

June 7, 2024

To,
The Manager

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra – Kurla Complex, Bandra (E),
Mumbai – 400051

Script Code: SOLEX

Sub.: Submission under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Transcript of Investor Conference Call.

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, please find enclosed herewith the transcript of the Post Earnings Conference Call held with the Investors/Analysts on 03.06.2024. at 03:30 p.m.

Kindly take the same on the record.

Thanking you,

Yours faithfully,

For, Solex Energy Limited

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MEHRZIN
CHINIWALA

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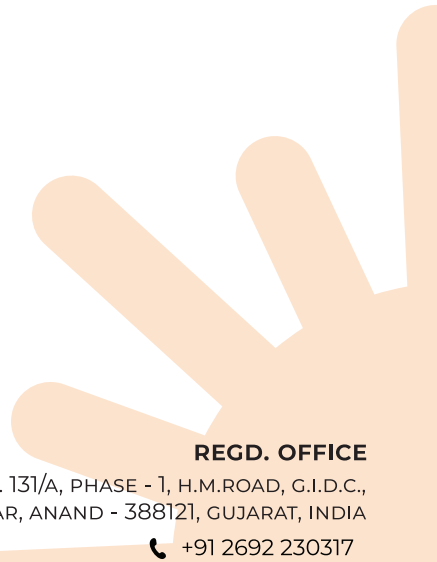
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SOLEX ENERGY LIMITED

H2 & FY24

POST EARNINGS CONFERENCE CALL

June 3, 2024 03:30 PM IST

Management Team

Mr. Chetan Shah - Chairman & Managing Director

Mr. Piyush Chandak - Executive Director

Mr. Vipul Shah - Director

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the H2 and FY'24 Post Earnings Conference Call of Solex Energy Limited. Today on the call from the management we have with us Mr. Chetan Shah, Chairman and Managing Director; Mr. Piyush Chandak, Executive Director; and Mr. Vipul Shah, Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risks and uncertainties. Also, a reminder that this call is now being recorded.

I would now request the management to briefly explain us about the business, performance highlights for the year and the half year that went by, the growth plans and the vision for the coming year, post which we will open the floor for Q&A. Over to you, sir.

Chetan Shah: Okay. Thank you very much, and hello to everyone. And very good afternoon to everybody. As introduced by Mr. Vinay, my name is Chetan Shah, and I have with me my colleague, Vipul Shah and Piyush Chandak. So basically, welcome to all of you for this session. And I'll just brief you about Solex and the business perspective of Solex. We are one of oldest company in Solar business. We're almost 29 years now we are in business. We started our journey as a thermal and then got into the Photovoltaic in 2007 with a small capacity.

And now, basically we have a wonderful setup in Solex, that is a new factory at Surat. The total infrastructure of this factory is 4.5 gigawatt out of which we are already operating one production line. Total, we are adding four production lines. Out of which, one production line is operational. And other lines now, basically we are adding up.

So basically, this is a very highly documented and process control factory, which is I mean accepted by the global leading players also for their OEM requirements in our facility. So, we're proud to say that, like we are the only non-Chinese OEM company for the leading Chinese player outside China. I mean those who are like, they've certified us and we are qualified to produce as per their quality standards and requirement.

So, I mean, we can say like, we are a professional OEM company apart from our own Solex brand. We do OEM for globally leading brands as well as many Indian brands as well. We are restricted, because of we have signed an NDA with them, so we cannot disclose

their name in a public domain. But we do OEM for almost about 20 companies now with their different requirement and different quality criteria.

So, we have like in-house reliability test laboratory also, which is as per the IEC standards, which are the global standards. So, in India, we have laboratory called UL, TUV. We have a similar kind of setup here for the in-house testing where we do the reliability test for every batch of modules. And that is how, I mean our products are certified. Our manufacturing facility has been certified by the global players. And we are in discussion with many other global leaders also.

Last year, in fact apart from our OEM business and Indian business, we have started export also to Europe, mainly Germany, and Africa. That was the beginning for us. So, we do qualify for export, overseas customers like for the different country like U.S., we do have all the certification including CEC and UL. Our products are listed on CEC website also in U.S. So, we are looking forward to have some beginning in the U.S. market as well.

Since the U.S. has put a sanction on import from China in USA. So, there are a lot of opportunity which are opened up for the Indian module manufacturers. Many Chinese companies are having their facility in Southeast Asia like Vietnam, Cambodia, Thailand, Malaysia. And the U.S., there are representation already made with the government. And U.S. government is seriously thinking about putting on sanction to those countries also, because all the factories are owned by the Chinese owners in Southeast Asian countries.

So, India has major advantage on this. There was a talk in between, but then it has been clarified that they're not putting any sanction on Indian manufacturing. So, I think there's a huge opportunity which has opened up for the Indian manufacturers in U.S. like the Solex also has. So, we are eyeing on and we are working in this direction as well.

So, Europe, Africa, it's already started on board. U.S., this year, we are considering like to have a breakthrough. And yes, of course, the way the India market is growing, the way the speed of the Indian market, the government is targeting almost about 30-gigawatt installation per annum, which is jumping from 15 gigawatt to 30 gigawatt. So, there's a huge opportunity which has come up in India as well.

And I'm looking forward to have, I mean the better policy in terms of land acquisition and transmission, which the governments has already

spoken in public domain that there are a lot of policy changes which are anticipated after the forming of new government. So things will be easy for the Indian developers to set up their power plant for the captive use also and for the third party sale as well.

Apart from that, there are many like government subsidised programme, which are already announced like PM Surya Ghar, PM KUSUM. So that has opened up huge opportunity within the country for the projects. So, every project requires modules. So, and since the ALMM is in place, these opportunities are opened up only for the Indian manufacturers. So, I think, now it is a matter of the capacity addition and how fast you ramp up your capacity and efficiency. The business is already lying in front of us, and then we need to capitalise on that. So Solex is geared up for that. And with that reason only, when we acquired a land here for setting a power factory, it was keeping on the mind that, we want to go to the 4.5 gigawatt in this premises.

But of course, we did not opt for that 4.5-gigawatt equipments in one shot because of the various political and geopolitical issues. But now I think the situation is such that we can on a fast track, we can ramp up our capacity and reach to the 4.5 gigawatt, and then go for the further expansion in cell line and the module line as well. We are equipped with all latest technology, so our production lines, even current line also is ready for P-type and N-type. Our upcoming production lines are also compatible with P-type, N-type TOPCon 16 busbar and the HJT technology, so which is not actually entered in India as of now. But I think within few months, HJT will be in demand. N-type, TOPCon, and HJT will be in demand. So, we are already ready to produce this modules as well. So, we are quite flexible in terms of variety of product manufacturing in our facility and their various size of a product also.

In fact, I would like to share that, we are the first company to get enlisted in ALMM when it was launched in 2019. So, but somehow government delayed the implementation of ALMM and finally from 1st of April, it has been implemented. We have highest number of models listed in ALMM. So, if you look at the ALMM list, Solex has the highest number of models, 249 models which are already listed in ALMM which is highest in compared to any other listed entity on ALMM. So, we understand the business very well. We know the product demand, the variety of product that so what I'm trying to say is we are scalable.

We can deliver, we can fulfil the requirement of any kind of project or any type of models, because like when it comes to the PM KUSUM, water pumping projects, there's a requirement of the 500 watt peak models. When it comes to the private captive projects, there is a requirement of 550 watt peak or maybe when it comes to N-type TOPCon, there is a requirement of 580 watt peak models. So Solex has capability to manufacture right from 400 watt peak to 580 watt peak models. A complete full range of product that we have all certified and all listed.

So, it is not that when we have order we look for certification or the listing of our product on, with the respective government authorities. So, readiness is, we are watching market very closely. We know what is coming in after three months or maybe six months that we follow. We keep a track of government tenders, what kind of tenders are coming and what kind of modules requirement would be. And we keep ourselves ready.

