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May 20, 2024

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

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

Subject: Transcription of Conference Call with reference to the Audited Financial Results for the quarter and year ended on March 31, 2024 and earnings for the FY 2023-24 with the Management of the Company.

Dear Sir/Madam,

In furtherance of our letter dated May 13, 2024, we are forwarding herewith a copy of Transcription of Conference call hosted by **ICICI Securities** on **Friday, May 17, 2024** at **11.00 a.m.** to discuss the Audited Financial Results for quarter and year ended on March 31, 2024 and earnings for the FY 2023-24 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: 2024.05.20 14:44:54 +05'30'
Khushboo Pasari
Company Secretary & Compliance Officer

“Solar Industries India Limited

Q4 FY‘24 Earnings Conference Call”

May 17, 2024

MANAGEMENT: **MR. MANISH NUWAL - CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – SOLAR INDUSTRIES INDIA LIMITED**
MR. SURESH MENON - 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 – INVESTOR RELATIONS – SOLAR INDUSTRIES INDIA LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Solar Industries India Limited Q4 FY'24 Results Conference Call hosted by ICICI Securities. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference to Mr. Amit Dixit from ICICI Securities. Thank you, and over to you, sir.

Amit Dixit: Thanks, Tushar. Good morning, everyone, and thanks for joining the call today. At the outset, I would like to thank the management for giving us an opportunity to host the call. From the management today, we have Mr. Manish Nuwal, MD and CEO; Mr. Suresh Menon, ED; Mr. Moneesh Agrawal, Joint CFO; Ms. Shalinee Mandhana, Joint CFO.

Without much ado, I would hand over the call to Ms. Aanchal from Solar Industries to take this forward. Over to you, ma'am.

Aanchal: 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'24.

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. Please remember that such statements are only predictions. Actual events or results may differ materially. And our website will be updated with all the relevant information timely.

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

Manish Nuwal: A very good morning to all our valued stakeholders. We are pleased to close FY'24 with the highest ever quarterly and yearly profit at INR243 crores and INR875 crores, respectively. The turnover of the company stands at INR1,611 crores and INR6,070 crores for the quarter and year, respectively. In FY'24, better performance in domestic business and increased defense sales helped us to expand our margins, resulting in the highest ever EBITDA and profit after tax in absolute terms for the year, which is at INR1,414 crores and INR875 crores.

These results are being achieved despite the losses from currency fluctuations and hyperinflationary conditions, which is causing because of the interest rates, which has resulted into a revenue loss of around INR300 crores in this quarter and INR900 crores in the whole year. And we incurred EBITDA losses of additional INR40 crores in this quarter and INR150 crores in the year as compared to the previous year. This kind of performance reflects the strength of the company and its management.

We are satisfied in sharing the fact that the defense annual revenue has crossed INR500 crores-plus for the first time in any financial year, although it is a little lower than our annual guidance.

Our defense order book now stands at around INR2,600 crores, and we are expecting big orders in the coming quarters.

As a result of these orders, which we have and expected orders, we are expecting the defense revenue to grow threefold in FY'25. Our business goals are well aligned with the country's ambition to make India Atmanirbhar in the field of ammunition and emerge as a major export hub in the coming years.

The domestic explosives volume in this quarter grew significantly by around 24% and 20% in the whole year, which is mainly because of strong growth from mining and infrastructure sector and recent acquisition of Rajasthan Explosives.

The domestic explosives order book of Coal India and Singareni stands at around INR2,500 crores. We are entering FY'25 with an optimistic outlook on our business. The country's momentum in the domestic market is likely to help us to increase our volumes by 15% and international business should also do much better than this year -- than the previous year.

We are expecting defense business to rise significantly, and it should become around 20% of our annual revenue for the year FY'25, which is currently at 9%. Based on this background, friends, we are expecting the top line to show a growth of around 30% and EBITDA margins to improve further from the current levels. Looking at the upcoming opportunities, we have planned capex of around INR800 crores in FY'25. Our company has also proposed a dividend of INR8.5 per share for this year compared to INR8 in the previous year.

Now I will hand over the call to Aanchal to take you through the financials. Thank you.

Aanchal: Thank you, sir. Before beginning, I would like to quote this year has been extraordinary in Solar's history, where we have achieved milestones despite the challenges quoted by our MD. Quoting a few of them again, highest ever EBITDA at INR1,414 crores and PAT at INR875 crores. Defense order book stands at highest levels of INR2,600-plus crores.

