comment regarding the profitability like Australia, Indonesia, South Africa, etcetera, and even the Problast acquisition that we had done, so how is that progressing?

Manish Nuwal: So we have multiple subsidiaries. We have a large presence in different countries. So in the last year or till last year or you can say from last 4, 5 years, we were trying to stabilize our operation gain a good momentum. So we were having certain subsidiaries where we were making certain losses also. But in this financial year, we have turned around all the subsidiaries, and we have profits in all the geographies. And based on the current momentum of the current platform, which we have built, we expect very good sets of numbers from international markets in the coming years.

Chirag Muchhala: Okay. That's heartening to hear, sir. And sir, last question is actually on initiating systems. So is it possible to give its revenue for Q4 or FY '25, whichever is possible?

Manish Nuwal: If you look at the total revenue from initiating system, it is less than 5% of the total revenue. It doesn't make any sense for us to continue commenting on the initiating systems or the volume part. So let us stay with these numbers, and we have to work on these numbers and our future projections.

Moderator: The next question is from the line of Mohit from ICICI Securities.

Mohit: Congratulations for the great set of numbers. I just need a clarification. Does your guidance of INR30 billion of the defense revenue includes possible benefit of emergency procurement order or the emergency procurement order is over and above the stated guidance of INR30 billion?

Manish Nuwal: If you look at our company's style of working, we capture all such kind of developments into our planning and then factor all those things and then give a guidance. You can't expect a company like Solar to give a guidance then every couple of months, we keep on changing. So we know what the things on the ground and what we can expect.

So as a shareholder, we want to give a very prudent and very conservative or the realistic view on what we have seen on the ground and what you can expect from us. So we, as a company, believe that in this year, we should be able to cross INR3,000 crores revenues. So that is based on our international exports, domestic markets, Pinaka orders and some of the emergency procurement, which can be allotted to us, those can be converted in this financial year or may stage to the next financial year.

So all those combinations, we keep in our mind while making any kind of guidance. So for you, you can consider INR3,000 crores as a ballpark number for guidance from defense sector for FY '26.

Mohit: Yes, sure. And sir, the second question is, how is the business performance in Kazakhstan and Saudi? Also, are we planning to enter any new geographies in this financial year?

Manish Nuwal: So we have not started Saudi. We are in the process to set up the facilities. So we are working on that front. As far as Kazakhstan is concerned, we have almost finished the plant. In next 3, 4 months' time, we should be able to start the operations. As far as other geographies like Thailand, we have already operationalized. Indonesia is operationalized. And Tanzania, we are doing more expansions. And Zimbabwe also plant is in commissioning stage. Ghana, we are expanding. Nigeria, we are expanding. That is what we are doing.

Moderator: The next question is from the line of Kunal Tokas from Fair Value Capital.

Kunal Tokas: Okay. Just one quick question, sir. What sort of exposure do we have to Turkey, either business done in Turkey or through Turkey? And what's your outlook on that?

Manish Nuwal: Yes. Out of our total revenue of INR7,500 crores approx, the total revenue from Turkey is less than 10% and profits are also 5%, 6% of the top line of the total profitability.

Moderator: The next question is from the line of Anirudh Singhi from Dalal & Broacha Portfolio Managers.

Anirudh Singhi: So I had a question on the capacities. What will be the utilization right now? And this new capex that we're doing of INR2,500 crores, when would that come into production? And what would be the asset turnover there?

Manish Nuwal: The capex program of INR2,500 crores is for various initiatives. And there are multiple things like buying the land, investing in new technologies, doing automations, developing new products. So it's a variety of initiatives. And every initiative will deliver the returns either in 1 year, 2 years, 3 years, 4 years or 5 years. So it is -- the business nature is like that.

As far as asset turnover ratio is concerned, in my industry, there is no point in discussing that because we have thousands of SKUs, every SKU is being measured in different terminology or different unit of measurement. It is very difficult to give any sense of capacity utilization number.

Anirudh Singhi: Okay. So just post the capex, what could be a peak revenue?

Manish Nuwal: Difficult to answer.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: So this year for the defense business, we did very well. So FY '26, we are targeting INR3,000 crores. If you look for next 3 years, how much revenue you are targeting in next 3 years like example for FY '28 or '29 from defense business? My first question is this.

Manish Nuwal: Any other questions, please you can ask. I will answer them in once.

Rakesh Roy: Yes. Sir, my other question is, government is doing a lot of missile program. Apart from BrahMos or Pinaka or Akash, any other program you are targeting or you are expecting to get the same like BrahMos side?

Manish Nuwal: Any other question?

Rakesh Roy: No, sir.

Manish Nuwal: Right. We have a lot of facilities and a lot of programs on which we are working. And a few of them are products like Pinaka, and we are also being part of these promos programs. And we will also would like to be part of various ATGMs and air defense missile systems. So as we move forward, once we received any big commercial orders, we will keep sharing.

