Ref: PEL 47/ 2024-25
Date: 06th February, 2025

To
The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 544238

To
The Manager,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
Trading Symbol: PREMIERENE

Sub: Transcript of the conference call on financial results for the quarter ended December 31, 2024

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on financial results for the quarter ended December 31, 2024, conducted after the meeting of the Board of Directors held on February 03, 2025.

The above information will be made available on the website of the Company

This is for your information and records

Thanking you,

Yours truly,

For Premier Energies Limited

Ravella Sreenivasa Rao

Digitally signed by Ravella Sreenivasa Rao
Date: 2025.02.06 19:56:10 +05'30'

Ravella Sreenivasa Rao
Company Secretary & Compliance Officer

"Premier Energies Limited

Q3 FY25 Earnings Conference Call"

February 03, 2025

MANAGEMENT: MR. CHIRANJEEV SINGH SALUJA – MANAGING DIRECTOR – PREMIER ENERGIES LIMITED
MR. VINAY RUSTAGI – SENIOR DIRECTOR – INVESTOR RELATIONS – PREMIER ENERGIES LIMITED
MR. NAND KISHORE KHANDELWAL – GROUP CHIEF FINANCIAL OFFICER – PREMIER ENERGIES LIMITED

MODERATOR: MR. MOHIT KUMAR – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to Premier Energies Limited Q3 and FY25 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mohit Kumar from ICICI Securities. Thank you and over to you, sir.

Mohit Kumar: Thank you, Manav. Good evening. On behalf of ICICI Securities, I welcome you all to the Q3 FY25 Earnings Call of Premier Energies Limited. Today, we have with us from the management, Mr. Chiranjeev Singh Saluja, Managing Director, Mr. Vinay Rustagi, Senior Director, Investor Relations and Mr. Nand Kishore Khandelwal, CFO. We'll begin with the opening remarks from the management, followed by Q&A. Over to you, sir.

Chiranjeev Saluja: Thank you, Mohit. Good evening everyone and thank you all for joining us today at our second Earnings Call for Q3 FY25. I am Chiranjeev Saluja, Managing Director of Premier Energies and it is an honor to present our quarterly results. I am joined today by my colleagues, Mr. Nand Kishore Khandelwal, Group CFO and Vinay Rustagi, Senior Director. Premier Energies has clocked another quarter of outstanding operational and financial performance with excellent revenue and earnings growth.

For Q3 FY25, the company has achieved a total revenue of 17,494 million as against 7,147 million in Q3 FY24, marking a 144.76% year-on-year increase. This growth is driven primarily by robust demand from the domestic market reflecting growing demand for solar power across different segments. Our exports for this quarter were 3.44% of revenue and on a year-to-date basis 2.11%.

Operating EBITDA for the quarter stood at 5,135 million compared to 1,232 million in Q3 FY24 exhibiting a growth of 316.49%. Operating EBITDA margin improved from 17.30% in Q3 FY24 to -- Sure. Thank you. So, I was on Operating EBITDA for the quarter it stood at 5,135 million compared to 1,232 million in Q3 FY24 exhibiting a growth of 316%. Operating EBITDA margin improved from 17.30% in Q3 FY24 to 29.97% in Q3 FY25.

This improvement has come from our continuous focus on operational excellence, strong customer connect and cost optimization. Our ability to efficiently ramp up capacity and meet the rising demand. The PAT for the quarter is at 2,552 million, showing a year-on-year growth of 490% in comparison to 432 million in the same period last year. PAT margin improved from 6.05% in Q3 FY24 to 14.59% in Q3 FY25. The proceeds from our IPO have significantly strengthened our balance sheet.

Our net debt-to-EBITDA ratio has fallen from 9.51% to 3.49% compared to the same quarter of last year. We are maintaining a net cash positive position for equity investment in our expansion projects. We remain very optimistic about solar sector growth prospects in India and worldwide. The sector is poised to grow strongly aided by rising demand across all segments, favorable government policy and improving technology.