Huge capex plans around INR800 crores, strong return to our stakeholders by creating a new market cap of INR80,000 crores plus. Needless to mention, keeping the contingent foundation of sustainable growth ahead for our stakeholders. We have shared the investor presentation carrying all the necessary information for your perusal. Hence, we will discuss the same very quickly.

Key highlights for the fourth quarter and year to be taken together. Sales. The consolidated revenue for the quarter is INR1,611 crores versus INR1,929 crores, and for the whole year, it is INR6,070 crores against INR6,923 crores. Our explosives volume for the quarter and year has increased by 24% and 20%, respectively. Initiating systems revenue increased by 7% in the quarter and 13% in the year.

The percentage of the sectors and the customer baskets are as follows: CIL is at 15%. Non-CIL and Institutional is at 16%. H&I is at 19%, exports and overseas at 37% and defense has doubled in the past Q4 from 6% to 12%. In that year, the basket more or less is same, except for defense, which is at 9% from 6% in the basket. And in absolute terms, the same is increased by around 30% year-on-year.

Raw material costs, the consumption of the quarter stands at INR830 crores against INR1,191 crores. For the year, it stands at INR3,196 crores against INR4,342 crores. Employee costs for the quarter stands at INR219 crores against INR99 crores and for the year stands at INR434 crores against INR353 crores. Other expenses for the quarter stands at INR309 crores against INR281 crores. And for the year, it stands at INR1,071 crores against INR939 crores.

Coming to the EBITDA. We report a quarter EBITDA at INR371 crores against INR369 crores, showing the rise of around 3% or 4% in the margins, which is from 19.12% in the previous year to 23.06% despite the challenges mentioned in the beginning of the call. Had those challenges not affected the business, there would have been better margins. We reported yearly EBITDA at INR1,414 crores against INR1,320 with a margin of 23.29% against 19.07%. Depreciation costs stand at INR37 crores against INR35 crores, whereas yearly cost stands at INR143 crores against INR128 crores.

Coming to interest and finance charges, it quarterly stands almost at a similar level of around INR32 crores, and yearly cost stands at INR109 crores against INR90 crores. PBT stands at INR305 crores against INR302 crores with a fantastic increase in the PBT margins that is 18.96% against 15.66%. And for the year, it stands at INR1,161 crores against INR1,102 crores with a massive rise in the margin at 19.13% against 15.91%.

Coming to the PAT. PAT stand at INR243 crores against INR221 crores with margins standing at 15.07% against 11.44%. And for the year, it stands at INR875 crores against INR811 with a margin of 14.42% against 11.72%. These were the updates for the quarter and the year. This is all from our side.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ravi Naredi from Naredi Investment.

Ravi Naredi: Sir, losses due to currency fluctuation, hyperinflation, we lose INR900 crores top line in this year. Will you tell more commentary about this, please.

Shalinee Mandhana: Yes, sir. Sir, we had reported that we have lost around INR900 crores in the top line. This is called a translation loss because if we see the currency of two of our main geographies, especially Turkey and Nigeria, the currency has depreciated in Turkey by around 62% and Nigerian currency on an average have depreciated by more than 100%. So as a result, if we compare the sales to previous year's currency numbers, we see the translation loss of INR900 crores.

Ravi Naredi: Okay. Whatever investment we are doing in Turkey or other countries, you are making losses of that investment also?

Shalinee Mandhana: No, sir, that's just a book entry as far Ind AS 29 on hyperinflation and currency fluctuations. So at local levels, if we compare, we are making profits and the business is growing at local level.

Ravi Naredi: It means when we receive the payment of whatever we have sold the material there, then this currency loss will be null -- nil?

Shalinee Mandhana: So what happens, there are 3 layers of currency conversions. One is the local layer, for example, if we take Turkish lira, that gets converted into dollar terms. And when we report in INRterms at console levels that gets converted into INR. So if you see the currency translation from lira to USD, it's 62% depreciation. But when we convert from dollar to INR, the depreciation is hardly 4%. So just a translation loss.

Ravi Naredi: Okay. Another, you mentioned the 2,000…

Moderator: The next question is from the line of Nirav from ASK Investment Managers.

