Australian Premium Solar India Limited
Q3 FY '25 Results Conference call

Moderator

Ladies and gentlemen, good day, and welcome to Australian Premium Solar India Limited Q3 FY '25 Results 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 touchtone 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 Mr. Gulshan Singh from ConfideLeap Partner, Thank you, and over to you, Mr. Gulshan.

Gulshan Singh

Thank you, ma'am. Good day, ladies and gentlemen. On behalf of a Ventura Securities Limited and ConfideLeap Partner, I welcome you all to Australian Premium Solar India Limited Q3 9M FY '25 earnings conference Call. The company is today represented by Mr. Nikunjkumar Patel Chairman and Executive Director and Mr. Kalpesh Vakharia Chief Financial Officer.

I would like to hand over the call to Mr. Nikunjkumar Patel for his opening remarks. Thank you and over to you sir.

Nikunjkumar Patel

Thank you very much, Gulshan ji. As an Australian Premium Solar, we are working in India since 2013. Currently, we are making mono part, Topcon solar panel manufacturing and also, we are in EPC, distribution and solar part business. This quarter, we have added new territories and strengthened our existing market position. Currently, we are working in Gujarat, Maharashtra, Rajasthan, also in Himachal Pradesh, Jharkhand, MP and Tripura. Additionally, we are exploring new territories in coming quarters.

Our existing line, whichever mono part and today also we got Topcon in ALMM list as well, we are now adding 800-megawatt capacity for Topcon expansion and that expansion progress is running smoothly. The first page of additional 400 megawatt will be up and running by 30 June 2025. The second phase we are expecting to start within 12 months. As we as the APS family very well set for robust growth and our strategy and favorable industry trends also helping us.

In over next two to three years, we are expecting revenue growth around CAGR 70% to 75% and our operating margin between 11% to 14%. We are committed to deliver best efforts to achieve targets and continue to achieve new milestones. Our result itself shows our recent result Q3, 2025, which shows dedication from our team, love from our customers and trust from our shareholders.

I will 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 by pressing * and 1 again.

First question comes from Amit Agicha from HG Hawa and Company. Please go ahead.

Amit Agicha

Good afternoon. Am I audible?

Nikunjkumar Patel

Yes. Amit.

Amit Agicha

Congratulations to the whole team for good performance. And my question was connected to like the like what factors do the year-on-year increase in revenue impact and would it be sustainable?

Nikunjkumar Patel

Last bit wasn't clearly audible. Gulshan bhai or someone can repeat?

Amit Agicha

Yes, I will repeat the question. Like what are the factors that led to the revenue growth and would that growth percentage be sustainable in future?

Nikunjkumar Patel

Yes. Currently, see, if we see the segment, different segment like ground mounting projects, currently, we are strictly the ELMM is there, even recent budget, they just could pay they continue 40% duty on overseas panels. So, there is -- there will be very good demand for an Indian made solar industry for a megawatt project. Also, if we see the retail industry, retail and C&I segment, example, residential rooftop and commercial rooftop, the residential rooftop particularly, as per 1 crore houses by until last quarter, there were hardly 8 lakhs houses done. So, we are still in two years, we need to complete 92 lakhs and the subsidy is already there. So that segment is also about to grow easily, almost double than wherever it is or maybe more to achieve the target.

Regarding solar pump, in that segment also, government is expecting more than 1 crore solar pump by 2030. So, the whole segment government have set the timeline with long term targets initially for 3 to 5 years. And maybe if we see until 2048, then overall target is also increased up to 1,800 gigawatts in renewable energy from India. So, I personally expect good growth in coming years on renewable energy, particularly solar panel benefits.

Amit Agicha

That was helpful. And the second question was connected to capacity utilization. Like the current utilization is 40% to 50%, like when do you expect full capacity utilization and how will that affect the profitability?