In fact, we have 600 people working in our organisation and we are proud to say that 60% of our manpower, they are the indigenous people. They come from the tribal belt. And the kind of skill development that we do for those having the ITI or Diploma background, then we train them to run our fully automated robotic plant. And in fact, in true sense, they are our real asset. So, our factory is in a tribal belt, just outside Surat and we have hired people from this area only. And in fact, the efficiency of these people that you have seen in past that you have come up with so many milestones, that 60,000 modules in one month and highest production in a day on our production line and so on.

So, I think the kind of efficiency that we work that we focus when we have a factory, we have been so that we work with highest efficiency and the highest standards of quality and the lowest wastage. So, these are the key ingredient for any successful factory, and that is what we are focused. And we have achieved good numbers, and we are continuously improving on that.

So that is a Solex background. And, because of our manufacturing scalability and OEM portfolio, I think Solex branded modules are also very well received in the Indian market as well as overseas market also. Because the way the quality parameters that we have set up, the process control, the equipment control, the calibration level which are highest. So, the people are having trust in Solex branded modules as

well. And we are increasing our ratio in our Indian market as well as overseas market also with the Solex branded module.

So, people are now bidding with our modules, for the like project size of 50 megawatt, 100 megawatt. They are incorporating Solex branded modules for their projects, and they are getting approvals from the various government authorities. So that is a good sign for us for the future. And that will definitely enhance our utilisation of our capacity, and that will definitely help us to justify the expansion of our new production line in a very short period of time.

So, as I said, the cell line technology is also changing so fast. Right now, the P-Type Mono PERC is a very popular, N-Type TOPCon is also getting now popular. So, we are seriously considering our future investment into cell line, and basically having a cell line is something where you can definitely have a better control on a value chain.

In fact, I would like to share the opportunity for the cell line is that India has almost about 10 gigawatt of DCR projects where the cells also has to come from the Indian factories. That is a 10 gigawatt projects are already announced, which includes the PM Surya Ghar, which includes the PM Surya Ghar Yogana itself is a 25 gigawatt. So the PM Surya Ghar, PM KUSUM, whereas they have a water pumping projects and the ground mounted grid connected projects. So these projects, basically requirement is almost about 10 gigawatt per annum for the module. Against which the cell capacity in India is operational capacity, if I have to tell, it is hardly around 3 gigawatt.

Though the nameplate capacities are more, but the operational capacity is 3 gigawatt. That means the cells available for the Indian factories are only 3 gigawatt against the demand of 10 gigawatt. So those who are, like there are many companies are now coming into the cell line. They will take their own time. But I think Solex has also a better opportunity because Solex is already into the module business. So we can have a better captive requirement and the utilisation of the cell line as well. Since we can have a customer for cell as well as we can utilise the cell production for our own module factories. So I think we do have that advantage, and we realise that. We want to move quickly into that business as well.

So internally we have started working. We don't have timeline and numbers right now, but I think very soon once we are ready with that, we'll be able to produce, I mean inform everyone about our timeline and the investment and other numbers. So, currently, what we are

focusing is a module, and the road map, I have already explained. So I think, that's it from my end. Vinay, in case if you want to add something more?

Question-and-Answer Session

Moderator: Sure. We will open the floor for Q&A. We already have people waiting to ask questions. We will start with Agastya. Agastya, you can go ahead.

Agastya Dave: Thank you very much for the opportunity. Thank you, Mr. Shah. Very nice explanation in the beginning itself. You touched upon most of the areas that I wanted to ask questions on. I'll just ask you to elaborate a few points. Starting with this U.S. tariff, which has been imposed, you mentioned that you were already exporting, and there is obviously a lot of potential for Indian manufacturers. But can you quantify exactly what will happen and how things will pan out? Because as of now, there are so many variables in the industry. At one end, you have a lot of oversupply, and we have seen the international prices crapping out over the last 12 months, the module prices and the cell prices.

So in light of that, so I was a bit surprised that if the solar, and renewable sector is for the future, why are not governments utilising these low prices to procure as much material from the international market as possible? I understand the geopolitical reasonings here, but I don't know. Is there a chance that the governments will change their mind, especially the Indian government? I mean, why will they not ask people to buy as much from the international market at throw away prices?

Chetan Shah: Okay. Now so basically, the international I mean the import was already there in India. Almost 90% of the total solar panel utility, I mean consumed in India, 90% was coming from the foreign market, and particularly majorly from China. So that scene was already there. Just to safeguard because energy is a core area, like where safeguarding of I mean the energy security in country is something which is very important. And that is the reason government always wanted to have development of a domestic manufacturing.

Now if you look at the price point that you said, like the low cost product, import of the low cost product in India. In fact, if you look at the last two tenders which has happened in Gujarat, in fact the China company they quoted higher and the Indian companies quoted lower

than Chinese price. So I think, India is also very competitive in terms of costing, and we are at par with the international pricing.

Any country who is giving additional support for the export or I mean strategic financial assistance for exporting to our specific country. That is something which is inorganic, but otherwise in a natural way, we are as competitive as manufacturing cost in China. And as a Solex, we have already proved that we have already done OEM for our Chinese factory, Chinese leading brand, top brand in the world. And they also realised that we are very competitive in terms of cost, in terms of efficiency also we are very good. At some point, we are better than their factories in China and Malaysia. So I think now those days are gone where like people wanted only low price this thing, people want good quality product also.

Of course, I don't say that those imported products were not good quality. They were also I mean, those product which are coming from the high brand, they were also of good quality. And in fact, they lead the technology. So, basically, there is a lot to learn for the Indian manufacturer from them in terms of technology, in terms of efficiency.

But I think now considering the price, like even that India is also selling at a very, very competitive price in spite of paying duty on a raw material. I mean, the Indian panels are quite affordable for all the projects owners. And because of this price advantage in fact, there are and the increase in the electricity cost in fact, there is a huge demand which has arise from the captive users. So one is that the third-party cell that you need a government tender, and then you set up a gigawatts or megawatt or gigawatt scale projects and sell the electricity to the government, one.

Another is captive, which is in the range of anything from 5 megawatt to 50 megawatt. So that number has increased in India. So I think there's a huge demand. It's almost about 8 gigawatt per annum is Indian captive user requirement. So apart from that PM Surya Ghar, apart from PM KUSUM utility scale, I mean grid connected water pump, and this is another sector where it is a cash and carry kind of business where people wants Indian modules, and they're happy with the Indian modules and which is peak also. Like, you are not paying in USD. You are paying in INR. So which is giving you a better advantage over this thing, because rupees always I mean it's constantly getting depreciated, and you end up paying more money than what we anticipated.

So I think, my answer to your question is Indian modules are also equally competitive, so there is no reason to continue with the import of modules in India. And when it comes to the Indian demand, currently, the kind of capacity that India has and the people have already ramped up. A lot of companies are under their certification process. So maybe in two months, three months' time people will have a certificate for the N-Type product. So I think that has opened up, apart from Indian market, the U.S. market. So I was just mentioning about the U.S. market. U.S. has basically 50 gigawatt requirement per annum, more than 50 gigawatt. In fact, but since last one year that we have observed that that consumption has little bit decreased because of various political reasons.

But now in fact, it will go up to 100 gigawatt per annum. So, I think if you look at, I mean the expansion of a manufacturing USA. But at the same time, the Indian cost is also very competitive. So it is always good to manufacture in India and export to USA than manufacturing in USA. The U.S. manufacturing cost is very high. So that is again subsidised if you are buying a U.S. product. So subsidy won't sustain so long. So in long run, India has a better advantage in terms of the cost and the consistency in pricing.

Vipul Shah:

One more thing which, I like to add. Like you said that why government will -- how long will the ALMM continue or how much protection will continue? So one major reason like Chetan said, we got ALMM registered in 2019. And finally, government introduced ALMM this year from 1 April, 2024. The reason was India was not having the capacity. So now we have sufficient capacity.

So, like as Chetan said, the previous the main focus of the government was the energy requirement. So previously, if you say the EPC companies had an upper sale, and so ALMM was not introduced. But now government is confident that we have sufficient capacity installed in the country, which can cater to the requirements of the domestic market. And that's the reason why ALMM has introduced. And I think so, we don't see that there is any chance for government to go back on ALMM.