Nirav: Would it be possible for you to help with the volume business that was done across Turkey and Nigeria? If I can get that data for FY'24 versus FY'23, it would be really helpful.

Shalinee Mandhana: Sir, you'll get that in annual report and as a matter of policy, we do not declare countrywide data. But on overall level, if we see we have similar volume growth at international level around 10% to 15% ROCE there.

Nirav: Would it be possible for you to share any guidance for FY'25 because things have been really very volatile for our business. Any commentary on that would be really very helpful.

Shalinee Mandhana: You are asking about international market?

Nirav: Both, local and international. For FY'25, what kind of volumes can we expect across both domestic and international?

Manish Nuwal: Yes. If you look at our current domestic explosives market, and the guidance which we have given, that we should be able to deliver a growth of around 15%. And as far as international business is concerned, it is a multi-geographic position. So it will be difficult to give any volume guidance on that front. But definitely, we will be doing around -- in a range of 10% to 15%.

Nirav: Sir, in the domestic side, you said 15% of volume growth, right? Just confirming that.

Manish Nuwal: Yes, yes.

Nirav: What can be the capex number for FY'25?

Manish Nuwal: That is what Aanchal has mentioned that for this year, FY'25, we are planning a capex of around INR800 crores. And in that, defense will be around INR400 and Explosives will be around INR400 crores.

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

Chirag Muchhala: Congrats for a very good performance in FY'24. So sir, a couple of questions. First on the defense segment, so I mean, can you provide status update on the Pinaka order since Defense Acquisition Council approval had come long ago, so exactly where -- which stage the order is in?

Manish Nuwal: So as far as that long-term orders are concerned, which we have shared that we are expecting in next couple of quarters. The reason is that because of recent elections, the certain approvals are still on that block list or you can say that it is in a final stage. But as far as orders or other technical things are concerned, those are cleared. And we have also cleared the draft, contractual agreements also.

Chirag Muchhala: Okay. Sir, this would be sir for Phase 1 or for all 3 phases together now the order will be placed?

Manish Nuwal: So once it comes, we will definitely share.

Chirag Muchhala: Sure, sir. And second related question on defense is that you have mentioned in the press release that you expect some large orders in the upcoming quarters. So excluding Pinaka, which are the other product categories where we can expect large-sized orders? Sir, I can understand the quantitive details might be confidential but even qualitatively, if you can just provide some other product categories where just like Pinaka opportunities are very large, then that would be helpful.

Manish Nuwal: Yes, yes. Like we have always been sharing that we are likely to receive long-term orders for supplying Pinaka rockets. Apart from this, we have recently also shared with all the stakeholders that we have received certain export orders. And based on the current geopolitical situations and the vacuum in this market, we are expecting more orders in coming quarters. That is what we have shared. And like you are aware that we have plenty of ammunition product range and those can be from any of the products. So it's a wide range, and we will keep sharing as we move forward.

Chirag Muchhala: Sure, sir. Sir, a question on our domestic market's realization. So in Q3 and Q4, we have seen realization stabilizing at around INR44,000 per metric ton. So for the near term of, let's say, FY'25, what would be the outlook for the ammonium nitrate prices of realization? Can we expect this to also remain stable or do you expect any material increase/decrease from the current levels?

Manish Nuwal: So if you look at the trends of last 4 years, we have seen that most of the commodities has gone drastically up and in last year, we have seen that commodity has softened, and some correction has also happened from the bottom level. So as far as ammonium nitrate is concerned, we can't predict the pricing. But if we look at our business acumen or overall level of understanding, we believe that these prices are now at a reasonable or sustainable level. So these prices should keep growing on, unless there are some TAN disruption in either gas supplies or international geopolitical situation or shipping problem, which we can't predict anyhow.

Chirag Muchhala: Correct. So sir, just to clarify, you mentioned that this prices should remain stable or from this level, they should go up? I just missed that.

Manish Nuwal: So my belief is that these are reasonable and sustainable prices. That's all.

Chirag Muchhala: Okay. Okay, sir. And sir, last question. So sir, this is also the year ending call. So for FY'24 and also for the near-term outlook of FY'25, if you can just highlight the quantitatively the performance of some of our key overseas markets, like Australia, Indonesia, I mean, South Africa, et cetera. How was the performance in FY'24 and qualitatively, FY'25, how it looks like? That would be my last question.

