



**Australian Premium Solar (India) Ltd
H1 FY25 Earnings Conference Call**

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CORPORATE PARTICIPANTS:

Mr. Nikunj Kumar Patel
Chairman & Executive Director

Mr. Kalpesh Vakharia
Chief Financial Officer

Moderator:

Ladies and gentlemen, good day and welcome to the Australian Premium Solar India limited H1 FY25 Earnings conference call hosted by Ventura Securities Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchstone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward looking statements about the company which are based on the belief, opinion, and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risk and uncertainties that are difficult to predict. I would now like to hand over the floor to Kaushal from ConfideLeap Partner, Thank you and over to you sir.

Kaushal Shinde:

Thank you. Good day ladies and gentlemen. On behalf of Ventura Securities Limited and ConfideLeap Partner, I welcome you all to Australian Premium Solar India Limited H1 FY25 Earnings conference call. The company is today represented by Mr. Nikunj Kumar Patel Chairman and Executive Director and Mr. Kalpesh Vakharia Chief Financial Officer I would like to hand over the call to Mr. Nikunj Kumar Patel for his opening remarks. Thank you and over to you sir.

Nikunj Kumar Patel:

Thank you Kushal. Welcome ladies and gentlemen for our conference for Australian Premium Solar Call. Let's start for year '25 first 6 months, our major milestone for this year was our IPO itself on 18th January 2024, this helped us expand quickly and to match the market expectation. As Australian premium solar we call APS one of the pioneer manufacturers at India we have registered the business in 2013 and by 2015 we had our first facility running and operating at Kathwada Ahmedabad 5-megawatt polycrystalline. From there we started our journey and by today we have 600-megawatt facility at Tajpur national highway 8 near Gandhinagar.

Currently we are horizontally expanding in three different segments, one is a rooftop segment, another one is a solar pump segment and third one is our distribution segment. If we start from the solar rooftop segment, our key strength is our own experience at overseas and international market. If we see in terms of the penetration, Australia is world highest penetration above 30%, one of the highest penetrations above 30% penetration in rooftop solar and we even myself and Kalpesh have very good experience in this segment in last 10 years. Because of that we APS, as a manufacturer directly started installing solar panel at customers' roof since 2018 and by now we are one of the leading rooftop installation company in Gujarat.

Just for everyone's knowledge, Gujarat is number one in rooftop solar installation in India and we are one of the leader players in rooftop segment at Gujarat. Government policy in this year from January 2024 to install one crore houses by 2027 also give us boost to expand this business. If we see overall

world market when of course 2-3 years take little bit more time to start the residential rooftop segment but once it started within 10 years, it can easily achieve 20-25%. If we consider next 10 years for India, I believe I think we have around 30 crores houses, potentially maybe 50% houses could have the solar. In next 10 years we can expect about 7.5 crores in 10-12 years maybe except around 7.5 crores houses will have a rooftop solar and that can overall give India around 250-300 gigawatt solar systems.

So i believe as a team we will participate heavily in this segment and we will have a good growth in coming 10 years. Second segment for our business is solar pump, solar pump also in 2022, in India it appears to be only 0.5 billion and in 2032 we are expecting to grow 2.7 billion for Indian market. Currently we are working in Gujarat, Maharashtra, Rajasthan and Jharkhand because we already received some tenders for that and we are expanding in other state in coming future. The key issue to raise this segment is the cash flow because cash flow is very crucial to managing solar pump business.

The third segment we are expecting to grow is the distribution business until 2030. As APS we were just working in Gujarat market understanding the government policy, understanding the system and everything and since this year we started expanding from Gujarat to Rajasthan, Maharashtra, Madhya Pradesh, and even UP for distribution business and slowly and gradually we will expand in other states with sustainable growth and proper team training. If we see the growth for this business, this segment as in India we are expecting 500-gigawatt renewable energy target by 2030 so this segment also have a very good opportunity to grow in coming period.

Looking horizontally expansion in rooftop solar, solar pump and distribution, we also have a potential to expand in a ground mounting megawatt supply and export division. We will see our cash flow in coming periods and accordingly we will plan to expand those two segments. To fulfil the demand of the above three segments growth, we also as a team started the recruitment heavily. If we see our staff numbers in 2023 December, we were 150 for Australian Premium Solar, by now we are 351.