Chetan Shah:

So adding to this, on ALMM front. In fact, currently in India, the installed capacity, the nameplate capacity is 60 gigawatt. Out of which, 43 gigawatt is already listed in ALMM, so which is official numbers. So and the way the people are expanding their capacity, I think by end of 2025 or maybe the mid of 2026, India will reach nameplate capacity of 100 gigawatt of modules. So I think, if you

consider the realistic capacity and if you put only the 65% to 70% of the realisation of that capacity. So then also India can fulfil the requirement of own country as well as or U.S. So I think we have a bit of advantages compared to the same.

At the same time, now Europe is also going on the similar line of U.S., and they have been talking for almost 1.5 year. So now they are about to, maybe three months, they will realise to implement this. So India will have another opportunity from the European segment. Yeah, okay.

Agastya Dave:

Great. My second question is related to your financials. Here the problem that I've been facing in analysing the company is that I don't have the capacity utilisation numbers. And I can't really figure out your costing properly, because you are growing so fast, and I'm pretty sure even the operational line is not fully utilised as of now. So, I have two sub questions here. One is your capacity utilisation numbers for the first half and second half? Second, for the coming year, can you guide us towards some kind of average realisation per watt that we should be taking? And what kind of effective capacity will you have for this year, given that second line will come tentatively in the second half? So, if you can give some sort of a guidance there, and hence, what kind of EBITDA margins we can see. I'm more interested in your like, when you are producing 1.5 gigawatts, what kind of EBITDA margins? Can you reach like 11%, 12%? That is the question.

Vipul Shah:

So, first thing you need to understand is the nameplate capacity and the actual capacity. So when you speak of the nameplate capacity, the industry speaks of the maximum capacity of module, which can be manufactured. So like the current plant what we have that can manufacture modules up to 700-750 watt peaks. But 700-750 watt peaks is not acceptable in the market. The current modules in demand are 540-550 watt peak of modules. So if you want to compare from the industry per se, you rather than going directly with the nameplate capacity, you should go for the number of modules what we manufacture.

For Solex, average what we project is of 50,000 modules per month. So this is an average module like, we have gone up to 60,000 also in one month that was the higher obviously. So, when it comes to 50,000 modules per month, we say we are operating three shifts and with almost 28 days. When you talk, you speak of capacity utilisation, with installed we can say we are operating at 80%, 90% of the capacity, which is the achievable capacity for the industry.

- Agastya Dave:** Okay. So this is for H2. If I look at H2 number, that is 80% of your existing capacity being utilised.
- Vipul Shah:** Yes. 80% to 90%, that's it. And lastly, September, October onwards, average we are manufacturing around 50,000, 50,000 plus modules. And the decision to ramp up the capacity, so we were looking for that we wanted to reach three months of the full utilisation. And we are fully be able to achieve it. And now we have placed orders for the new line.
- Agastya Dave:** Okay. So what kind of realisation we can assume for next year?
- Vipul Shah:** Next year, what we are targeting is full-year of the current line and four months of the new line. And we are targeting roughly 80,000-85,000 modules per month for the new line and 50,000 modules for the current line. And so first, this '24-'25 we are targeting turnover of ₹800 crores to ₹900 crores, which includes EPC business of ₹100 crores. And with the full-year of operation, maybe if you consider full 12 months of operation of both the lines, we target with ₹1,300 crores to ₹1,400 crores of turnover, which will not include any EPC business because we have started one new EPC company. So, hence what, once the company is operational, the EPC business will go to the subsidiary company.
- Agastya Dave:** And you can do double-digit EBITDA margins. Can you reach 12%, 13% at full utilisation?
- Vipul Shah:** Yeah, being conservative, like you need to understand the industry. When you want to a maximum capacity utilisation, you have always have to keep a balance of own brand and OEM. So those people they've considered more on own brand only, they are not be able to reach to this capacity utilisation. Our concept is global factory. Chetanbhai is always, he keeps on saying and boosting that we are a global factory.
- Agastya Dave:** Understood.
- Vipul Shah:** So we don't mind manufacturing, even for our competitors also. In fact, that endorses our brand more, because whatever panel we manufacture for OEM also, there it is mentioned that it is manufactured by Solex. So whenever any user, maybe the EPC, B2B, B2C. So in fact, they are our brand ambassadors. So our competitors

also are promoting our brands. So the EBITDA margin what we are focusing is anything between 9% to 11%.

Agastya Dave: 9% to 11%. Okay. Great. I'll go back in queue. I have too many questions, but there are other people in the queue. So, thank you very much.

Moderator: Thanks, Agastya. We'll go to the next participant, Nikhil Chandak. Nikhil, you can go ahead, please.

Nikhil Chandak: Yeah. Thanks. It's a follow-up to the earlier question. Just to be sure, for fiscal '25, you are saying your revenue target is somewhere in the range of ₹800 crores to ₹900 crores. So is that understanding, right?

Vipul Shah: Yes.

Nikhil Chandak: Okay. For an EBITDA margin between 9% to 11%.

Vipul Shah: Yes.

Nikhil Chandak: Okay. I mean, this is a very sharp expansion in EBITDA margin, right? You ended the year somewhere at 7.5%. In fact, that's a big concern for the entire sector. Everybody is expanding, but the margin profile is so weak. Your EBITDA margins don't cross 7%, 8%. The PAT margins after everything becomes like 2%, 3%. So how confident are you that this EBITDA margin from 7-ish will move to 9%, 10%. And what will lead to that expansion?

Vipul Shah: If you see, we are at 7.76%. And with the expansion and full-year of operation of the enhanced capacity also right now. Last six months, we've been able to achieve 80%, 90% of our capacity utilisation. So when you discount it well, when you cover it for the entire 12 months, so that is going to help us to improve the EBITDA margin. Plus as the Solex brand is accepting, but it is increasing in the market.

So as and when the percentage of Solex own branding will increase, it will help us in. So that's why we have kept it 9% to 11%. So it will all depend upon how much hard we can push Solex own brand also. At the same time, we have to balance the capacity utilisation also. But we are comfortable that, I think so 9% is a comfortable number for us.

Chetan Shah: So, basically, adding to what Vipul saying. In fact, kind of infrastructure that we have, which is for 4.5 gigawatt. And we have a fixed cost also in terms of infrastructure. We have a manpower also,

the senior leadership team and all. So, basically, currently, we produce 50,000 modules a month. And with the same infrastructure, and with the little addition of manpower, we will produce 135,000 modules. So that will be the factor for improving our EBITDA margin for this. So there are many such factors.

Nikhil Chandak: In this expansion 4.5, that will be -- what is the target by when does it get done to 4.5 gigawatt?

Vipul Shah: We were like to inform. Like, from day one, we had land ready for 4.5 gigawatt. Building, we had done ready for two lines from day one. So that's for 1.5 gigawatt. Now we have started construction for the another three lines. So, 3 gigawatt. So construction, we feel before rains, we'll come out from the ground and maybe six months or nine months maximum. The new factory will be ready for installation of 3 gigawatts. So this is the preparedness. But, obviously, you have seen we have been very conservative when it comes to expansion. If you see, we were ready with this building, since last two years. But when we started actual production, the first line.

So we are very conservative when it comes to expansion, and it is going more by the business dynamics then rather than the expectation of the market or the other stakeholders. So the preparedness is like the building is getting ready within eight to nine months we'll be having the building and infrastructure ready for installation of 3 gigawatt. So I think so, this gives how ready we are for the third round of expansion.

Nikhil Chandak: Understood. And one last question. So you mentioned about, a lot of expansion happening in the industry and say the industry reaching a capacity of 100 gigawatt in the next one year. Now the question is, are we staring at a risk of overcapacity in the domestic market? I understand the big targets are there and annually x percentage, x gigawatt has to be added and so on and so forth. So we're well aware of the larger industry, what the target is. But it may not happen annually. It may take a few years for the industry to kind of reach those kinds of targets. In the interim, aren't we staring at an overcapacity situation?