Our expansion plans include a 1 gigawatt TOPCon cell and module line expected to be completed by Q1 FY26, and a 4 gigawatt TOPCon cell and module line expected to be completed by Q1 FY27. With these facilities, our total capacity would reach 7 gigawatt per annum for solar cells and 9.1 gigawatt per annum for modules by June 2026. Simultaneously, we have planned further backward integration into wafers with a 2 gigawatt per annum facility which is coming up and also this is targeted to be commissioned by FY26.

Our aluminum frame manufacturing business with a 36,000 metric ton per annum facility to meet our full captive needs and to increase our share of total value addition and profitable margin. We remain focused on achieving timely completion of new projects which makes us well-placed to benefit from the growing solar power demand. We are constantly strengthening our technical and operational capabilities to deliver value-enhancing opportunities to our stakeholders.

I look forward to sharing more details of our progress with all of you in years to come. Thank you and we are now open to questions.

Moderator: Thank you, sir. We will now begin the question and answer session. We have our first question from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Yes. Congratulations on a good show. Just wanted to sort of understand first on margin performance. So, obviously, the [inaudible 06:52] cell mix is favorable as well as utilization has gone up, but anything else from a cost perspective that would sort of work as a lever for us in this particular quarter?

Chiranjeev Saluja: I think it's mostly operational efficiency and plant utilization. You see a significant uptake in the plant utilization factor. Cell plants take time to stabilize as I've told and as we keep running them, the operational efficiency goes up. And this is what you're seeing in utilization capacities.

Deepak Krishnan: Sure. And maybe just wanted to sort of – maybe this is for NK, sir, more – just wanted to understand. So, if I look at Q2 versus Q3, our other expenses was closer to about INR193 crores last quarter and it's come down to about INR107 crores this quarter. So, which number is sort of a more normalized number to sort of look at from a regular basis and anything either in the base quarter or this quarter that you want to sort of call out as some gain or maybe the previous quarter had some heightened provision or anything of that sort? Anything that you would like to call out?

Chiranjeev Saluja: Yes. So, Deepak, your question was on the other expenses.

Deepak Krishnan: Yes.

Chiranjeev Saluja: Yes. So I think we had explained in the last quarter that we had kept provisions for warranty, which was a provision put in that quarter and hence you see that difference.

Deepak Krishnan: So, I would say this quarter number is a more regular steady state number to kind of take into account?

Chiranjeev Saluja: Yes.

Deepak Krishnan: Sure. And maybe just wanted to look at the order book as well the 69 billion order book that we have. What would be the sort of – because if I sort of take a 15 cents realization I roughly get about 2 gigawatt of module and 2.6 gigawatt of cells similar to the number that you've indicated. Any rough timeline in terms of when this entire book will sort of get executed?

Chiranjeev Saluja: Yes. So, most of the orders are having a cycle of not more than 12 months to 15 months. In our investor presentation, we have also shown what the order book was in September and what is the volume sold in the new orders. So, you see a positive uptake there where the volume sold was 17,110 million as against an order book of 22,399 million.

Deepak Krishnan: Sure. Maybe just one final question how are the sort of DCR module and cell prices trending on a Q-o-Q basis? We see there is a certain uptake on the cell price front, but maybe not that much on modules. Just wanted to sort of reconfirm that?

Chiranjeev Saluja: So, it's not – there's not been a significant uptake as such. Prices are quite stable and the demand also is very, very strong. So we are not seeing any significant change as such quarter on quarter.

Deepak Krishnan: Sure, sir. Those are my questions. I'll get back to the queue.

Moderator: Thank you. We have our next question from the line of Aman Jain from Bernstein. Please go ahead.

Aman Jain: Yes. Hi, sir. Congratulations on the great set of numbers and thank you for taking my questions. So, I have two questions. First, rooftop solar. If you can get some color like how much is it contributing to our domestic sales?