To fulfil the requirement also we need to expand the factory and our existing facility which is 16,800 square meter facility which is currently doing 600-megawatt, now we have purchased already another 10,000 square meter facility next to us which will give us opportunity to put another 800-megawatt [Inaudible 00:08:40] line, for first phase we will start from 400-megawatt. Most importantly, I would love to discuss our financial result for first 6 months, if we see our turnover, it is INR 164.24 crores turnover and our profit after tax is 13.08. This couldn't be achieved without our operational efficiency and great teamwork.

Once again, I thank all our stakeholders who supported us in last 10 years and put a trust on us. As APS and behalf of our APS family, we will make sure our stakeholders get the best value out of us. Thank you very much all ladies and gentlemen for your time and effort today, now we can open the floor for question and answer.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question please press * and 1 on your telephone keypad and wait for your turn to ask the questions.

If you would like to withdraw your request, you may do so with pressing * and 1 again. First question comes from Prathamesh Dhiwar from Tiger Assets please go ahead.

Prathamesh Dhiwar:

Yeah Am I audible?

Moderator:

Yes sir

Prathamesh Dhiwar:

Yeah. Congrats for the good set of number during the H1 so I am having couple of questions so first is what is the optimum capacity utilization in our plant as of now?

Nikunj Kumar Patel:

Okay, we started our facility like started installing in March and April so since May we are running currently two shift, 10 hours each so we can say almost 70-75% efficiency we are operating for mono part.

Prathamesh Dhiwar:

Okay and sir how much capex will we require to expand?

Nikunj Kumar Patel:

Say to have the new 800-megawatt for stage one, I think currently just for the CapEx maybe INR 40 crore+.

Prathamesh Dhiwar:

Okay. For four hundred megawatt?

Nikunj Kumar Patel:

Yes 400-megawatt but second expansion will be cheaper because most of the machinery are common for 800-megawatt.

Prathamesh Dhiwar:

Okay and so I was seeing our debt rate has gone up which is increasing our cash flow so how are we looking at tackling this.

Nikunj Kumar Patel:

I couldn't hear you lastly can you repeat please? Yes?

Prathamesh Dhiwar:

Yeah I was just saying recently our debt rate has increased the receivables which is affecting our cash flow so how are we planning to tackle this and what will be the optimum working capital cycle?

Nikunj Kumar Patel:

Because if we see the solar pump segment as I said already that's like cash flow, it comes back after 2-3 months after we install we submit the bills and then government make that payment so we are distributed our business in three segments. Retail is almost cash flow like as you install you get the money wholesale is like, before you dispatch you get money and pump business which is profitable but which needs little bit cash flow so our cash flow if you see currently that money will come back in this quarter and it will be rotating.

Prathamesh Dhiwar:

Okay and so when is the new I think 250-megawatt plant will get operational?

Nikunj Kumar Patel:

It is under process, as soon as we know we will let you know. So building is in process to purchase so as soon as we pay the deposit or something we will inform everyone.

Prathamesh Dhiwar:

Okay sure sir and sir just last question regarding the unit economics so what is the realization per megawatt in panels?

Nikunj Kumar Patel:

Realization per megawatt in panels or you are saying return on investment or?

Prathamesh Dhiwar:

No sir at what price do we sell each panel for?

Nikunj Kumar Patel:

It usually gets sold not by panel and it depend on many variation like say availability of -- There are two types of panel currently required in India one is DCR which needs domestic content of the product one is non DCR where you can import from overseas. So price also vary depends what will be the

government tax because it's very time to time. So if you currently say non DCR panel getting sold between INR 12.50-14 and the DCR panel getting sold maybe INR 21-23.50.

Prathamesh Dhiwar:

DCR for how much sir? Non DCR?

Nikunj Kumar Patel:

INR 21.50-23.50.

Prathamesh Dhiwar

Okay

Nikunj Kumar Patel

But again depends to time, this is just recent figure it could be changed in maybe 4 weeks, 6 weeks or 8 weeks.