Nikunjkumar Patel

Say example, until, say, like last -- particularly last quarter, see, in solar panel manufacturing, based on number plates, say, like when we say 400 megawatts, it's a number plate capacity. So, when actually 70%, you can manufacture. So, 280 megawatts, we can manufacture. So, 280 megawatts based on current scenario, we can expect 450 crores turnover in a year. So how you figure out we are on 40%, 50% capacity? How you can figure it out, we are using 40% or 50% capacity?

Amit Agicha

It was mentioned in the investor presentation, sir.

Nikunjkumar Patel

Okay. Because currently we are not, we are in process to run the third shift because earlier, like before six months ago, we had one shift, then we added second shift. Now we are working on third shift. So exactly and so in as a third shift, maybe by end of this month or next month, we are expecting third shift to up and running as well. So, our 33% additional capacity from similar machine, so and that will be our final expansion at the moment. And by that time, we will have a new 400-megawatt capacity, so we will have additional staff training and everything is in process. So, this quarter, we are already maximum utilization is happening of the machine.

Amit Agicha

Okay. May I ask one more question if you are allowed?

Nikunjkumar Patel

Yes, please.

Amit Agicha

What percentage of revenue do you expect from exports in the coming years?

Nikunjkumar Patel

At the moment, we are we like to just because our existing demand, we couldn't select for this quarter. We started expanding our territory. So, like 6 months ago, we are just mainly working in Gujarat and Rajasthan. Now within 6 months, we expanded in another 6 months. Currently, we some of the orders we cannot fulfill in 2, 3 weeks even. So maybe next 9 months to 12 months, we don't have any short-term plan for export at the moment because even including our coming facility, we will first expand overall India and then we will start looking overseas expansion.

Amit Agicha

Thank you for the explanation and all the best for the future.

Moderator

Thank you. Next question comes from Raman K V from Sequent Investments. Please go ahead.

Raman K V

Hello, sir. Can you hear me?

Nikunjkumar Patel

Yes, Raman.

Raman K V

So, it's a follow-up of the previous question. So, you said our current capacity is 400 megawatts and at 70% utilization, we can do 450 crores of annual revenue.

Nikunjkumar Patel

Yes, from now onwards, say from next 3 -- means if we have only this much machinery, now we will have a new machinery as well. So, our expectation will be higher.

Raman K V

So, if my calculation is correct, I just wanted to understand on scale economics. From 1 megawatt, we can almost do 1.1, 1.2 crores of sales at the 70% utilization, right?

Nikunjkumar Patel

No. See, you are just talking about the non DCRA sales and there is a DCRA you can expect currently maybe INR 2.2 crore to INR 2.3 crore.

Raman K V

Can you come again?

Nikunjkumar Patel

Okay. For DCR means when the solar cell manufactures in India, so there are two types of cells. One is non DCR where we can use imported solar cells. When we use the DCR content, means we must have to use Indian made solar cells. So that price, 1 megawatt is between 2.2 to 2.3.

Raman K V

Okay. So basically, if we are using DCR cell, which are like Indian lines, we can do INR 2.2 crores. And non DCR, we can do INR 1. 2 crores.

Nikunjkumar Patel

Yes, approximately.

Raman K V

Okay. So now I just wanted to understand what is the cost of DCR cell and what is the cost of a non DCR cell? Like I just wanted to understand whether DCR is expensive or both are at the same time?

Nikunjkumar Patel

As you can see, the DCR panel per watt is INR 10 extra than non DCR, because DCR per watt is INR 12, non DCR is INR 22, non DCR is INR 12. So DCR and everything else is almost similar except solar cell. So, the DCR cell comes INR 10 extra than overseas per one.

Raman K V

But they are much more efficient, right?

Nikunjkumar Patel

No similar efficiency.

Raman K V

Okay. And sir, what is the maximum capacity utilization that the company can achieve? If you are assuming 800 megawatts, you said by June 2025, we will -- our capacity will increase from

400 megawatts to 800 megawatts. So, if there is like a full year upfront, what is the maximum capacity utilization if possible?