Chiranjeev Saluja: So, you're talking about the rooftop solar market or in terms of – as far as we are concerned whether it's rooftop solar or it is Kusum, it's a DCR product which is a domestic content requirement product. The DCR rooftop demand also is increasing. I think Vinay can throw some light on the size of the whole DCR program.

Vinay Rustagi: Aman, just to kind of give you an idea about the rooftop solar market size, the PM Surya Ghar Yojana has a target we believe of about 25 to 30 gigawatts to be implemented by FY26, although we think that that scheme might kind of just roll over for 1 or 2 more years. This year so far we've already seen 8.5 lakh installations. We expect the annual pace to pick up to about 20 lakh installations over the next year onwards.

So that should be a market size of 6 to 7 gigawatts in the residential side. On top of that, I will add I would say about 2.5 to 3 gigawatts on the corporate side. So we do expect the rooftop market alone in India to touch about 9 to 10 gigawatts over the next 1 to 2 years.

Aman Jain: Yes. So just of our current sales how much is it contributing to rooftop solar, of our domestic sales currently how much is going to rooftop solar in terms of percentage any figure that you can give?

Chiranjeev Saluja: So it's very difficult to track that because we sell solar panels to various integrators, but if you ask me for a number out of our DCR sales, today rooftop could be around 25%, but it's significantly growing.

Aman Jain: Got it. Thank you. And my second question like in terms of order, in terms of execution, if you can give some color. So, supposedly by the time of delivery if the input prices go up, so how the order book is executed? Is it indexed to some variable and do the customers have an option to exit? Is it binding? And if you can throw some color over there?

Chiranjeev Saluja: So most of the contracts which are signed by us or in the industry, most of these orders are wafer variable. If it's a non-DCR, it is a cell variable and it's mostly on a dollar cent. So even the currency is variable. So I think 90% of the industry works on this. There are some small spot orders where you don't have this. So most of them have the variable contract.

Aman Jain: Okay. And do the customers have an option to exit or orders are binding?

Chiranjeev Saluja: So it depends. The customer if he's entering into a long-term contract, then he will based on the contract have an option to exit or to continue. So it depends from customer to customer based on volume, based on the tenure. Yes. So, Aman, as I was telling you, it depends on the tenure of the contract, the quantum, the advance which we have got from them. So it's not, it depends on the contract.

If it's not a very large, but a very long contract and it doesn't have significant advance then, of course, they could back out. But most of the contracts which we have signed are all firm contracts. The order book which you see in the presentation is firm with advances received. We have not taken any framework contract into our order book.

Aman Jain: Got it. Thank you so much for your answers. Thank you.

Moderator: Thank you. We have a next question from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

Nitin Arora: Hi, sir. Good evening. Thanks for taking my question. Sir just first question on the order book, because it has been a very strong order intake. How has been and I am sure you must be doing that checks where the land bank has been given or not. So in the current order book how is your assessment in terms of the developer land bank is pretty much is owned with them. And how much is your visibility there, that is first.

And second with respect to inquiries, as you started the call saying there are a lot of inquiries happening and demand is pretty strong. Can you throw some light across segment with respect to DCR because also because if a developer is bidding today, he must be keeping in mind that he has to take the sale from the domestic player as only.

So in that context we need to - the question was more that are their capacity have come up recently because we don't see much capacity on the cell side coming up. I mean, except you, which you are saying you will commission in Q1. So just to get a little bit sense on the pricing side this demand is so strong and not much enough capacity that's still coming on streamline, though everyone is talking about it. How do you see that scenario over the next one or two years from the capacity angle as well then I have two more questions?

Chiranjeev Saluja: Sure. First is on the on the developers, we generally work with large developers. Most of these developers are backed by large fund houses. And of course, we do our due diligence to ensure that even developers themselves would make sure that they have everything in place before they place order for modules or get into contracts because modules is the last thing to come out of the site.