Prathamesh Dhiwar:

Okay and sir how are we looking at the export opportunities?

Nikunj Kumar Patel:

Export, first we have a certain target to achieve in each segment before we go for export so I believe there are few more quarters to go ahead before we start looking into it.

Prathamesh Dhiwar:

Okay thank you so much sir I think all of my questions are answered and all the best.

Nikunj Kumar Patel:

Thank you dear.

Moderator:

Thank you. Next question comes from Jasmeet Singh an individual investor. Please go ahead. I repeat question comes from Jasmeet Singh, please go ahead. There is no response. Next question comes from Karan Sharma an individual investor, please go ahead.

Karan Sharma:

Hello, good morning sir, am I audible?

Nikunj Kumar Patel:

Yes Karan.

Karan Sharma:

Good morning sir. So sir I look at your presentation and where you mentioned in the next 18-24 months we are planning to enter into a solar cell manufacturing. So if you could give me the any brief idea how much will the capacity and when it will be the operational? And what kind of the business you will generate from this segment and the margin also it is a margin whether it will be increase our margin because right now in last 2-3 years we saw the margin is almost double so it will help us to continue to increase our margin or how it will help us to expand our top line and the margin going forward sir?

Nikunj Kumar Patel:

I think it's a bit early to say more about solar cell, this is in our planning but it's bit early to discuss more about numbers and everything because usually in solar means -- not only solar in any business 3-6 months number getting changed so when the time come close surely we can discuss on that, but overall we have certain road map for at least a short term is confirmed but long term we are still working on it.

Karan Sharma:

Okay and sir one more expansion you have mentioned you acquired a 3.5 [Inaudible 00:17:30] land parcel for a top one solar plant where you are installing a 250-megawatt of capacity. So you mentioned it will be operational by 2025 so when we can expect by which quarter it will be operational sir?

Nikunj Kumar Patel:

Okay so currently we already paying the -- the building is already there of what we need and the land is also there so which we are waiting to finalize the payment and as soon as government paperwork and everything done. Once it's done we will mostly order the equipment so it usually as per past experience it takes 2-3 months for the machinery to come and then another 2 months to get it installed.

Karan Sharma:

So over by Q4 or most probably in Q1 we can expect this will be the operational. So by the next year we can expect that we will generate the revenue from this segment?

Nikunj Kumar Patel:

Yes that is our plan, it's what we are working hard for.

Karan Sharma:

Understood and sir one more question you mentioned you have a 600-megawatt of capacity with 70% of utilization and this another 250 will be come by the next financial year and we are also seeing a good number in a pump side also, so by the next year we can expect the 70% will be above by the or go to the maximum utilization approximately 90-95% so what will be the top line?

Nikunj Kumar Patel:

In 600-megawatt, I think we have, not I think, we have 200-megawatt of poly and 400-megawatt of a mono part currently. So top poly will go up so we will left over with 400-megawatt from existing because now if you have knowledge about solar panel, the poly is almost a decade old technology and now it's changing to mono and sooner it also changing to topcon.

So we will left over with 400-megawatt, but that capacity is also expandable and that's the reason we are going for first the topcon expansion so our customer can get a variety of the products and then later on depend on the requirement we will expand the mono part and also same machines have ability to convert in a topcon. So, because when we bought the machine we make sure those machines are convertible but it is hard to run both technology at the same time.

Karan Sharma:

Understood sir understood, but it is a fungible so you can easily shift from one to another depending on the demand in the market. So sir are we planning to take any data or any preferential issue any kind of the fundraising because there are a lot of a plan in our book like we are funding the topcon facility and new vertical like solar cell also so any plan to take additional date or anything?

Nikunj Kumar Patel:

Maybe we will discuss that in personally when we decide because till date it's not decided.

Karan Sharma:

Understood just last question sir, one more last question. So sir as you mentioned you are very optimistic about the residential rooftop solar so, have you any plan to enter into a commercial solar side also because right now there is a good demand for a solar cell in a commercial industry also so, do we have we have any plan to enter into that side of the business sir?