Manish Nuwal: Sure, sure. So if you look at our international business and the scenarios which is happening, we all know that because of the rate increase, which is interest rate increase by most of the countries.

People are not finding it easy to handle this kind of situation. So most of the countries are facing difficulties, and India is one of the lucky country which has handled this situation quite way. So if you look at international scenario because of rates hike, hyperinflation is happening. And as a result, certain demand slowdown has also we have observed. But all said and then, our company has performed much better if you look at the real ground situation.

So in this year, like we have already shared that we have done sales of around INR2,457 crores compared to last year INR2,796 crores, which is a drop of only 12%. And if you look at the normal price dropping, it is more than that. So we have done quite well, especially in countries where we have also shared that we are struggling from last couple of years mainly South Africa and Australia.

Now those countries, we are more comfortable at this moment. And in '24, '25, which is FY'25, we should see much, much improved numbers. So like you are aware as our policy, we can't comment on each country because we look it as a -- from holistic angle, business as a whole. So I can say that the business from overseas is doing much better, looking at the ground situation and should do much better in FY'25.

Moderator: And the next question is from the line of Dipen Vakil from Research Analyst.

Dipen Vakil: Sir, my first question is on your product development front. Sir, recently, you had announced that there's a new product coming on anti-drone side, namely Bhargavastra. So can you give us a little bit more details regarding the product development side and when we can see it getting a user trial approvals and maybe start reporting us on the revenue side?

Manish Nuwal: Yes. What we have always been sharing with our valued stakeholders that the company is investing a lot in developing new technologies or absorbing the new technologies to develop the new products. So our strategy is to develop the latest and state-of-the-art products, which can help the nations to secure its border better. And in line with that, we are keep investing, and we have also shared that we are working on anti-drone systems. And once it develops and once we -- our products are qualified, we will definitely share those details with our stakeholders. As of now, it is in the pipeline, and we are working quite well.

Dipen Vakil: Got it, sir. Sir, my next question is slightly on the ammunition market scenario, sir. Sir, one of your competitors have mentioned that there has been an uptick -- a significant uptick in the ammunition demand led from the global perspective. Sir, so can you throw some light on the demand that we are seeing, witnessing in the ammunition side of it? And what kind of performance you expect for ammunition in FY'25?

Manish Nuwal: So as a matter of policy, we don't comment on what others are saying. But like we have been saying from last couple of quarters that we are getting huge orders from the international market. And I think that is a reflection of what's happening around the world, and that is what we are saying. And we have also captured in our annual commentary that we are expecting new orders in the coming quarters. I think that should give a clear reflection of what's happening and what company is doing.

Dipen Vakil: Got it, sir. Sir, just 1 bookkeeping question, sir. Can you give us an overall split of Explosives and Initiating Systems and Defense in domestic as well as international?

Manish Nuwal: So we have already given the sales revenue breakup in our presentation. But we don't give the volume on global -- let's say, India, separately and global separately because the product range is quite wide, and it is not wise for us to share all those details in the interest of the company.

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

Bharat Shah: A hearty congratulations for the year gone by. I think a year of remarkable tumultuous changes. Ammonium nitrate price volatility, world like a war zone, which in some sense is beneficial to you. But a lot of volatility in many, many key metrics and to manage that and to emerge from it stronger, certainly team Solar and you both deserve great compliments. The -- just 1 or 2 questions on the future outlook. Earlier, we have many times discussed that long-term growth is going to be 20% plus in volume terms.

And it would remain at that level or better for at least next 3 to 5 years, considering all the various product initiatives, opportunities within country, outside country, defense and nondefense, all applications. And that is something we have felt comfortable again and again. But for the current year FY'25, volume growth we have saying is likely to be more like 15% domestic and international, hard to club it all together, but maybe 10% to 15%. But in value terms, you gave a guidance of 30% jump in revenue. So, a, is the volume growth softened compared to 20%; and b, therefore, we expect some firming up of the price so that revenue growth is 30%?

Manish Nuwal: Sir, if you look at our -- the guidance, we have said that in this year, we should grow by around 30% on top line basis. So if you take the defense out from that, the growth from say around INR510 crores to threefold, which will be around say INR1,500 crores-plus that is our expectations.