Nikunjkumar Patel

Say 800 megawatts, let's call 800 megawatts nameplate capacity, so 70% to maximum 75%. So, 65% to 75%, so just a 70% could be good figure. 75% is very good, 65% is so far.

Raman K V

And how long will it take for the additional 200 megawatts to ramp up to 65% to 75%?

Nikunjkumar Patel

Because it's a Topcon, so maybe 3 because it takes 6 to 8 weeks just to set it up once machine starts running. And after that, maybe another 6 weeks just to increase the sales team and some data effort. So, between four once machine is set up, you can maximum, say, 4 months.

Raman K V

4 months, okay.

Nikunjkumar Patel

Yes, maximum to achieve full capacity, to start achieving full capacity. But by that time, in that 4 month also, you can easily achieve 40%, 50%, 30% to 40% initially two months and then 40% to 50% and then 50% to 70%.

Raman K V

Okay. I understand that. So now what is the cost of 1 gigawatt of module in the India market?

Nikunjkumar Patel

1 mega, can you repeat?

Raman K V

1 megawatt of module in the India market, like at what price is the usual sales happening, average selling price?

Nikunjkumar Patel

What price we do sell, correct?

Raman K V

Yes.

Nikunjkumar Patel

Yes. So, in non DCR price range is INR 13.5 to INR 14.5, like we said earlier INR 12. Now currently, it's running around INR 13.5 to INR 14.5. And DCR is running between INR 22.5 to INR 23.75, depending on order size, depending on the efficiency.

Raman K V

And does it depend whether it's a Topcon or a normal one?

Nikunjkumar Patel

Yes. mono part usually, let's say, if it is a Topcon DCR, which is not that much there is not much availability of solar cell, but if that is there, then it will be increased by INR 2. In non-DCR, it is increased by INR 1. So, if it is non DCR, you can expect between INR 14 to INR 15 or INR 14 yes, INR 14 to INR 15 and if it is a DCR, it's INR 24.5 to INR 25.5.

Raman K V

This is per megawatt, right?

Nikunjkumar Patel

Yes. No, per watt. I'm talking about INR 24.5....

Raman K V

Per watt. Okay, per watt.

Nikunjkumar Patel

Yes. When you convert in megawatts, that rupees will be, the lakhs, rupees will be INR 2.4 CR.

Raman K V

Yes. I understand. Thank you, sir.

Moderator

Next question comes from Bhuvan from Tiger Assets. Please go ahead.

Bhuvan

Hello. Thank you for the opportunity and congrats on good set of numbers. Sir, I wanted to know what is the reason for good revenue on margin road for this quarter? Can you layout some of your strategies which will give you increased returns?

Nikunjkumar Patel

Okay. So, first of all, because earlier quarter, we were expanding our teams, they were getting set up. Even machinery was installed in June 2024 and that was getting set up, even the production staff were also getting set up. And luckily, from last quarter, the Indian market like ALFM panels demand also gone higher. So, if we see our wholesale business profitability earlier, it was up to 6%. Now it's up to 10% in distribution business, because there is more demand than we can fulfill basically. So, the main reason to increase is when our team is now ready and set. And the other one is overall market, currently, it's like more there is more demand than we can fulfill. And the situation is could be like this for two more years maybe.

Bhuvan

Okay. Sir, as you have given, the guidance is growing by 75%. So, correct me, if I am wrong. So, your main strategy should be exports and expanding too overseas, right?

Nikunjkumar Patel

No. We don't need to currently our main strategy will be to first expand in our wholesale distribution, then our retail distribution and then our solar pump tendering. Then we will have additional capacity, then we will go to make our project supply, then at the end we will call export.

Bhuvan

Okay. So, we can find expansion...

Nikunjkumar Patel

Except USA, India is not compatible. Say, like even in Australia, like if we buy panels from India to here, we are not compatible compared to China. The Chinese panel sell here maybe 10% at lower price than none of the Indian gets sold in Australia or any other country except USA. But currently, earlier, we were thinking to start export, but currently we are because our existing business will have more growth, so we will not have an opportunity for next 12 months to with coming machinery, we will not have an opportunity to export.