Nikunj Kumar Patel:

Yes, because the residential installing 3-kilowatt, 10-kilowatt, 15-kilowatt we can easily install 100-kilowatt, 200-kilowatt, 300-kilowatt so it is in our plan and yes we are working on it.

Karan Sharma:

Because I think that will expand our margin also sir once we will enter into a commercial cost the capacity will be increased so we get better margin also.

Nikunj Kumar Patel:

Yes. This is already in our plan, because yes it is not that hard for us to expand in commercial.

Karan Sharma:

Okay thank you sir.

Nikunj Kumar Patel:

Welcome Karan.

Moderator:

Thank you. Ladies and gentlemen if you have any question please press * and 1 on your telephone keypad. Next question comes from Jasmeet Singh an individual investor please go ahead.

Jasmeet Singh:

Yes thank you. Good morning sir, Jasmeet Singh here. I have a question, I see solar pump segment has grown quite exponentially, can I know which segment which geography we are covering, what is the plan ahead and this seems to be quite a big segment for us so can we talk more on this solar pump segment?

Nikunj Kumar Patel:

Yeah so currently as I said earlier, currently we are already working on Gujarat and Jharkhand. Haryana, Maharashtra and Rajasthan we are already qualified for so, we are already expanding team for that so slowly and gradually we will cover more and more states.

Jasmeet Singh:

Okay so can we talk about the breakup margin? So we have one rooftop solar, we have inverter, we have solar pump and we have a usual other segment so can we talk about how the margin will play in

each vertical and since we are growing solar pump quite rapidly, what will have overall bearing on our EBITA margin for next year?

Nikunj Kumar Patel:

I think -- Yes Kalpesh, you want to answer?

Kalpesh Vakharia:

Yes so hi Jasmeet this is Kalpesh here. Let me give you a brief about how we operate and what kind of margin that we expect and what kind of turnover that we expect from our different segment going forward. So, if you see as you said correctly that we have grown exponentially in pump side and we are also trying more and more because the pump have got good margin in terms of margin plus we normally do it through government tender only so our fund is safe, it may delay by a little bit probably 15-20 days but the point comes for sure and it has got a good margin. So I will just give you a brief about like first half of September 2023 we had just got turnover of about INR 2.55 crores only in pump.

And this half year, so September 2024 we have got INR 51 crores, so there is an exponential growth and it has got a margin of about 13-14 % right now in just one side. And we expect this financial year account will at least contribute about 30-35 % of the top-line this financial year and next year probably could be probably 40-45% of the top-line that we expect from pump side. So our margins probably better off due to this segment only if you can just check because as I said last full year was INR 38 crore turnover from pump and this year for first half only we have already surpassed INR 51 crore turnover.

So this is where the margin we have improved the margin plus retail side also like you see retail last full year we have done turnover of about INR 39 crores, this year we have already surpassed INR 31.50 crores for the first six months only so there also probably we have growth of about 60-70%. So the margin is in retail and in pump side, like retail has a margin of about 15% and pump has got a margin of about 13-14%, so that is helping us and that is going to grow exponentially over the next 2-3 years.

Jasmeet Singh:

Can we quantify Kalpesh? By how much margin? Currently I can see our EBITA margin is around 11.88 somewhere around that so because of contribution from this to vertical what market should we get to now?

Kalpesh Vakharia:

It's about 13-14%, so like INR 51 crores it is giving above about INR 7 crores on pump side, retail is INR 31.58 crores so almost INR 5.8-6 crores is coming from retail side. And distributor wholesale the turnover is about INR 80.70 crores which has got a profit EBITA of about 4-5% which gives again a profit of about INR 4 crores that is actually helping us if you total it, it is INR 17 crores which is our EBITA.

Jasmeet Singh:

Okay understood. My next question is, can you talk about more on your operating cash flow and your working capital day, I mean I see your cash flow is negative for 2024 and working capital day has been increasing YoY, so what are the range do we expect for working capital day for the next year and what are we doing to improve our cash flow positive for 2025 and 2026?