And yes, there are issues in some places where the goods are ready and the sites are not ready. So this is an ongoing process, but it's not a significant issue for us. And we do take care to ensure that the developers are also on track with their EPC and their land progress. Coming to the DCR demand and the capacity we are seeing substantial progress with the demand from the government side. I agree with you that a lot of cell lines are not coming, it's not easy to set up cell lines. This is what we have been saying from the starting that it's not easy to set up cell lines, but then there are companies which have been working on it.

So Tata has already come up, Waaree has announced trial runs for their cell lines. So this is work in progress. And we feel that this should not be a challenge with ALMM list two coming up in June 26. But then, yes, not all lines would come up, not all announcements would be successful, but then we are seeing a positive direction that people are announcing and work is in progress.

Nitin Arora: Got it. Just a last question on this global front. I know there are a lot of noises happening with respect to Trump removing the Inflation Reduction Act and IRA for the renewable as well. Can you throw some light that let's say before the IRA how much the industry used to do there on a rough sense because we get this number closer to about 30 gigawatts sort of you can correct me if I'm wrong.

And when we look at the capacities, cell capacity only for US because he's already banned China, Mexico, and other countries only for US though there are a lot of announcements, but when we look at the commission capacities, it's hardly in numbers. So if you can correct me on that?

Chiranjeev Saluja: Trump has put a pause on the IRA, he has not cancelled it. And second is I think we need to give time to the new regime in the US to settle down. I think we do understand that there are. Did the line get cut again?

Moderator: No, you're audible, sir. Please go ahead.

Chiranjeev Saluja: Yes. So we need to give time, we're also navigating issues, but what we need to understand is we as a company, our year to date exposure on US market is only 2.11%. Because we have a better realization and we want to focus more on country rather than come – yes could we could we get the question, please?

Nitin Arora: Sir basically the question was more on the before the IRA.

Chiranjeev Saluja: Yes, we were talking about the IRA. As I said before the IRA, what we have seen is as you said, rightly manufacturing capacity in the US has come up into 25 to 30 gigawatts for modules. But for a cell, the capacity is insignificant. We are aligned with you on that. And which also means there is a good opportunity for export to the US.

And the IRA incentive, which has been paused, only delays manufacturing to come up in the US. It doesn't reduce the market size as such. So there is a demand in the US and US has been doing about 20 gigawatt, 25 gigawatts year-on-year in terms of deployment. But I think we should wait and watch and it doesn't affect us as a company, but we will be monitoring the situation. And this is the reason why we have kept our cell line investment in the US under review because we will wait for clarity before we spend any money on the cell line.

Nitin Arora: That's helpful, sir. Thank you very much. I'll come back in a queue.

Management: Just to add to that, of course, the cell capacity in the US is very, very limited. But then you have the thin film module maker for solar which has a capacity, I think of more than 10 gigawatts. So there is some supply which is coming from for solar over this way.

Nitin Arora: Got it. That's helpful, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Nidhi Shah from ICICI Securities. Please go ahead.

Nidhi Shah: Thank you so much for taking my question. I would also like to congratulate you on a great set of results. My first question is that we know that the ALMM-1 is to be implemented from June 26, but has the process of collating the list started and by when can we expect the list to be out and what can the process look like?

Chiranjeev Saluja: So do you want to take this question, Vinay?

Vinay Rustagi: Yes, Chiranjeev I can do that. So the process has not started. I think we will see a growing number of capacities come online over the next year or so. Typically, the process of enlistment and approval for ALMM takes anything between 3 to 6 months. Given that the whole process is expected to kick in from June next year, we expect the government to start collating this data sometime towards the end of this year.

Nidhi Shah: Thank you so much. My last question would be that the 1 gigawatt top line, I can see from your presentation that we have delayed the commissioning by one quarter. What is the reason for that and are we facing any delays or issues in getting equipment and things like that?

Chiranjeev Saluja: So no, we are not facing any issues in getting equipment. There has been a marginal delay. Originally, we had said March of this year. We are now expecting it to happen sometime around mid-May or maybe end of April. So we have to be transparent with the market, shared the revised marginal delay.