If you remove that additional INR1,000 crores from defense, it means that around INR1,000 crores will come from the core explosives business, which in itself is around 15%. So we believe that these prices, even if they don't go up or don't go down, we are considering the prices to remain at these levels, we are expecting 15% volume rise across the globe.

So it can vary, in India, it may go up by 17%, in global market, it can grow up by 12%. So it's a mix of all. So based on that kind of understanding what we have on our business, we are expecting 15% rise from explosives business and around threefold increase in the defense business, which will help us to grow in FY'25 by around 30%.

Bharat Shah: Therefore, by implication, defense business would have a better pricing, I suppose?

Manish Nuwal: Absolutely, sir, because like we have been sharing that defense businesses are doing better. Although in number terms, we can always say that it is only INR510 crores, which is lower than INR750 crores target. So we accept that it is lower than our target. But like we said that because of the supply chain issues on the Red Sea side has deferred the shipments. But those are the business challenges. But as far as pricings are concerned, definitely, prices in defense products are better, margins are better.

Bharat Shah: Right. Sir, I understood, nondefense part of the business, volume growth will be 15%. Defense will triple in rupee terms. And given the fact that it is better pricing, therefore, overall revenue growth, you expect to be 30% in rupee terms.

Manish Nuwal: Yes, sir.

Bharat Shah: Yes. And my implication is you mentioned also that margins are expected to improve because defense business is margin rich kind of activity. So that will pull up the margins? Or nondefense business also is expected to improve the margins?

Manish Nuwal: We sincerely believe that the margins we are getting from our core business is quite comfortable level or more than a comfortable level. So we don't oversee that it should go up drastically. Even if we're able to maintain these levels, then it is quite commendable. Another factor that there are certain territories where we would like to expand our volumes and there are territories which we were making losses. So in this FY'25, definitely turnaround has already started, so we will do much better in those territories. And we would like to expand volumes in the coming years. So it's a mix of various strategies, but ultimate strategy is to expand volumes and increase our market shares.

Bharat Shah: Sure. And therefore, satisfactory margins you would put it as in 22%, 24% range?

Manish Nuwal: For Explosives business, we expect around 20% to 22%. And from defense, we have better margins. So business as a whole, we are saying we should do more than the current level, which is around say 23%.

Bharat Shah: Sure. That's what I meant. And 1 last question, Manish. Over many discussions in last couple of years, and you generally believe that volume growth would be 20% plus. So in the current year, that's a bit of a lower one, but it's -- I hope it is one-off. And longer-term trajectory for 3, 5 years, we are looking at volume growth of 20% plus. Is that correct? Or any revision there?

Manish Nuwal: Sir, if you look at our last year's annual call also, you have raised the same question and I have replied to that, that we are working on volume increase of around 15% plus in coming years on compounded basis, and bottom line should increase by at least 20% on compounded basis.

So sir, based on that, we are actually doing better than that. And if you take last year basis, which was around INR809 crores bottom line, so if you multiply and do the compounding, then it should take around 4 years to double up that level.

But we fairly believe based on the opportunities which we are getting and the way we are executing those things, we believe that if you take last year base as INR809 crores so if you multiply it or double then we should do it in 3 years' time. So which is even earlier than what we have explained to you earlier.

Bharat Shah: Okay. No, I appreciate it. And once again, congratulations for the remarkable performance in very, very difficult and volatile conditions that the last year represented. Hearty congratulations.

Manish Nuwal: Thank you, sir. Thanks.

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

Amit Dixit: Yes. Congratulations for a good performance, sir, in a very testing time for aluminum -- ammonium nitrate prices and all. So a few questions from my side. Just wanted to know because you have upped the capex significantly compared to last year. So -- and you are indicating that INR400 crores would be towards defense and INR400 crores towards explosives.

Is it possible to highlight the particular -- I know actually defense is a system space but in explosives where we are expanding, are we expanding capacity at the current space? Or it is also to do with the -- with some of the greenfield projects that we might undertake?

Manish Nuwal: Yes. If you look at our capex programs, which we have done over last couple of years, and if you look at the guidance of '25, so the expansions which we are doing it at our -- the current mother plant, which is at Nagpur and the expansions of new facility, ground -- greenfield facilities, which is coming out around the location, which is on Gujarat and Maharashtra border.