Kalpesh Vakharia:

So maybe to improve our cash flow what we are doing is, I mean as our margin is higher so now it is going to go higher, if you see the 2023, 2024 profitability I mean the profitability is not that much because at that time probably the raw material cost and everything was really high plus we were doing production on a lower side our fixed cost was higher and as Nikunj Bhai has said that we already have manpower trained to go to the next stage. So that fixed cost and everything was high and that is why our cash flow was negative during those times but right now with the fixed I mean the fixed expenses have not grown so much but our profit margins have.

Plus we are negotiating better with the creditors like whatever we have got minimum credit period of at least 30-90 days credit cycle. And we are trying to improve on that too by from 30-45 days, 45-50 days because in pump segment as Nikunj bhai said the [Inaudible 00:28:37] time is going to be little higher because it takes about 60 days to get the fund cycle. So we are trying to improve on the margin, we are trying to negotiate better with the creditors and we are trying to reduce our fixed cost so that will help us going forward with our cash flow for the required positivity in cash flow.

Jasmeet Singh:

Okay thank you. I'll come back for the next question thank you so much.

Kalpesh Vakharia:

Sure, thank you so much.

Nikunj Kumar Patel:

You're welcome Jasmeet.

Moderator:

Thank you. Next question comes from Ashok Jethwani from Radiant Fund Limited. Please go ahead. No response. We have a follow up question from Jasmeet Singh an individual investor, please go ahead.

Jasmeet Singh:

My quick question is what is the long term vision of Australian Premium Solar where do you see the company next 3-5 years? As a long term investor can you share your vision and also share about rough number in terms of how much can we achieve in terms of top line in next 3-5 years?

Nikunj Kumar Patel:

Good morning Jasmeet, this is Nikunj here. Say in next 3-5 years, as I said we have 3 segments currently, rooftop segments we discussed individually in rooftop segment until last year we were just working in Gujarat and we were one of the leader and now we started to expand in Rajasthan, Maharashtra slowly and gradually QoQ we're adding the other states as well. So I am expecting that at least 50-60% or even higher growth in rooftop segment for India market next 5-10 years and by that time we will have a team across all the states.

For solar pump, again solar pump it's a government have already their vision to expand until 2032. Currently we are working up to 4 states so, we have a potential ability to work in many states as and depend on our additional cash flow because that's where we invest our additional cash flow. Again in wholesale business as we know the renewable target for India is 500-gigawatt by 2030 so the distribution also going to go up. Until last year we were just in Gujarat but now we are already expanding in our states, we already started hiring staff and of course it takes some time to train them and making sure they got the APS family culture within their mind and heart and it is happening and we can see that in our numbers as well.

And again that segment also have a growth opportunity for next 5 years. On top of that we have also potential to look into, is ground mounting supply to make when the ground mounting megahertz projects happen, we can supply over there as well and also the export. So overall we are expecting 60-70% + growth YoY for next few years.

Jasmeet Singh:

Okay can we safely assume sir, I think you already given guidance of 75% for growth FY2526 so can we safely assume for next 5 years you will be growing in the range 70% + or - 5% can we assume for next 5 years?

Nikunj Kumar Patel:

See all the segments looks very promising and supporting so, yes Kalpesh you want to say something?

Kalpesh Vakharia:

Yes, so Jasmeet it would be as we have already given the idea that 70-75% it will be for the next 2-3 years and then it will slow down to probably 40-50% CAGR, so that will be how it will grow up?

Jasmeet Singh:

Okay thanks I will join back sir, thank you.

Kalpesh Vakharia:

Thank you.

Moderator:

Thank you we have a follow-up question from Karan Sharma an individual investor, please go ahead.

Karan Sharma:

Thanks for opportunity sir. Sir one question regarding the competition so as you mentioned the segment is growing very rapidly, there is a lot of a government support and there is also a positive environment for all of our segment especially in the solar, so what kind of a competition we are seeing in segment wise sir?

Nikunj Kumar Patel:

See for rooftop solar, we are our own competitor because if we as a manufacturer plus inverter manufacturer there are hardly anyone of which being direct solar installation for retail customers. So we have to compete ourselves in next 3-5 years. In terms of solar pump, it's a tender based operation and luckily we already have enough experience to fulfil most of the tender requirement which are coming currently. In distribution it will be a natural growth as we increase our staff and as we increase our territory, there will be natural growth in that segment as well.