Apart from this, because these products are quite sensitive in nature from geopolitical angle, we cannot answer one -- cannot give a specific input on each product separately. So that is what is. And as far as revenue from defense is concerned, we have given INR3,000 crores in this FY '26 and if you look at the past trajectory that we have increased our revenue from, say, 5% of total revenue in '21, we have increased it to, say, 18% in this year.

And next year, we are expecting 30% of the total revenue. And as far as revenue, straight away from defense is concerned, FY '26, INR3,000 crores, and we are aiming for, say, around INR8,000 crores in next 4, 5 years.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers Limited.

Bharat Shah: Hearty congratulations, Manish and the team Solar. While of course, this moment is a moment of great pride, but I'm witnessed to the strenuous hard work and efforts and reason display in building this business to where it is today. I remember the struggle days of building the defense activity. And now today, it is a stellar piece in what we are doing.

So hearty congratulations for that very visionary view of the opportunity and the picture and preparing organization for that delivery. Just one question, Manish. This INR10,000 crores turnover in the current year, would it be reasonable to assume that it will probably double in 3 years' time from now, so say, INR20,000 crores by about '29, given all the opportunity, given all the capacity raising and the capability preparation within the firm, will that target look reasonable in 3 years' time?

Manish Nuwal: Thank you, Bharat bhai, for being with us during this difficult times as an investor. And definitely, we all are proud of what we have done for our country. That is our duty actually. And -- but it is good that some of our products are being used by the Armed Forces for securing our borders. So we all are proud of that. Sir, this year, definitely, we are very confident that we should do INR10,000 crores plus as far as revenue is concerned.

And if you look at last couple of years of our trajectory or you can say, last 20 years since our listing, so our revenue has increased by 50x and EBITDA by around, say, 55x and profit after tax also around 58x. And in last 5 years also, our revenue has increased by 3x plus and PAT also by 4.5x.

So sir, I think if you take next 5 years from this year, at least we should say, 3 to 4 years, we should double the revenue from INR10,000 crores. I don't see that unless we do a blunder or if economy growth rate goes down drastically low or if something wrong happens to everyone, so then it's a different scenario. But by and large, from INR10,000 crores, making it to INR20,000 crores over a period of 4 years should not be a very impossible target for us. We are aiming for that only.

Bharat Shah: Fantastic, Manish. Once again, really a note of big thanks from the country and hearty congratulations for the resounding performance of the team Solar.

Manish Nuwal: Thank you, sir.

Moderator: The next question is from the line of Pratik Mukasdar, RNL Wealth Private Limited.

Pratik Mukasdar: Manishji, congratulations for a fantastic set of numbers. I have 2 quick points. Firstly, we had updated on the exchanges that we are considering some acquisition opportunity or something like that. Would you like to -- is there any progress on that, one? Secondly, in the last quarter, raw material prices of majority products has been very low. So do -- I'm sure you as a good management must be focusing on opportunities to stock up more? Or how do you look at that situation? These were my 2 questions.

Manish Nuwal: Can you repeat the second question again?

Pratik Mukasdar: Basically, all raw materials and commodity prices are low. So how do we, as a firm, try to capitalize that? And what is your view on that part of our business? Do you see raw material prices remaining stable? Or what is your view?

Manish Nuwal: Yes. So as far as acquisition is concerned, we always look at multiple options across the globe. And we have a team now to look forward on looking for the merger and amalgamation opportunities if it gives a fit for our business or which gives us a decent return on our capital employment. So that is a standard or this is what we are doing. So once anything happens, we will definitely share with our investors.

And as far as our raw material, the current trend, which you have mentioned that the current raw material prices are low, yes, I agree that some of the raw material prices are on the lower side. So -- but if you look at the business nature that -- whenever the prices goes down, we have to reduce the prices or whenever prices goes up, we have to increase the prices.

There can be a lag in both the trends. But if you look at last 20 years, which I was just explaining in this call, so in last 20 years, profit has increased by 58x similar to the revenue of 50x in 20 years. So EBITDA margins are always healthy. And we are doing this business from last 29 years. So we know what to do during the low tides or high tides.

Pratik Mukasdar: Great. So Manishji, thank you once again and congratulations. You and your team have delivered on both the agendas that is Atmanirbhar and Atma Raksha. So congratulations to you once again.

Manish Nuwal: Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraint, this was the last question. I now hand the conference over to Mr. Amit Dixit for closing comments.

Amit Dixit: Yes. Thanks, everyone, for attending the call and a very fruitful discussion that we had with Manishji this morning. I would now like to turn the call over to Manishji for any closing remarks. Over to you, sir.

Aanchal Kewlani: Thank you, Amit. We are very happy to host this call for Solar Industries and very, very proud of being part of Make in India, Atmanirbhar Bharat, Make for World. And we expect our well-wishers to keep supporting us, boosting our confidence just the way they've been doing since years. Thank you so much.

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