Bhuvan

Okay. Got it, sir. next, you're expanding by 800 megawatts, what is the cost incurred and how is it funded, would that or internal accruals?

Nikunjkumar Patel

800 megawatt including machinery, working capital et cetera, I would say like called machinery, say for building and utility, we need I will just give three breakups separately, so it gives you more idea. For buildings, we are looking somewhere it's not somewhere, it's $3 million including utility and everything. For machinery, it's close to $4.5 million and remaining will be working capital. And we have depended on the bank loan for this expansion.

Bhuvan

Okay. So totally for grading and machinery, it's around $8 million, right?

Nikunjkumar Patel

Yes.

Bhuvan

Okay. So, it took around INR 700 crores.

Nikunjkumar Patel

For 8 million is INR 60 crores.

Bhuvan

Yes, sorry, INR 69 crores.

Kalpesh Virendra Vakharia

Around, yes, INR 65 to INR 70, as per the current market rate.

Nikunjkumar Patel

So yes, INR 65, INR 90 then INR 70.

Bhuvan

Yes. Sir, are you also planning for solar cell manufacturing backward integration?

Nikunjkumar Patel

That is in very soon you will know a bit early for us to let you know, but that is the way to go, I believe, for the company like APS.

Moderator

Next question comes from Sahil Jain from Next Alpha Investments. Please go ahead.

Sahil Jain

Sir, I just want to know that what is our current collection period for modules, including DCR and non-DCR? I mean, how much is credit we offer to our clients?

Nikunjkumar Patel

For the distribution, we offer zero credit at the moment, means unless some of them are three supply we are supplying from 3 to 5 years. For residential rooftop, the cycle is roughly 4 weeks. And then for solar pump, because the money 100% payment is coming from government, it's taking usually 6 weeks and in worst cases, it's up to 10 weeks.

Sahil Jain

Sir, let's suppose if some module maker is selling all of their modules in the to the independent power producers, so what is the basically working capital requirement per megawatt currently because there are a lot of module manufacturers that are there in India and going forward, they are going to increase. So maybe there are two concerns. One of them is like the margins will definitely get hit or module makers have to offer more credit to the buyers. So currently, what is the scenario, sir? Currently, what is the working capital requirement per megawatt?

Nikunjkumar Patel

See, usually, say, working capital, if whatever turnover you are say, like company like APS, we are little bit different than other manufacturer. Just of all time, how I explain you because we are not just until now, say like last quarter, if we see, whatever we supplied or whatever turnover we did, we did zero IPP. No independent power supply. All our business or even no OEM, all our business is purely retail, distribution and solar pump. The easiest part as a manufacturer is to make panels and give it in a megawatt project and you may hardly have 5 or 10 customers.

Over here, we are talking about in residential, we have by now maybe more than 15,000 to 20,000 customers. In solar pump, we have installed 5,000 plus solar pump, maybe by now it's more. In distribution, we may have more than by now it's around 45 or 50 distributors who are buying regularly, every 2 weeks from us. So, all our turnover, whatever we are generating, it's actual brand presence in the market.

No IPP. IPP is the last one when we have additional capacity, we will start doing those mainly in a megawatt project. So, we want to diversify our business within the solar industry. Some people just make solar panel and supply megawatt projects, they may it may look higher turnover because they may go for more machinery like 10-gigawatt, 20-gigawatt, 5 gigawatts, it's up to them. As a APS, our plan is 60% to 70% business should be internal even in future. And then when the demand increases, then we may increase our machines because that's where you will get a regular business.

Same like you worried if what more people will bring with machinery and IPP players also may bring them new machine. So, there could be more internal competition over there and it's too hard to start retail business or solar pump. You may need a credential for two to three years.