Karan Sharma:

So sir are we also doing any business with the government also, adding the solar or?

Nikunj Kumar Patel:

Not yet.

Karan Sharma:

Okay.

Nikunj Kumar Patel:

Which segment in government any particular?

Karan Sharma:

Pump sir pump, especially government has focused on a lot of things especially for a [Inaudible 00:35:16] even in a lot of the things on water side. So are you doing any business in that scheme for a pump business?

Nikunj Kumar Patel:

We mainly do the agriculture tenders like Kusum in Kusum category and I think that's the main growth market for the solar pump. But other than that there are segments which takes 10-20% of the overall business, but currently we are not looking into it right now.

Karan Sharma:

Okay understood, but basically just wanted to clarify that as you mentioned that we are planning to grow 70-75% then 40-45% and we don't have any too much competition especially in the solar side in residential we don't have any competition. We have some kind of a competition that is in a water side but we have also a good experience so we easily achieve this number sir.

Nikunj Kumar Patel:

Solution as we increase the territory, yes.

Karan Sharma:

Yes sir, so how will the margin improve sir? Once the number will be increased so how the margin will be increased like, what is the maximum margin we can achieve like can we go to around 18-20% in the next 3-4 years?

Nikunj Kumar Patel:

This is not like highly technical product anymore, so if somebody say I think this will be very optimistic.

Kalpesh Vakharia:

So the margin should be maximum in the range of probably 13-15% maximum but not beyond that because as Nikunj Bhai says, the margin are not so much and more and more people are entering so the margin are not going to be so high as 19% or 20 %.

Nikunj Kumar Patel:

But there is surely the turnover or expansion of the business is a very good opportunity but, increasing the percentage of the profit personally I am not seeing more gap there.

Karan Sharma:

And sir just one last more question, as you mentioned also in past line we are planning to expand and for that the cash flow is very important so by next financial year by 2025 or 2026 can we expect our cash flow will be a positive sir?

Nikunj Kumr Patel:

Kalpesh would you want to answer?

Kalpesh Vakharia:

Yes, definitely it would be cash flow positive by next financial year and probably we are already in the arrangement with banks, plus probably as somebody asked that are we thinking of any funding or anything that probably we might discuss in the coming period as we require the cash flow and at that time probably yes it will be cash flow positive only. Because the cash flow would not be much of a problem I think going forward at least for the next couple of years what we see now.

Karan Sharma:

Understood sir, thank you sir.

Kalpesh Vakharia:

All good thank you so much

Moderator:

Thank you. We have a follow-up question from Prathamesh Dhiwar from Tiger Assets, please go ahead.

Prathamesh Dhiwar:

Yes sir just like we missed earlier as of now which are states we are catering to in terms of solar pump segment?

Nikunj Kumar Patel:

In the pump currently, we are in Gujarat, Haryana, Maharashtra, Rajasthan and Jharkhand.

Prathamesh Dhiwar:

Okay. So the average realization for the DCR was? Yes please sir.

Nikunj Kumar Patel:

yes

Prathamesh Dhiwar:

Average realization for DCR was around 1250 if I am right?

Nikunj Kumar Patel:

No can you repeat that the question?

Prathamesh Dhiwar

Am I audible?

Kalpesh Vakharia:

The current pricing --

Nikunj Kumar Patel:

Okay, the say for DCR currently it's INR 21.50-23.50 range per watt and non DCR it could be around 12.50-14.

Prathamesh Dhiwar:

Okay, thank you sir that's it for me.

Moderator:

Thank you. Ladies and gentleman if you have any questions please press * and 1 on your telephone keypad. We have a follow-up question from Jasmeet Singh an individual investor, please go ahead.

Jasmeet Singh:

Sir I have a couple of questions, one is how does since solar pump is largely driven by government policy primarily I am referring to pm Kusum. So how does the credit cycle work here in solar pump segment? How does the recovery work how does the cash flow work since it's highly subsidized and driven by government agency?