Chetan Shah: This expansion is not happening considering all the Indian market. So, basically, as I said, the U.S. is one of the very big, the Europe is coming in. They are again coming back. I mean, they are the leaders in terms of adoption of a renewable...

- Nikhil Chandak:** Sorry to interrupt. Out of this 100, how much would we cater to the domestic market and how much exports you think rough cut?
- Vipul Shah:** So first thing 100 is the nameplate capacity. So first thing, you cannot take it as the actual production. So that will give you a big understanding. So when you talk of 100 gigawatt of the nameplate capacity, the actual utilisation is then how much you...
- Chetan Shah:** Basically, the actual output will be on a higher side, it will be 70 gigawatt. Out of 70 gigawatt, India will have anything between 25 gigawatt to 30 gigawatt, and rest will go to U.S. U.S. has the opportunity for almost 100 gigawatt. Out of which, even if India gets a 40% share in the initial years, then it is almost about 40 gigawatt, which will go to U.S., Europe will have somewhere about 5 gigawatt to 8 gigawatt market share for Indian modules.
- Vipul Shah:** Africa, we are not considered...
- Chetan Shah:** We are not counting Africa and Middle East.
- Nikhil Chandak:** Sure. But there'll be other countries as well, right? It won't be only India exporting to the world.
- Chetan Shah:** Yeah. So that is I'm just counting countries where there is a sanction on other countries.
- Nikhil Chandak:** Perfect. Great. Thank you so much. Thank you.
- Chetan Shah:** The China and Southeast Africa they have a sanction, and that is the reason we are counting those countries.
- Nikhil Chandak:** Sure. Thanks.
- Moderator:** Thank you, Nikhil. Before we go to the next participant, I'll take one question from the chat. The question is from Manish. His questions are, first, how much EPC order book the company has on 31 March, 2024?
- Chetan Shah:** Okay. Are you talking about order book or last year billing?
- Moderator:** Order book. He's also asked about last year's billing as well.

Chetan Shah: Okay. So last year, we did around ₹50 Cr from EPC business. And as on 31st March, in fact this year, when the current year we are having the order book of almost about ₹12 Cr plus ₹11 Cr. So around ₹25 Cr.

Moderator: Okay. His third question is what is the vision of the company in terms of revenue for FY'25? And kindly provide breakup of revenue expected for FY'25 in terms of EPC work and solar panels separately?

Vipul Shah: So like as we said, for '24-'25, we have targeted revenue between ₹800 crores to ₹900 crores. And out of which ₹100 crores will be from EPC. We have a target of around ₹200 crores for EPC. But since we are starting the new company, new EPC subsidiary company, so in Solex, the holding company we target of ₹100 crores of EPC business.

Moderator: Okay. We'll take the next question from Aditi Kasbekar. Aditi, you can go ahead.

Aditi Kasbekar: Thanks for the opportunity. So my question pertains to a couple of things. One is, I have a bunch of questions, but let me just take up like a couple of them upfront, and then I'll go back in queue. So, the first question is with respect to when we are talking about this expansion, how much will be the CapEx required for this in terms of sort of, I'm not talking about the cell line. I'm just saying that if we have to go because you said that 3 gigawatt is what we are targeting to get by say the next nine months in terms of installation.

So what will be the CapEx requirement? Because, as I understand, currently, our total borrowings are already about ₹96 crores, if I'm not wrong. I mean, that might be the gross number. So you can tell me what the net debt number is, probably somewhere around ₹80 crores, ₹85 crores. But how do we plan to then meet these requirements of CapEx? Because right now, we are at 650 megawatt. And going from here to 3 gigawatt in as short as say nine months to 12 months, what is the amount of CapEx required, and how do we wish to fund it? That's my first question.

Vipul Shah: So, Aditi, first thing, out of ₹96 crores of total debt you are saying, the term exposure is only around ₹40 crores. So rest is the working capital. Now the second expansion, what we are doing is, for the second line that is around ₹70 crores to ₹75 crores. And it's a public domain, like we are raising additional capital of almost ₹72 crores. And the rest, we will balance it with the bank debt. This we are speaking about the second expansion. When it comes to 3 gigawatts through exit the average cost per 3 gigawatt.

- Chetan Shah:** Yeah. So the 3 gigawatt we'll have say ₹270 Cr CapEx requirement.
- Vipul Shah:** And so for that we'll have it as a balance of raising additional equity and balance of bank debt. So fortunately, we like to inform that we are getting very good response from the investors. In fact, we had to curtail, we had lot of people who are willing to participate in the preference allotment. But we have selected, we're looking into the long-term what value addition they can have. So we are very much sure that the decision of keeping it balance of equity and debt, we will be keeping that and will move that. So we don't see we have a very good relationship with our existing bankers also. And investors have also shown keen interest. So it will be a balance of debt & equity.
- Chetan Shah:** So just to support the statement, we are in fact, we always look for the value addition, not only the fund. So in our recent fundraise exercise, Faruk Patel from KP Group has invested. So, basically, I mean it is not just investment which is coming. We're in a discussion for their module requirement as well. So strategic, the tying up that we are doing, so that it is along with the fund, basically, there is an interest in a company from this investors in terms of the capacity utilisation, the production utilisation and everything.
- Vipul Shah:** Plus lot of people, they're again interested in booking the capacity, some big numbers with some commitment for investment also. So it is in the discussion stage, and we have NDAs and all these things. So we have some big corporates or big guys who are interested in doing long-term contracts along with some commitment in equity or some advanced payments also. So a lot of things are under discussions, and finally we take a decision looking on the...
- Chetan Shah:** Which direction we should take for the fund raise. Yeah.
- Aditi Kasbekar:** Understood. So, if I have to summarise, then what you're saying is that ₹96 crore current debt out of which only ₹40 crore is term. And you're saying that for the second line, you will need ₹70 crore to ₹75 crore, which will be a combination of debt and equity, and you've already announced that you'll be raising ₹72 crores to equity dilution. And then you said that for 3 gigawatts, you will leave ₹270 crore of CapEx. Is that the correct understanding?
- Chetan Shah:** Yes. That's very true.

Aditi Kasbekar: Okay. So that ₹270 crore actually includes the ₹70 crore to ₹75 crore. So the incremental is only ₹200 crore or is ₹270 crore the...?

Chetan Shah: No, it is ₹270 crore plus ₹75 crore.

Aditi Kasbekar: Okay. Understood. And that time, you will have to again raise equity. Understood. The other question I had was with respect to like, somebody has already asked that question earlier, so it's a follow-up to that. Basically, you mentioned that from October onwards, you've been making somewhere, at the run rate of 50,000 modules per month. And if we take your second half numbers, then they have about ₹272 crores of sales. So which means that you've been 50,000 modules is translating into somewhere around ₹45 crores to ₹50 crores of sales. So what's the split currently between OEM and own brand? And how should we think about realisation accounting on OEM front and on own brands front?

Vipul Shah: So right now, on average, it will be 70% of OEM and 30% of Solex own brand.

Aditi Kasbekar: Okay. Understood. I'll come back in queue. Thank you for this explanation.

Vipul Shah: One more thing I like to add, yield value for all of them. Always our target is to utilise the capacity to the fullest level. So, generally, by and large, what we do is like at present we have completely booked our capacity for June and almost for July. So, what we do is we see what orders we have for Solex brand. And if there is any shortfall, immediately, we have the -- so much connects in the market that we will be able to get OEM business. So we have a target to reach 70:30. It may go to 40:60. It may go to 50:50, but the main objective is utilisation of capacity.

Chetan Shah: So, basically, I mean till 2019, in India, the utilisation of capacity was a big problem. And none of the factories have achieved more than 50% capacity utilisation. And the major factor was the import from China. So 90% are getting import from China, and then the rest of the production was happening in India. Now, basically, that capacity utilisation has gone up and it has increased substantially.