So, running capacity in terms of we come back to your answer, how much working capital we need, so we need roughly 4 to 6 weeks' worth of, say example, we are doing INR 1,000 crores turnover, then we need maybe ATC as working capital, example.

Sahil Jain

Okay. As per our current revenue mix?

Nikunjkumar Patel

Yes, as per our current revenue mix.

Sahil Jain

So, sir, one more question is there. Like you have said that currently for our distribution model, we are offering zero credit period. So, sir, is it like -- is it the current Indian market scenario, the other companies which are doing this retail business, so they are also not offering any credit period or we have some -- we are the only company which is doing this thing.

Nikunjkumar Patel

I'm not sure, but regarding business since last 10 years, and even many companies' good players, I'm not talking about say like Tier 1 player or good companies, they are not offering credits to distributor.

Sahil Jain

Okay. Because my concern is that because going forward, maybe I don't know the current scenario, but going forward, this is going to be a commodity, I mean, this module. So, I mean, what the dealer has -- what motivation a dealer has to buy something on cash and when there are lot of module maker offerings in the market. So that is my concern basically. So, this I mean zero credit payer, how long it will work?

Nikunjkumar Patel

Some banks are also coming, some companies -- some companies started to tie up with, say, like a BOB bank or a SBI bank, which means in terms of supplier credits. So, bank pay you, and then bank charge them my interest. As soon as they like I'm a....

Sahil Jain

So, is this like a normal working capital limit?

Nikunjkumar Patel

Yes. And because in solar panel industry, still our bottleneck is solar cell production in India, which is going to be there for a few more years. Yes, sir. Even we have to pay cash for the we have to pay cash for our raw material.

Sahil Jain

I know, sir.

Nikunjkumar Patel

You must have to charge cash. It's not only APS, it's almost each and every company.

Sahil Jain

Sir, my last question is that....

Nikunjkumar Patel

Yes, yes, please.

Sahil Jain

Yes, sir, please go ahead. Sorry.

Nikunjkumar Patel

On top of that, our benefit is we are also on a direct retail industry, we are also on tendering as well. So, and those two segments is equally distributing as our wholesale business. So, we are trading our risk as we are growing.

Sahil Jain

Got it, sir. So, my last question is that, sir, going forward, with the more, I mean, operating capacity with our company, so are you confident that we will not need incremental working capital? I mean, currently, what we are managing because right now, as far as your balance sheet is concerned, I am saying very, very congratulations to you because you are managing the working capital in a very, very nice way. So, are you confident, sir, we will be able to with the increased operating capacity, we will be able to work on the same model? We will not be able to -- we will not have to offer any FedEx period to our distribution channel?

Nikunjkumar Patel

For now, I think I don't think so.

Kalpesh Virendra Vakharia

Now as Nikunj said that the demand is tight, I mean, for the next I think what we can see about next 3 to 5 quarters, we don't see any demand will go down or something like that.
And right now, as Nikunj bhai said a little earlier, that right now we have to say no to the orders. So, for the 3 to 5 quarters, yes. But with our new capacity that is going to come post June 2025, obviously, that will be we will require some more working capital because of our turnover we are planning to increase if I probably say 75% as everybody knows.

So, we will require working capital. But probably at that time, we will think that we might raise some more points or we might go for bank loan or something like that. Right now, if you can see the debt is very low on our side, we just take whatever points or whatever we take it, it is in non-banking, non-fund based loan or something like that, like on the bank guarantee like LTO or something like that. But we have never utilized cash credit or overdraft facility or nothing like that.

We may use it in the future depending on the working capital that we require, but for the next 3 to 5 quarters, we don't see that we might give more credit to the on the distribution side.

Sahil Jain

Got it, sir. Got it. Thank you so much for all the queries, sir. That's all what I have. And really best of luck for the future, sir.

Moderator

We have a follow-up question from Raman K V from Sequent Investments. Please go ahead.

Raman K V

Hello. Can you hear me?