Nikunj Kumar Patel:

Yes as Kalpesh said earlier usually it's a 60 days, sometimes it comes early sometimes it takes 1 or 2 weeks more so we are considering 60-75 days if it comes, we have noticed sometime it comes earlier.

Jasmeet Singh:

Okay the payment received by individual farmer, government and distributor. How does we sell?

Nikunj Kumar Patel:

Sorry, usually we install and we claim to government agency and they pay to us.

Jasmeet Singh:

Okay understood, okay fair. So talking about, so largely there are we've seen other solar company in this space they are diversifying into for example best battery energy system storage, green hydrogen and a couple of other vertical so can you talk about I mean are we looking for any further or any more vertical segment to grow?

Nikunj Kumar Patel:

I believe currently we have already in our existing segment, what we need we already have. But just giving you idea as I know you know outside of APS current option. Our in batteries in residential people, the customer, the return on investment cycle is little higher so adaptability from the customers is not that high particularly in our market at India because our electricity rate is close to USD 10 cent, but say some countries where the electricity rate is USD 20-25 cents, over there the battery adaptability started increasing so two things. Either battery price comes down or our electricity price goes up, maybe that's where the market will open more for batteries other than EV vehicles I am just talking about residential storage

Jasmeet Singh:

Okay how green hydrogen...?

Nikunj Kumar Patel:

Green hydrogen of course it's a substitute of battery, it's not substitute of solar panel. You may already know for green hydrogen to make the green hydrogen still we need electricity, either run by solar or by any other source. So again the who -- will means it's a bit early for me to comment on that but still it's a market which may come, but currently as per existing policy if you want to enter in that segment maybe we need much higher cash flow than where we are sitting at the moment.

Jasmeet Singh:

Understood. Sir can you talk about topcon, so topcon is coming up as a new capacity so what kind of margin do we command in topcon compared to margin that we command in mono crystalline is it better and how much better?

Nikunj Kumar Patel:

See usually the mono part, same size solar panel in topcon it's usually 7-8% higher efficiency. You will use same glass, same deck, same frame, same junction box and you will get 8% higher efficiency. You may have to pay a little bit higher in solar cell for topcon but the remaining 40-45% of cost will be similar. So that's where the timing is but as it is a new technology, the people are happy to pay little bit premium for that so I am expecting, like say in normal product you are getting 6-7% margin then in topcon you can for now at least you can close-up to 8 [Inaudible 00:45:15].

Jasmeet Singh:

Understood. Sir my last question. So you guided margin currently we are doing approximate around 12% EBITA margin and you guided for 13-15% margin over the course of next 2-3 years. Can you go beyond that 15% as the cap, what are we doing or what we can do to go beyond 15% margin? Can you share and if at all you are planning what we can target further?

Nikunj Kumar Patel:

So I believe even 15% is already high and in future it will slowly and gradually come down, but only the good option for the current industry at India is we have so much potential to increase the turnover so rather than any company focusing on just a % of the profit they have to just see the top line profit by increasing their turnover.

Jasmeet Singh:

Understood. Sir any threat from China? Can we talk about China factors here, I know government has levied duties to protect the local industry and so are we looking about any threat or any change in government policy that might impact our overall sector not just you, overall sector?

Nikunj Kumar Patel:

As we already answered currently government already protect the Indian manufacturer and they may be doing something with reason. So I personally don't think and if India get good 2-3 years if we have businesses we get good 3-5 years maybe we don't need to get threatened by any other country. Because we have young staff, people are fast learners, people have ability to perform better so only thing is we are little bit behind compared to some countries in terms of technology, adoption of technology, in terms of cash flow, in terms of bank loans and everything but which are improving

Moderator:

Thank you sir. Now I hand over the floor to Mr. Patel for closing comments.

Nikunj Kumar Patel:

Okay. once again, I thank everyone for your question and I hope I tried my best to answer all your questions. We will look forward to meet you or listen again in coming future. Thank you very much for your time on and on behalf of me and on behalf of APS family.

Moderator:

Thank you sir. Ladies and gentlemen this concludes the conference call for today. Thank you for your participation you may now disconnect your lines. Thank you and have a good day.

Note: 1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.