Nidhi Shah: All right. Thank you so much and all the best for the rest of the year.

Moderator: Thank you, sir. We have our next question from the line of Sanjay Mookim from J.P. Morgan. Please go ahead.

Sanjay Mookim: Thank you. Good evening Chiranjeev. A couple of questions on the numbers Chiranjeev. If I read the presentation right, there's been a sharp increase in the net debt number Q-o-Q. Could you talk us through that?

Chiranjeev Saluja: So I think the net debt number would have gone up because of the deployment of the one gigawatt facility. NK can take this question.

N. K. Khandelwal: Yes. So there is an increase in net debt number primarily because of the method of calculation earlier. We had actually not reduced the IPO proceeds also, but that was not a correct depiction. So this time we have removed IPO proceeds from the total not removed IPO proceeds from the total debt because it is for a project-specific requirement.

Sanjay Mookim: Sorry, just to clarify that, Mr. Khandelwal. So when you say the net debt number is INR1,917 odd crores, you probably have IPO proceeds of INR1200 crores. So if I were to subtract that the net debt is somewhere around INR700 crores on a balance sheet basis.

N. K. Khandelwal: Yes.

Sanjay Mookim: And you've been advised not to remove that cash?

N. K. Khandelwal: No, because it is raised for a project-specific requirement and it has to be parked separately for usage into that particular project. And last time when we released the numbers, that time we had reduced it from the overall debt. So there is a difference in the method of calculation of net debt.

Sanjay Mookim: Okay. If I may just follow up on the detail a little bit, Mr. Khandelwal, this money was received in the early September?

N. K. Khandelwal: Yes.

Sanjay Mookim: Yes. If I look at the presentation the net debt end 1Q and net debt end 2Q is flat. I mean that should have gone down if you had added the money from the IPO?

N. K. Khandelwal: Which one Q2 and Q3 you are comparing.

Sanjay Mookim: Q1 and Q2, Mr. Khandelwal.

N. K. Khandelwal: Q1 and Q2.

Sanjay Mookim: If you had add it in the IPO. Shouldn't Q2 have gone down?

N. K. Khandelwal: 9,842 versus…

Sanjay Mookim: 1,017 at the end of Q2. If you had added the IPO money back then shouldn't Q2 number have been much lower?

N. K. Khandelwal: No, we had actually reduced last time. So it was coming negative I think. Last time it was negative that's what you are saying and this time it has gone up.

Sanjay Mookim: Yes the slide says it has went up between June and September, the net debt number even though you're saying that the IPO money was added which you have now removed?

N. K. Khandelwal: Okay, let me take the numbers correctly once again and then I'll come back to you.

Sanjay Mookim: Sure. Thank you. The second question again on the detail, the depreciation seems to have gone up noticeably Q-o-Q. Has there been some commissioning?

Chiranjeev Saluja: Yes, so I can answer this question. The depreciation again, has been a management call on the terms of the life of the equipment, in terms of technology, in terms of raw material availability and management has taken a conscious call on depreciation numbers based on the equipment.

Sanjay Mookim: You've reduced useful life assumptions, is it?

Chiranjeev Saluja: Yes, it's based on useful life, on technology, on availability of raw material. So a lot of factors have been taken into while arriving at this.

Sanjay Mookim: Thank you, Chiranjeev. Just one question on the ALMM list too in follow up to the earlier query. If the list is not yet ready, but I understand that people who are now bidding will have to incorporate DCR requirements. How does a developer decide who to buy from if the list will not be ready?

Chiranjeev Saluja: Yes so developers have already started contacting cell manufacturers. And developers are also talking to companies who have announced cell manufacturing. And it has been a very clear direction, unlike the ALMM which was announced for the module. This time the ministry has been very clear that please take into account that you have to use cells made in India and appropriately bid for the PPAs.

So developers have understood this point. And they have been discussing with manufacturers like us and accordingly putting in their bids for the PPA.

Sanjay Mookim: And so this is on the assumption, Chiranjeev that any developer will make that if you are in India, you will be on the ALMM list too?