Nikunjkumar Patel

Yes, Raman.

Raman K V

Sir, from what I understand, you are also in you are not just a solar EPC, you are also in the product business. Like, you provide solar grid inverters and solar water pumps. Right?

Nikunjkumar Patel

Yes.

Raman K V

So, you manufactured it in your Gujarat facility and then provided?

Nikunjkumar Patel

Solar pump, we are not manufacturing. Inverter, we are getting manufactured and selling under our own brand, but not the solar pump.

Raman K V

Solar pumps, you are not?

Nikunjkumar Patel

Currently, we are not manufacturing.

Raman K V

But you are selling it under your name, right? No.

Nikunjkumar Patel

No. Pump, we sell from wherever we buy, but say like in whole solar pump with kit, say like maybe pump will be 10% of the cost. 90% cost comes from solar panel and then installation and then lighting and mounting and those things. Mounting also we buy from, yes, insurance

and everything, margins, everything. So, pump is only 10%. So currently, we are not manufacturing solar.

Raman K V

And sir, with respect to the distributor products, the solar upgrade and solar water pump that you sell via your retail division, can you explain your retail footprint, like how many stores are there? And is it like in only in Gujarat or someplace else also?

Nikunjkumar Patel

Okay. Until before 6 even until before 3 months ago, we mainly working in Gujarat. Now we have started working in Rajasthan and Maharashtra as well. And slowly and gradually, we are adding other stake for retail division. For wholesale division, we are already as I said, we are already working close to 8 to 9 states.

Raman K V

Okay. And how many retail stores are there as of today?

Nikunjkumar Patel

We don't need a retail store. The two way we sell is customer inquire to our and then people call from office, because in Gujarat, we have installed maybe more than 10,000 customers or maybe more. So, people already know about APS. So, we do have a software where we can take your roof photo. We can design what type of systems comes to your roof and we try to and we our people will call you. They'll send you the quotation. And if you need somebody to come and pick up your check, we do have 18 service engineers, around 22 service engineers in Gujarat, where and they must come home and they go and visit the customers and anyone if they have any service issue or whatever.

So, then they go to you, they come to you and collect the documents from you. And that's one method to sell. Another one is same like LIC agent. We do have around 80 to 100 active agents in Gujarat and we have maybe around 18 in Maharashtra and 15 in Rajasthan. They are likely -- they sell to customers; customer pay us and then we give them additional commission once full payment comes from customer.

Raman K V

So, then what's the difference between the EPC, normal EPC business and the retail division of the competitors?

Nikunjkumar Patel

The EPC is like, say, engineering procurement, some EPC they say, we are this is a retail rooftop company. Then there is a C&I as well. So currently we are doing C&I and retail board. When EPC in normal terms, when we talk in solar industry EPC, for investor, we are like small EPCs. Then there are megawatt projects as well, like IPP projects like 5-megawatt, 10-megawatt, 20

megawatts, those also call themselves EPC. But over there, developer or whoever on the project, they decide the solar panel, they decide the inverter and the EPC just do maybe installation only or designing and installation, in some case, designing, installation, procurement, in some case, design, installation, procurement, land leasing, some case, design, everything and plus the approvals as well.

So as per megawatt projects, there are 5 different segments in EPC itself for megawatt projects. Some people only do the land development and they just get the approvals and they sell the project. Some people do after that, they maybe just after that, they have installation in there. Some people even invest in whole, like panel, inverter, mounting, they set up the project and then they sell the project. And some developers, they don't want all services, they just want installation service. So, all those company call themselves as EPCs.

Moderator

We have a follow-up question from Amit Agicha from HG Hawa and Company. Please go ahead.

Amit Agicha

Thank you for the follow-up opportunity, Sir, my question was connected to the company's plan for battery storage solutions and hybrid solar system. Is there any planning and what will be the CapEx requirement and how would you affect the profitability of the company going forward?