And the company which we acquired in the last year, which is Rajasthan Explosives and Chemicals. If you combine all these 3 and the future additions in our capacities for delivering more bulk explosives. So if you combine all these 3, 4, we are expanding our facilities quite aggressively and almost creating facilities for next 4 to 5 years. So for that, this investment is required.

And mainly in overseas market, we are entering into new territories, although investments will not be big but if you look at our 7 to 8 countries current presence outside India, and the upcoming facilities, we need to invest. So for explosives, in combination, we are expecting not less than INR400 crores in this FY'25 and defense because of the huge opportunities coming up so we have received lots of orders.

We are expecting a lot of orders in future as well. So based on those things, we are expanding our facilities to supply more quantities. And at the same time, we are investing a lot in developing new products. So if you combine these 2, INR400 crores is nothing, in coming years, we will scale up these capex programs.

Amit Dixit: Wonderful, sir. That's helpful. The second bit is on defense space. So if I look at your order book, what has been understated is the texture of this order book. So our export order book, particularly the orders which are of shorter duration have gone up significantly. Now while we expect to receive the -- or some certain big orders in the country, will this -- will getting these big domestic orders also open up further export opportunities for the similar products?

Manish Nuwal: Yes, that is what I said, no, we are getting huge inquiries and lot of traction is there. And as a result of which we already received orders and we are likely to receive many orders in the coming quarters. These are apart from the programs in which we have already participated for the Indian business programs. So it's a mix of India's defense programs as well as the export of these products for the market, which is outside India.

And that's the policy of our government of India that we should make our country self-sufficient and now they are talking about making India the export hub. But our company is already working in that direction from last couple of years. And in last say, '23, '24, we have seen a glimpse of that. In '24, '25, we will see the clear picture of that.

Moderator: And the next question is from the line of Rohan from Nuvama.

Rohan: Congratulations on a strong set of numbers in such a turbulent time. Sir, my first question is on the volume growth guidance which you have mentioned is roughly this year is looking close to 15%. Sir, I think that '24 year gone by was even more challenging and with the high TAN prices, explosive prices were on the higher side. Then also we could achieve 20% kind of a volume growth in the current year.

So just wanted to understand that the weakness which you are anticipating in the next year in terms of the pure volume, while the infra activities and all remains solid. So -- and when the Coal India demand and everything is still on track. So just wanted to understand that the reason for looking at a 15% kind of volume growth for the next year.

Manish Nuwal: So if you look at the current situation, we have said that our volume growth will be plus 15% on compounded basis for a couple of years till if anything slows down or coal mining slows down or infrastructure slows down. So we have achieved 20% volume growth in FY'24, and we are saying 15% plus growth in '25. So if you look at the dynamics of the businesses, whether changes are happening, some slowdown can happen for a couple of months and all that. So it impacts our business.

And if you look at the global businesses are also that last year was the worst year as far as business is concerned in last 3, 4 years of time after the COVID. So we are recovering out of that. And if you club all these 3 factors and if you keep some bit of uncertainty in any kind of business, so we are giving a fair guidance of 15% volume rise, which is also quite good if you look at the overall growth rate of around 8% in the Indian market.

Rohan: No sir, absolutely it's quite encouraging to -- even at 15%. I just wanted to understand the reason for slightly -- some moderation in numbers, which we are seeing in growth for the year. So I get your point you are being slightly I mean conservative and looking at the current environment. Sir, second is...

Manish Nuwal: So Rohan, what happens that sometimes you believe that in Indian market, it is growing at 7% and how you are saying that you will do 20%. So there are certain bit of uncertainties or more understanding of the business which we have. So based on that, we are saying 15% plus volume growth. Which doesn't mean that we will end up at 15%. It can be higher, 17%, 18% or it may be 20%.

Rohan: Definitely, sir. Sir, coming on our defense business so current quarter has picked up very well and your growth -- I mean, your guidance for next year is quite increasing with roughly INR1,500 crores to INR1,600 crores kind of revenue. Sir, you are talking about further putting INR400 crores capex in your defense in the current year. And I understand that broadly we would have invested close to so far now INR800 crores to INR900 crores in defense business.

Sir, I mean, though we do understand that the defense follows any asset turnover metrics because here the delta can be quite high. But just to give some broad numbers, if you can get that what kind of asset turn or the -- this defense in a longer term can have on an ongoing basis over next 2 to 3 years?