What is happening, there are so many companies having older technology still, because they cannot restart the technology so fast, their equipment, and then in reinvesting those machines. Solex has advantage over it, because when we started in 2021, the approach was

very clear that India needs to change the approach towards the manufacturing. And basically, I keep a track of the leading brands coming from China how they manage? How they control the whole market? How they control their manufacturing? How they can reach single company at a huge capacity, whereas India, if you put everyone together we have just reached to 60 gigawatt.

So, basically, mindset is very clear. When you have a factory, we should treat it as a factory. So the factory means it has to run 24/7, and we have to stay ahead in terms of the technology curve. And that is a Solex philosophies. And that's the reason we work for the leading brands so that we do have, they always keep pressing us to stay ahead in a technology. They always pressure I mean, keep us under pressure to reach to the highest level of quality standards and the lowest level of the rejections ratio. So that is actually helping us to improvise our own brand.

And as I already said in my, if is that the Solex modules are getting popular now in India. And, in fact now we do have a good numbers also where in south also we do have two projects already operational 10 megawatt each. And then we have to close other orders. We are in a discussion to close other orders also. So I think this mix and match is something which is very important for Solex to always stay ahead in terms of quality, technology, and the rest of the parameters over competitors.

Aditi Kasbekar: Got it. Just the 70:30 mix that you mentioned between OEM and own brands, that is on volume count. So you said 50,000 modules. You're saying 70% of 50,000 modules are OEM currently, or are you saying that that mix applies to the sales numbers?

Vipul Shah: Modules, you can say.

Aditi Kasbekar: Modules. Okay. And what would that mix, what would that split be on the sales number of say, I mean the run rate of ₹45 crores per month?

Vipul Shah: Actually, you'll have to see numbers. So, when it comes, you want it in terms of monthly?

Aditi Kasbekar: Yeah. I'm just taking an average of ₹45 crores. I don't want like a precise monthly. I'm just trying to get like, out of the 50,000 modules.

Vipul Shah: Average, 45%, 70% you consider ₹30 crores, ₹31 crores, like when it comes to OEM, the average price because when they are DCR

modules, the realisation is average around 9,000. And when there are non-DCR, the average realisation is 7,500.

Chetan Shah: So out of ₹45 crores, it is around ₹31 Cr to ₹32 Cr from OEMs, and rest is ₹13 Cr coming from Solex.

Aditi Kasbekar: Understood. And the realisations are 9,000 and 7,500 respectively. And I guess your margins will be sort of agnostic because it's effectively a capacity utilisation and operating leverage game, once it drops to a margin level.

Chetan Shah: Okay. Any other questions?

Aditi Kasbekar: Thank you.

Moderator: We'll go to the next participant. We'll take the next question from Keval Ashar. Keval, you can go ahead please.

Keval Ashar: Thanks for the opportunity. Major of my questions are covered by previous participants. I've just got two questions. One is, what's the realisation difference between U.S. and India market, if you can please throw some light?

Chetan Shah: So realisation difference between U.S., because the U.S. market is also very competitive. And the logistic cost from India to U.S. is also very high. But, when it comes to the realisation, I think there is a difference of around 10% on a higher side between India and U.S.

Keval Ashar: Understood. And what would be our domestic versus exports mix in FY'24?

Chetan Shah: FY'24, it was just a beginning for us. So, I mean in terms of percentage, like I mean, we can't count it. It is just a beginning that we have been able to open it up. Now this has become a reference for us to sell more in those market.

Keval Ashar: Understood.

Vipul Shah: We like to mention, like we have got certification for all the markets, U.S., then California. They haven't set different requirement. Europe, we have got all the certification and plus we are participating in almost all the international exhibitions. So in Europe, like Germany we have done, U.S. we have done, China. So we are increasing our presence, and we are very much sure there. But on terms of numbers, I don't

think we'll be able to comment on how much exports we are targeting in '24-'25.

Keval Ashar: Understood. But slowly, we're building our exports businesses as well.

Chetan Shah: So ultimate goal is to reach to 30%. So that is how we are working.

Keval Ashar: Understood. And last question. So now since we're considering a significant expansion, which you are earlier not, even though the buildings were ready. So we would have some certain visibility. So are we considering to do a long-term tie up also with large OEMs who can book our full lines? Are we in any discussions?

Chetan Shah: Yes. We are in a discussion with quite a few company, including the top brands as well. And those top brands, they've already seen our performance in last year working with one of our leading Chinese brand. So now in fact, we are in a good book for those people fortunately. So we are in a very advanced stage of discussion with few companies for the long-term arrangement for the manufacturing their product in our facility and the technology tie-up as well.

With our Indian developers and Indian manufacturers that we are already working with them. The Indian developers, there are certain developers, they're already having the order book of anything from 5 gigawatt to 8 gigawatt, and they want to finish those 5 gigawatt to 8 gigawatt in two or three years' time. So, basically they are looking for dedicated production lines with us to fulfil their module requirement.

There are certain requests, because where they need a separate facility/factory to produce their modules. So, there are a lot of mix of discussion, which are going on. And based on opportunity and I mean the conditions, we will proceed further on this.

Keval Ashar: All right. Thank you, and all the best.

Chetan Shah: Thanks.

Moderator: Thanks, Keval. We'll take the next question from Karan Sanwal. Karan, please go ahead.

Karan Sanwal: Congratulations for a good set of numbers. Wanted to understand, like what would be the concentration of revenue in our top five or top 10 clients?

Vipul Shah: Let's see, concentration. It all depends on how big this industry governs upon the big size or if you have to reach to big numbers and with big capacity. So like, there is no fix. So every time an EPC big company gets specific orders, they float their requirement in the market and whomsoever has a ready capacity and will be able to meet their prices and so you can get the order. But you cannot say specific like we are dependent upon particular EPC company or one particular buyer. So it keeps on changing. So quarter-on-quarter, you'll see this quarter, the major business for particular company. Next quarter, it may be from entirely a different person.

Chetan Shah: We have to do a little smart business. And because still there are a lot of controls from the government end on the projects. So basically, sometimes what happens like you have locked up your production capacity with one company. And any situation which arises with that company and that project get delays. So in solar, it's not like that you go to some other person, very next day, and then they'll get your production orders because we have to work on a supply chain, their BOM, their quality requirement and everything.

So, basically, we work in advance. Like, at present, I have already finished my June and July. I mean, June was already closed last month, but the July production, we are closing. Within maybe this week only, we'll close the order for the July as well. And then we will open up our August order book. So it's like that. So sometimes what happens, like the customer like what Vipulbhai said like, there are orders that they want for 12 months fixed quantity, but then we go every quarter, we revise cost and volume both every quarter with them. And sometimes if there is opportunity, more better opportunity that we get, then we divert more attention towards the better opportunity.

Karan Sanwal: Understood. That's very helpful. And also, wanted to understand like, what would be the targeted mix for this OEM and our own brand? Like, do we have any target, or would it depend on more of the demand for the...?

Chetan Shah: No. Currently, as we have said, currently we are 70% OEM, 30% Solex. Now since the Solex brand is getting popular, our target is to reach 50:50. So after getting, I mean second production line, operational second production line, we will be able to achieve 50:50 numbers for both Solex and OEM.

Vipul Shah: That is a desirable what we desire to reach.

Karan Sanwal: Correct. And one last question. So there was a news of possibility of some Chinese facility to get approval under ALMM. So would that affect us going forward? Like, if they are able to get the approval, would we be getting orders on behalf of those Chinese facilities?

Chetan Shah: Yeah. So, basically, we are in a very close contact with the government, MNRE and NISE and all. So, basically, we don't see I mean, there are just to remain show as a neutral, NISE has visited couple of facility in China, but then it was just a visit. There was no audit which was conducted, and the government has no plan to add any foreign company in ALMM. But yes, definitely, there are representations where the top foreign brand, they will allow foreign brands with the Indian factories. And that is where the Solex has a better advantage, because we already worked with those foreign brands. So the concept is you want to sell in India, you have to manufacture in India. That is how it is.

Karan Sanwal: Thank you so much. Understood. All the very best.

Moderator: We'll go to the next participant, Devvrat. Devvrat, you can go ahead, please.