Nikunjkumar Patel

For residential, currently because Indian grid, our grid system is becoming better and better in each and every state. But definitely the new tender, say like if we see China, in China all the megawatt projects currently happening, they must need 10% to 20% battery storage. Say example, we are installing 20-megawatt solar pump, we must need if we are doing that in China, we must need minimum 2-to-4-megawatt battery storage.

And in India, just from last quarter, I have seen some tenders started coming that way. So, there is going to be a good demand for midsize batteries, not small battery, just a midsize battery like 1 megawatt, 2 megawatt. And in one megawatt battery, we don't need like separate, say like bill of material is almost similar. It's a slot of 100-kilowatt battery and you put it in a one box and it becomes one megawatt. If it is a 20, it becomes 2 megawatts. Overall, in terms of investment, if we it could be around USD 10 million to set up a plan.

Amit Agicha

So, the company having any plans for that?

Nikunjkumar Patel

It's a bit early to say because currently, our main focus is to get this 800-megawatt Topcon facility up and running. And we are expecting another Q3 to Q5 good day, not Q3 to Q5, even if we get good two quarters, then definitely and by that time, we will know the overall government policy as well, because currently some tenders are coming, some tenders are not

coming with that. So, we are just waiting to be secured business before we start investing in that category.

Amit Agicha

Okay. Thank you for the reply, sir. And sir, last question was, so with rapid advancement in solar manufacturing, like is the company considering any automation and AI driven solutions to improve the efficiency?

Nikunjkumar Patel

Our new machinery will be fully automatic. And the AI is usually this new machinery, they already have a option to the AI for a quality checking.

Moderator

We have a follow-up question from Bhuvan from Tiger Research. Please go ahead.

Bhuvan

Thank you for the follow-up opportunity. Sir, if you see of other players, usually for 1 gigawatt of module capacity, it will take around INR 300 to INR 400 crores. And for 800 megawatts, we are only spending INR 70 crores. So, can you give some clarity on how we are able to do it at such low cost?

Nikunjkumar Patel

Can you repeat again, brother?

Bhuvan

So usually, if you look at other players who are adding their capacity, it will take around INR 300 crores to INR 400 crores for 1 megawatt of module capacity. We are installing 800 megawatts at a cost of INR 70 crores. So, can you give some clarity on how we are able to do it at such very low cost?

Nikunjkumar Patel

I'm not sure. They may be considering working capital and because what we are doing is we have a land and building available existing to our own facility. So that maybe save some cost. I'm not sure how they come up with INR 300 hundred, INR 400 crore.

Bhuvan

Okay. Sorry, if I missed it. What is the working capital...

Nikunjkumar Patel

Because there are only two types...

Bhuvan

Yes. Sorry, sir. carry on.

Nikunjkumar Patel

Yes. What is the working capital required for?

Bhuvan

For the upcoming 800-megawatt capacity.

Nikunjkumar Patel

Your voice is getting broken, Bhuvan. I couldn't catch up. What is the working capital requirement for 800-megawatt capacity? That's what your question is?

Bhuvan

Yes sir, that's my question.

Nikunjkumar Patel

Okay. As we discussed earlier, whatever will be, say, in 800 megawatt and with existing 400 megawatt, it will be 1.2 gigawatt. If we say 70% of this, which is 800-megawatt module manufacturing capacity, at the existing rate, if we divide between non-DCR and DCR equally, say between INR 12 to INR 25, so it will be INR 17. INR 17 into INR 800 is roughly INR 600 divided by 10. So, it's INR 62, this question was already there and we said it's almost INR 80 crores requirement will be for working capital. We are considering 4 to 6 weeks' worth of working capital required for solar business.

Moderator

Thank you. There are no further questions. Now, I hand over the floor to Mr. NikunjKumar for closing comments.

Nikunjkumar Patel

Thank you very much, everyone, for your time. I hope I have tried my best to answer all your questions. In any time in future, if you have any question, you are most welcome to connect our team. And once again, thank you very much.

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.