Chiranjeev Saluja: Yes, if you are already a cell manufacturer then obviously, we'll be in the list.

Sanjay Mookim: Okay, thank you. Those are my questions. Thank you very much.

Chiranjeev Saluja: We'll come back to you on that question which NK is just checking.

Sanjay Mookim: That will be very useful. Thank you.

Moderator: Thank you. We have our next question from the line of Gopal from SBI Life Insurance. Please go ahead.

Gopal: Hi, sir. Thanks a lot. Yes, one of the questions was on this net debt only. So whenever you are able to clarify, please clarify on that. And second was in this current order book what will be the export percentage?

Chiranjeev Saluja: Our export percentage is going to be limited to 3% because as I told earlier, we are committed to Indian market. So we will be restricting our exports, even though there is a significant demand from the US, but the management by choice is very clear. Their focus is dedicated towards Indian market. And there is a very strong demand here. So we will limit it below 3%.

Gopal: And we had a plan to invest in the US for cell manufacturing and all?

Chiranjeev Saluja: Yes, we still have this plan. We have just put it under review because we are waiting for the regime in the US to settle down and be clear on what they want to do. As of now, we have only heard and read that IRA has been paused by the Trump administration. We are hearing a lot of statements, but we still do not have clarity. And as a company, we have taken a conscious decision not to move ahead until we get full clarity on this topic.

Gopal: And sir on order book side, would you be able to give some color in terms of breakup between module cell and EPC?

Chiranjeev Saluja: It's already given in the presentation. I think about 30%-odd is for cells which is already shown in the order book. 36% is for cells, 1% for EPC and 63% for module. The module order book would also include non-DCR and DCR modules both.

Gopal: And this order starting point of September 24 is INR6,400 crores?

Chiranjeev Saluja: Yes and then there is a…

Gopal: Even INR6,200 crores order book.

Chiranjeev Saluja: Pardon me, could you repeat that?

Gopal: Last quarter presentation it shows INR6,200 crores order book?

Chiranjeev Saluja: Okay let me just check that number in the last presentation and come back to you.

Gopal: That was one. And second was I was just, I'm sure that's a very crude way to calculate. I was just calculating the average per megawatt on order book, but this is like down by 2%, 3% quarter-on-quarter. So there is no change in the pricing is what we have mentioned?

Chiranjeev Saluja: So there is no significant change in the pricing, which I had answered this question earlier also. The market looks to be quite stable. In fact, in the non-DCR segment, there is a slight increase in the pricing because of duty imposed on glass. So overall, the pricing has gone up a little bit. In both DCR model and non-DCR model because glass duty has been a pass-through for us. And hence, there is a slight increase rather than a decrease.

And even in China, we are seeing now prices have started going up. They were at all-time low. We are now seeing an increase in prices in China. So the gap between Indian models and Chinese modules is gradually reducing because China has now started increasing prices.

Gopal: And sir, in terms of revenue mix this 25%, 30% from cell this is the right assumption to take for next year or it will increase in the financial year 26?

Chiranjeev Saluja: So it depends. It's market dependent. As of now, this is what is shown in the order book matrix, but yes it depends it could change.

Gopal: Okay. And would you give some guidance on EBITDA margins for 26 and 27?

Chiranjeev Saluja: Sorry, could you repeat that question?

Gopal: EBITDA margin guidance for FY26 and 27?

Chiranjeev Saluja: As a policy, we do not give any guidance. You have been seeing our performance and the company and the management is all working towards the best performance. We generally do not give any guidance as a board policy. And the question on that order book, I think that was not for 30th September. That was for - it was for November 1st week. It was not for September, the number which you're seeing. The 6,200 numbers was as of November, not September.

Gopal: Sure, sir. Thanks a lot.

Moderator: Thank you. We have our next question from the line of Mayur Patel from 360 One Asset Management. Please go ahead.