Devvrat Himatsingka: Yes. Hi Sir. So I had a question on the cell line. And was just the thing is that, most of the Indian players, if you think about it, including the biggies, they have not been able to successfully deliver on a cell line so far. Like even, I believe, Waaree is facing some issues. And people all the other module guys are also wanting to set up cell lines. So how easy or difficult is it going to be to do this?

And in terms of investment, like the kind of investment that is required, over how many years can one expect to recover that investment out here? And will this bring more stability into the business and the margins? Because so far what we have been seeing is that cell prices fluctuate a lot. And that kind of the margin profile is very erratic. So, what are your comments on these?

Chetan Shah: Okay. So for the cell line, you are right. I mean, it is very tricky and the technology also changing so fast. And the people who are facing issues to set up their cell line and which is causing them a lot of time delay, it is major factor is that Chinese engineers are unable to travel to India. That is the major factor, because the China has expertise on these technologies. So it is essential to have Chinese engineers to

come and help in setting up the production line, ramping it up, run it for a few months, and then hand it over.

That is how, and the technology, when it comes to the equipment and technology and all, the majority of that is coming from China. That is the accepted facts for all. So, now basically, the projects which are suffering even the PLI is suffering because of that only, and the government has already realised that. In our last meeting with MNRE Minister, he has already told us to give them a list of engineers, Chinese engineers, those who wants to come to set up this plan to them so that they can take it up with the Ministry of Foreign Affairs, for issuance of Visa.

So, basically after this month, that is from July onwards, I think we are looking forward to have the change. But currently, no Chinese engineers are getting Visa Then from July, we are likely to get few technicians to come, and help setting up those units. So basically, we are holding it just because of that. That we because you rightly asked, if that is not happening, then I think we are still not ready for cell line, and the Solex will also act accordingly.

So cell line is definitely a future, but then we have to consider the correctness because you are absolutely right, Devvrat, that if we don't work efficiently like any setting up time is around 24 months in India. The Chinese, they do it in 18 months. From like, if you look at consider the Greenfield project from zero day to the beginning of a production. And another three months for the ramping up the efficiency.

Now if you don't achieve those numbers, because the technology is changing so fast, if you don't achieve those that kind of efficiency in India, then I think it is risky. And that is the reason we are also holding it, and we are waiting for right time.

Vipul Shah:

So, Devvrat, I like to add on. Like, when it comes to margin, if you're aware, DCR cells are sold at a very huge 16 cents , like when Chinese are being delivered the Chinese cells with the 4 cents. And the DCR cells are being sold at 16. So margin is clear, it says an extraordinary margin. So we are concerned with regards to margin. That is not a worry. The main question is, the technology and the engineers.

And like, why as far as we're in discussion with some big players in China who are ready to know have some understanding with us and will support us in terms of technology and lot of things. And that's the

reason why we are targeting cell line also. We like to add like when we installed our module line, some of our players they took nine months to install the module line, because of COVID and all these things. And Solex, we could do it in 45 days. So same thing what we are seeing, like by the time, Solex orders and our machines arrive, maybe four, five plants will be installed in India. So experiment will not happen with Solex. The experiment part will already be over, and I think so we'll be in much better position.

Devvrat Himatsingka: Okay. And how does this work? Because if we still look at it, India still relies on most of its raw materials coming in from China. And in fact, what are we doing to kind of try to locally source this? Are there other companies coming up that are making the parts? Like how much of our material are we trying to source from India versus China? And are we shifting towards mostly sourcing from India, or are we still reliant on Chinese exports?

Chetan Shah: That's a good question, Devvrat. In fact the Indian supply, Indian manufacturing has increased a lot for the BOM, so which is like glass. There are multiple manufacturers. Still now we had only one glass manufacturer, Borosil. Now there are three others and more are coming up. When it comes to EVA, EVA backsheet, there are 34 EVA manufacturers in India. We chose hardly one at the end. So when it comes to junction box, there are three manufacturers of junction box in India. One is the one of the top tier junction box manufacturer worldwide.

When it comes to aluminium, Visakha is already manufacturing aluminium. Other people are also getting into this. So I think the raw material and the cells also, the people are adding their cell production lines. Of course, currently, the majority of cells are coming from China. And once we have a sufficient cell lines, all investments are already happened. So it is not that it will not happen. It will happen maybe because of the some political reasons, it is getting delayed, but it is definitely it is happening. Many of them are already received their equipment. Now it is just matter of how fast they install it or make it operational. So I think India is getting independent in this thing.

In one of our last meeting, MNRE has already given the indication that they want wafer ingot and wafer manufacturing to happen in India because right now, there is a 100% control of China on this wafer and ingot. So India, maybe they will come up with some PLI for ingot and wafer manufacturing. So they are supporting this because polysilicon you will get from other countries. It is not whether China is a

monopoly. But wafer and ingot, yes China is a monopoly. I mean, the major share is coming from there.

So I think India is considering that part as well. So I think, that is what reason I say, like a lot of things are happening, not only in module. The other ecosystem also is getting developed, and that will give a better advantage. In fact, you know the benefit of this is like, we don't have to spend one month in a sailing from China to -- Chinese port to Indian port. So that time, we will see it. We can, most of the Indian manufacturing like the way China manufacturing's are like, just in time kind of things.

They get deliveries of raw material on a daily basis. Similar thing will happen in India. Solex has also diverted for a lot of product coming from Indian factories. And so that has reduced actually our storage requirement also, and it has increased our efficiency and working capital cycle as well. And top of everything, that one month sailing time, that has actually reduced. So that has increased our working efficiency as well.

Devvrat Himatsingka: Noted. Thank you so much.

Chetan Shah: Thank you, Devvrat.

Moderator: Before we go to the next participant, we'll take the question from the chat participant. I invite Anupam to ask his question. Anupam, you can go ahead.

Anupam: Yeah. Hi. Good evening. Thanks for your time. So I have two questions. First is that, in the press note, I read that currently the capacity utilisation was 85%. So for the second half, the March, the six months ending March, the sales was around ₹273 crores. So what kind of numbers can we expect in the first half, that 100% capacity utilisation?

Vipul Shah: First quarter or first half or six months?

Anupam: First half.

Vipul Shah: So it will be around ₹275 crores- ₹300 crores.

Anupam: So, first half it will be around ₹300 crores?

Vipul Shah: Yes, so anything between ₹275 crores to ₹300 crores.

- Anupam:** Okay. And my second part of the question was that, obviously, you're saying that the EBITDA margins will improve because of the fixed costing, fixed or maybe not moving up so much. So what I wanted to understand is also like the solar cell, if you are not using it for your own captive consumption and if you are selling it to someone else, so what kind of numbers that converts into like, if it is a 2 gigawatt solar cell plant, what kind of numbers that basically gets converted into in terms of top line? Roughly average, I'm asking.
- Chetan Shah:** So solar cell line, as I said like, we have just started working on this. It is just our intention that we have come up. Numbers, in a later date we will come out with the numbers once we have. But right now, we are holding it just, and waiting for government issue visa with the Chinese. That is the main deciding point. And if that is not happening, then we'll further delay our cell line.
- Vipul Shah:** We have some alternate option there in initial stage. So as and when like, we are planning to go to China in July, and there are some developments. I think so, the first option that engineers coming from China is not happening. There are options that these Chinese suppliers there, the Chinese big players team in the other Asian countries. So maybe, if they move in from their Asian part, their setups in Asia, maybe that can be a second option for us.
- Anupam:** And also, while you had achieved 60,000 modules in a month, which was highest, so have you crossed that in the month of April or May, or still that numbers is the highest?
- Chetan Shah:** No. That number is still highest.
- Anupam:** Okay, fine. Thank you.
- Moderator:** Thank you. I have questions on chat from Mohit Janjir. His first question is, how much are we dependant on imports especially from China for our Raw Materials i.e. solar cells and how much sourced locally?
- Chetan Shah :** I am sorry just say again.
- Moderator:** What is our local sourcing for solar cells and how much is from China?