Manish Nuwal: So I think if you look at our current year, we have been around INR509 crores. And next year, we are expecting that it should triple, which is around INR1,500 crores. And as we get more orders like we have said, we will also give the next level of guidance in coming quarters. So let us wait for that time, and then you can do your own calculation on asset turnover and all that. Because we don't run our business on those logics.

Rohan: Okay. So I was just looking that from a INR1,500 defense for next year and if we continue to maintain that run rate, are we planning to invest significantly in FY'26, maybe defense as a business may require an investment of INR500 crores to INR1,000 crores or it will be sufficient with the current investment and after that, investment in '26, '27 will be moderated at INR300 crores to INR400 crores annualized number? That's what I just wanted to understand.

Manish Nuwal: Okay. If you look at our last 5 to 7 years of growth, the cash accruals and capex programs. So it was quite clear that we were passing through a phase when cash accrual or business profits were less, and capex program was on a higher side, which means that capex was more than the cash accrual. And if you look at our commentary of last couple of years, we have said very clearly that we are investing these things for the future business opportunities.

And if you look at last year's number, our profits or cash accrual is more than the -- what we invested. And if you look at '25 guidance, and we are saying that revenue should increase by 30%, and you do your own calculation on the EBITDA and profit, which will be not less than 40% growth, right?

So if you capture that and if you look at our capex program, now it has almost reached to around 65% or 70% of what we are accruing, so we have entered into another phase of our company's future capex program or strategic placement. So as we are moving up, we are announcing the capex programs. And definitely, we will announce more as we move forward.

Rohan: Fair enough, sir. And sir, just last bit from my side. And so on a global markets, definitely, we have seen Nigeria and Turkey going through the tough environment. But apart from currency, have we seen that volumes have been impacted in these markets and in the current year, in FY'25, if you can give some sense that the newer markets where we have entered Australia, Tanzania and all last year so how these markets are picking up? And any new markets you are planning to enter into the current year?

Manish Nuwal: So I have already answered a similar question in my earlier call. And if you look at the transcript of that, it is very clear that as far as business is concerned, international markets are getting impacted because of the higher interest rates and higher interest rates resulting into the hyperinflationary situation in some of the markets. And because of these factors hyperinflation is there, currency fluctuations are there, and lack of dollar availability is also there in some of the African markets. So these are the ground realities.

And as we move forward, these things should improve. And based on that, we have already said that our overseas business will be much better in FY'25. And I think that is enough kind of explanation on what is happening on the ground, what we believe, what we have achieved and what we are going to achieve.

Rohan: Sir, any comment on the newer markets you're entering?

Manish Nuwal: We have already said in the last quarter that where we are expanding.

Moderator: The next question is from the line of Manish Mahawar from Antique Stock Broking.

Manish Mahawar: Congratulations, Manishji and team Solar. Sir, just 1 question in terms of explosives -- domestic explosive market perspective, what was the market size of explosive in India last year FY'24 and our market share?

Manish Nuwal: So we will do the test. You will have to give us some time. We will do that work.

Manish Mahawar: Okay, definitely. But industry has grown around 7%, 8% that you said, right, in the comment -- one of the comment?

Manish Nuwal: Yes, yes.

Manish Mahawar: Okay. And sir, maybe 1 more question. In terms of your overseas business, right, we have already been -- I think 2, 3 years back, you have said you will expand to 4 to 7 to 8 geographies. How do you see over next 2 or 3 years from here on will we add -- we'll add furthermore 3, 4 geographies? Or we just wanted to ramp up these 7, 8 geographies first from here on, sir?

Manish Nuwal: Like we have already said that we are expanding our global footprint. And in line with that strategic decision, last year, a couple of quarters back, we said that we are entering into the Rajasthan market and Saudi Arabia. So we are working on that direction and very soon these 2 global market or countries will be on our map.

Moderator: Due to time constraints, this was the last question. I would now like to hand the conference over to Mr. Amit Dixit for closing comments.

Amit Dixit: So thanks, everyone. I would like to thank Manish sir and the management team for sparing their valuable time this morning. Thanks to all the participants for attending the call. I would like to pass it on to the management now for any closing comments, sir, that you might have.

Aanchal: Thank you so much, Amit. It was a very wonderful call. We expect our well wishers to keep supporting us and boosting our confidence just the way. Thank you so much.

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