Chetan Shah: Okay. Solar cells, local sourcing is basically only for DCR. Otherwise, for non-DCR requirement, it is sourcing it from China only. And basically, if you want it in percentage, it is somewhere about 50:50.

Moderator: Okay. And how confident are you on successfully commissioning the solar cell unit, as sector leaders are still struggling?

Chetan Shah: No. So, basically, I already explained the reason for struggling. So there is no rocket science for the cell manufacturing. Basically, it is very known technology. It is only thing that expertise are not available in a current situation and which like we are hopeful to get it resolved from the July onwards once the new government is formed. And then I mean, it is not that India has not set up cell line. Already, India is manufacturing cells for so many years. So it is not that India cannot do that.

Only thing is this new technology, N-type TOPCon technology, and the Mono PERC, Mono PERC is still happening in India. There are four factories already manufacturing Mono PERC cells. Now the market is shifting to N-type TOPCon, which is again a new technology. So, that is where the expertise are needed. And once we start getting, those people coming in, India will go on a fast track. And same like, we are also confident to run our cell line very efficiently.

As I already said, like we can sell our product in open market, U.S. market, and for our captive use also. So I don't think we need to go out to search for the market. If we are talking about 4.5 gigawatt of module, our own module line and 2 gigawatt of cell line, then we are fulfilling only our 50% of requirement for our contributes. Though we will not keep the 100% utilisation for our own sale, we will develop the market also for our sales. But still, like it is lesser than what actual the requirement is. So once the environment is ready for this, we are confident that we'll be able to set up and operate our cell line efficiently.

Moderator: His other question is in long-term, how would Indian companies survive without duties as they may not be continued for too long? And do you see the sector getting commoditised?

Chetan Shah: Yeah. So, basically, what happens, like with ALMM, there is no relevance of duty because even there is a duty, if somebody wants to pay duty and bring it, they cannot bring it. So, even if a duty remains or doesn't remain, it makes no difference. Now that is one answer. Another answer is, as I said, in the last two bit in GIPCL tender, the

Indian manufacturers have quoted lesser than the Chinese brand. So I mean, that is answer to your question now. We are very competitive in that way. Indian manufacturers have quoted price considering the 25% duty on cells and almost 10% duty on bill of material. So even in spite of considering, I mean so much of duty, we are lesser than the Chinese brand.

Moderator: Yeah. And we'll take the next question from Ravish Malav. Ravish, you can go ahead.

Ravish Malav: This is Ravish here. I want to ask you about your OEM brand again. You said 70% is OEM, 30% is brand. How we are doing accounting is how we are getting our revenues from OEM and how much margin we are making in OEM and how much we are making in brand? And one thing is that another question is, we have clogged some ₹272 crore in H2, and you have told the EPC for FY'24 was ₹50 crores. So, from total revenue of our ₹360 crore, ₹300 crore we have done through our solar modules only. But you said in next year, we are going to do only ₹275 crore?

Vipul Shah: Well, for the half year ₹275 crores, the half year...

Chetan Shah: See like the first half, we will have only one production line, and the one production line revenue that is ₹275 Cr to ₹300 Cr. From September, October onwards, or maybe four months, that is December onwards, we will have another second line operational. So we will have a mixed revenue, the six month revenue from the first line and the four months revenue from the second production line. And that is how we achieve from the ₹800 Cr numbers.

Ravish Malav: Our margins in OEM and brands two different parts.

Vipul Shah: It varies around 2%.

Ravish Malav: In OEM, it's 2%.

Vipul Shah: No. The difference between OEM and own brand, so it is 2% to 3%.

Ravish Malav: Which is 2% to 3%. Okay. Again, one more question from my side. The same thing Mr. Janjir has repeated. Are we going to get it commoditised in next two, three years or we will be having much more efficient solar cell or solar modules? So, the continuation of the growth will remain in the sector for coming years?

Chetan Shah: Yes, can you repeat your question?

Ravish Malav: Actually, I want to know that everyone is expanding right now. Everyone is having module. So we are in commodities sector only. The solar module sector is a commodity sector right now. But when we are getting to our cell manufacturing and maybe towards the silicon rod and cutting thing. But will it be possible to have these things which Chinese having since last so many years? In two, three years, will not it be commoditised for in next two, three years only?

Chetan Shah: See, basically, the way the demand is increasing, the capacity is also increasing, right? And then also we are unable to fulfil those demands. And this is a technology business, so which is changing so fast. So there is continuous upgradation also on the same. So it is not that something that you have set up and then you are running it for continuously same thing for the five years, seven years, ten years.

So, there is always enhancement, in terms of product. Now the similarly like there is a requirement of 5 gigawatt for the repowering in India. And what is repowering? Repowering is that those who have set up their power plant with the 250 watt peak modules or 300 watt peak modules, now they are placing orders for the high efficiency modules even well before the warranty, the life of the module. If you are giving warranty for 25 years, just within 10 years people are replacing their old panels with a new one. So it is something where, like there are lot of areas which are actually opened up for the solar modules. So I don't see any challenges for the overproduction or the blockage of market or the commoditising of this product.

It's a technology business. So, basically, yes, definitely, there is a competition. So I mean, we have to work with a very thin line, but at the same time, efficiency and the output is something which is key. And that is the reason, Solex has adopted this model. People, like in India, they are shying about telling themselves OEM company, but we are professionally OEM company. And that is a difference that within few months only I mean, within 45 days, we have been able to set up our production line. Within another 60 days, we have been able to operate our production line receipts, and we are taking out more than 80% efficiency from our plant.

So, Solex will in spite of so many player coming in, Solex will have also a different identity and role in a market, because we are collaborating with our competitors. So utilising factory should not be any problem or the capacity should not be any problem.

Ravish Malav: Last question from my side. I have noticed that, SECI has also given tender for modules. Like, just I have noticed some hundreds of megawatts of modules is being procured by SECI, not plants. So are we also is this a new thing, which SECI is doing procuring modules from the companies who are providing it? So or again to it, are we also applying for those tenders and are we eligible for those tenders? Because the tenders are very big 400 megawatts, 200 megawatts or likes of that?

Chetan Shah: Yeah. So you are right. SECI and NTPC both of them are adopting, working in a dual model. Some projects they allocate along with the modules. Some projects, they allocate to the bidders without modules. So module procurement is happening by these agencies, and the rest of the things needs to be done by the EPC companies. So we are also working with them to supply to meet their tender. We are already in one of our tender.

Technically we are already qualified, and we are waiting for the commercial bid to come up. So I think, that is a new method of business where they are blocking the capacity from the module manufacturer for their own requirement. And that is a good sign that we don't have to deal with 10 EPC companies rather than we deal with only one agency, who is responsible to procure modules and payments.

Ravish Malav: Okay. So can I have one last question?

Moderator: We'll have to move to the next participant. We're running out of time.

Ravish Malav: Okay. I will wait in our queue. Okay. Thank you.

Moderator: We'll take the next question from Aashil. Aashil, you can go ahead, please.

Aashil Shah: Yeah. Hi. Thanks for your time. Quickly, just wanted to know a couple of things. One is, from the other couple of listed players, there are people whom are similar size to you have a lower depreciation expense compared to us. All people have a similar depreciation expense, have a much larger top line compared to us. So just wanted to know, is there any difference between them and us, and why is it like this?

Chetan Shah: Yeah. In fact, basically, with this facility we are in business for it's almost now 1.5 year. And other players are already in business for so many years. So their depreciation part is also in accordance to and the top line also will be according to that.

Vipul Shah: Yeah. Like to add on, it depends upon like, we have been conservative, and it depends what residue like the management considers. So since, Chetanbhai has an experience of almost 15 years in the sign of activity and looking to the technical and obsolescence in this, we have kept the depreciation ratio at higher compared, if you compared with others. So you have given less useful life. Actually, we'll have to check the exact numbers that is not really available. We can post you on that, but we are being conservative on considering the useful life. So it gives more better numbers and better idea to the management.

Aashil Shah: Okay. Got it. And for this 800 megawatt order that this line that we're ordering, have you already placed the order or paid the advance or something? Where are we on that?

Chetan Shah: No. We are basically, we have already placed the orders. We have already finalised their technical contract, technical agreements and everything. And I think very soon we will disperse our advanced payment also to them. Technical agreements are like that is under process. So the commercially and technologically everything is decided frozen. Now it is just like, because we are going for, in fact compared to any other manufacturer in India, we have a different approach as I say. We are going with equipment, which are the next generation equipments, and that too with a two years warranty. That is something where we are mitigating our risk of foreign vendors, not able to support this.

As Vipulbhai said, we are a little bit conservative in every approach in selection of technology. So right now, at this stage, only we are going for a technology which is ready for HJT. So it, requires little bit more investment and focus, but at least, we don't have to reinvest again and again for the entire plan. And this is high level operations with AI at every stage.

Aashil Shah: Sure. And when are we planning on paying this advance payment? Any timeline in mind?

Chetan Shah: This month itself.

- Aashil Shah:** This month itself. Okay. Great. And last question from my side, on the OEM sales that you...
- Chetan Shah:** They have started manufacturing our production line. So this is just a matter of it's a commercial clearance. That's it.
- Aashil Shah:** Okay. Because if we are almost at full capacity already, just trying to understand why don't we just place the order and start the business.
- Chetan Shah:** We've already done that.
- Aashil Shah:** Okay. Fair enough. And last thing on my side on the OEM sales, do we have an idea on what are the main end categories in terms of our customers get for retail or utility or exports or what?
- Chetan Shah:** It's a mix, basically. Every customer has a different requirement. So we don't go to their clientele. Like, if somebody is doing OEM in my factory, we don't try to check where it is going.
- Aashil Shah:** Got it.
- Vipul Shah:** But generally, their DCR cell, they are used for government subsidy-based projects. So that you can say that they are going for all PM KUSUM, then the Surya this all they are going for. So DCR is predominantly for government business and non-DCR is for private.
- Aashil Shah:** Got it. And when there's a margin differential of 2%, just to put some numbers to it, would it be like 9% versus 11% number one? And number two, would the realisation for module also just be a 2%, 3% difference between OEM and own brand?
- Vipul Shah:** In terms of net profit?
- Aashil Shah:** Our EBITDA margin or gross margin. However you want to.. you guys look at it?
- Vipul Shah:** What we see is around 2% is the difference, in the OEM and the own brands. But in that case, sometimes what happens, in case of own brand, the price fluctuation of raw material is always on us. Whereas in OEM, the price fluctuation does not impacts us. So, it all depends on how the price are, which you see last year, there was a sharp decline in price. Fortunately, that time, we had less of Solex own brand and more of OEM. So it did not have major impact on Solex financials.

Lot of other players those who have had a huge stocks with them. They were more impacted. I don't know how it is reflected in their numbers. But so, it is always, it is a very dynamic market. And each and every month, we have to take a call on profit maximisation and capacity utilisation.

Aashil Shah: And for OEM revenue, the entire revenues booked on our books, right? Like, if we sell if, let's say a...

Vipul Shah: Initially, in the beginning of the quarter, it was purely job work. The BOM and everything was supplied by them. So I think so ₹15 crores, ₹16 crores of job work, only it was pure job work income.

Chetan Shah: So, basically, we did ₹18 crore billing for job work in a previous year, whereas the value of module was ₹150 Cr.

Aashil Shah: If the BOM was acquired by Solex, then you could have seen...

Chetan Shah: Increase of top line by ₹150 Cr.

Aashil Shah: And that was in H1?

Chetan Shah: H1, H2 both.

Aashil Shah: If this ₹150 crore was across H1 and H2, and in this past H2 we've done ₹275 Cr, including this job working thing. So, technically, we should be able to do higher in H1 FY'25, because that BOM will come through you?

Chetan Shah: No. So, basically, it is ₹275 Cr that is coming from the H1 '25. It is from the 100% without having any job work. See, now we need to understand a decrease in the price also of a module. So that is also we need to understand, like because that directly affects your this thing, top line.

Aashil Shah: Okay. And when you mentioned you have 9% to 11% EBITDA margin versus this half year was 7%, it was because of this drop in price, or what will change? Whether the 7% become 9% to 11%?

Vipul Shah: We are targeting around that 9% to 11%. And obviously, the sharp decrease in the price of cell and that has also impacted the EBITDA margin.

- Chetan Shah:** With the greater efficiency and the utilisation of the current infrastructure, manpower everything, our target is to reach between 9% to 11%.
- Aashil Shah:** Okay. Got it. Thank you. Thank you for your time.
- Moderator:** Thanks, Aashil. We started with Agastya. We'll take the last question also from Agastya. Agastya, you can go ahead, please.
- Agastya Dave:** Thank you very much, Vinay. From Farukji, what kind of equipment do you have? So you mentioned that he has invested in the company. So how much offtake will he have from your side? Are you going to be like...?
- Vipul Shah:** You were not audible in the beginning. Can you please, repeat it?
- Agastya Dave:** Your strategic tie up with Farukji, he has invested in your company. So, how much will he offtake from you guys? What kind of production? Is there a firm agreement or rough understanding on that? Because he's one of the largest end users of modules today in the country.
- Vipul Shah:** One thing I like to add, then Chetanbhai can take it. Chetanbhai and Farukbhai are industry friends for last I think so eight, ten years. So it is more of personal the investment what has come from Farukbhai is more of personal, and now it is moving towards the commercial side. Chetanbhai can just pour some light to that.
- Chetan Shah:** Yeah. So, basically, you are rightly said, like they have a huge consumption. They've already blocked their module orders with others of almost putting I mean, till September. October onwards, we are discussing with them. We have not been able to arrive some numbers, but their intention is to give a maximum to Solex.
- Agastya Dave:** Great. So that would be a great thing for you. A very credible guy taking a decent production from you. That would be great. One final question. You mentioned that the EPC business will be shifted to another company, and you mentioned that it is a subsidiary. So it's a wholly owned subsidiary of the company?
- Vipul Shah:** 76%, will be held by Solex.
- Agastya Dave:** Okay. So it will get consolidated, right?

- Chetan Shah:** It will get consolidated.
- Agastya Dave:** FY26, no not FY26.. On full utilisation, you guys are saying ₹1,300 crores to ₹1,400 crores sales, and you did not include EPC in that, right? So by the time you reach those kind of revenues on the manufacturing side, how big will the EPC business be for you?
- Vipul Shah:** It should be something around about ₹300 crores.
- Agastya Dave:** And what would that translate into megawatts? How many megawatts would that be ₹300 crores?
- Chetan Shah:** 100 megawatt.
- Agastya Dave:** 100 megawatt. Okay. Great, sir. There are many questions which remain, but I think we have run out of time. So thank you very much for your time. Thank you. Thank you, Vinay.
- Moderator:** Thank you so much. That brings us to the end of this conference call. Chetanbhai, would you like to give any closing comments?
- Chetan Shah:** So, basically, as I mentioned in the beginning, like we are very focused in a business, and the kind of relationship that we have not just with the customers, but with the competitors also. Like, I always prefer to work in a collaborative way, not only in India, but internationally as well. So, Solex will have a different age over any other companies. There are other companies also in a listed space, but our working style is totally different.
- And then we'll continue with our journey what we already had that OEM and this thing, because that always ensures our -- that OEM is actually insurance for our capacity utilisation and the constant margin. Whereas, with only with Solex, the way the other people are doing, you are always taking a risk for price fluctuation. Because I still remember that, in September, the solar cell price was 12 cents and suddenly it came down to 4 cents, and that was a major heat for most of them. So I think it is always a balanced approach, in terms of profitability, in terms of the utilisation, in terms of the relationship also.
- So thank you very much everyone for joining us and having the faith in us.

Vinay Pandit : Thank you, Sir.. Thank you to all the participants for joining on this call, and thank you to the management for giving us great time. That brings us to the end of this conference call. You may all disconnect now. Thank you.

Vipul Shah: Thank you.

Chetan Shah: Thank you very much.