Mayur Patel: Hi, thanks for the opportunity. Great set of numbers, Chiranjeev, and the team. So just one - most of the things got covered. Just one question INR6,900 crores of order book. Shall we assume that this is at the current, so like you delivered around 30% margins in this quarter and it's a function of whatever cost, but also a function of the price of modules in DCR and non-DCR and the price of cells which goes largely in DCR.

So it is - shall we assume this orders, these orders are also at the current price and if you want to model it according to earnings for next year, we can do it that way?

Chiranjeev Saluja: Again, it could be a guidance for future, so I'd like to avoid that. As you see quarter-on-quarter we have been in the range of between 25 to 30 as what you have seen in today's results. That could be an indicator, we'll be in this range.

Mayur Patel: Okay, got it. Fine, thanks. I don't have any other questions and all the best, Chiranjeev. Very strong set of numbers.

Moderator: Thank you. We have our next question from the line of Gurnish. Please go ahead. We'll move on to the next participant from the line of Piyush Sevaldasani from Sundaram Alternates. Please go ahead.

Piyush Sevaldasani: Thank you for the opportunity and congrats for a great set of numbers. Sir my first question is on the raw material pricing, on one of your slides you have mentioned that the Chinese pricing is further going down, but I think with your previous participant, you mentioned that you're feeling that it's again going up. So I just wanted to understand that, is it a complete pass-through for us or would we have an impact in the near term?

Chiranjeev Saluja: Yes, as I said almost 90% of our order book is pass-through. There are some orders which are spotted. Otherwise, when we sign up any contracts for DCR cell, the wafer is a pass-through.

When we sign up contracts for DCR module there again wafer is a pass-through. And when we sign up non-DCR orders, the cell is a pass-through. And this is an industry norm. It's not something which Premier is doing, because of the volatility, it's generally a pass-through.

Piyush Sevaldasani: My next question is on the depreciation. I understand that I think 1 gigawatt of cell and 1 gigawatt of module is getting commissioned in first quarter. Can you help us understand what would be the amount that is capitalized…

Chiranjeev Saluja: Sorry, I'm not able to understand your question. Could you repeat it because your voice is smudging. Could you repeat that again?

Piyush Sevaldasani: 1 gigawatt of cell and one gigawatt of module, I think, is getting capitalized in the first quarter. Can you help me understand what would be the amount that would be capitalized and useful life for that?

Chiranjeev Saluja: So it's a TOPCon cell line. The 1 gigawatt of cell line, the spend budget is generally it's about INR600 and odd crores for cell line. Could you give the capex numbers for 1 gigawatt of cell and 1 gigawatt module and then module is about INR175 crores.

Piyush Sevaldasani: And useful life?

Chiranjeev Saluja: So generally, we being a TOPCon line generally, we generally take useful life to be about 5 years. We generally depreciate our equipment in 5 years. Sometimes even earlier, management takes a call based on the useful life of the equipment and on technology, but generally we take 5 years. The total investment, the numbers which you were talking about is the 6,694 million for cell line and 1523 million for module line.

Piyush Sevaldasani: Sure, sir. Thank you. That’s it from my side.

Moderator: Thank you. The next question is from the line of Shivanshu Gupta, an Individual Investor. Please go ahead.

Shivanshu Gupta: I am one of the investors from IPO. Thank you for taking my question. I wanted to understand in terms of capacity utilization in the slide 21. So leaving aside the new capex plans, are we at a peak capacity utilization for cells and modules?

Chiranjeev Saluja: For modules, there is still some scope, but for cells, we are almost at the peak in this quarter.

Shivanshu Gupta: Understood. And for the order book guidance you said most of it is domestic over 95%?

Chiranjeev Saluja: Over 97% is domestic. As a company, we generally are below 3% for exports. Year-to-date, as of today is 2.11%.

Shivanshu Gupta: Understood. Thank you.

Moderator: Thank you. We have our next question from the line of Swati Jhunjhunwala from JM Financials. Please go ahead.

Swati Jhunjhunwala: Yes. Thanks for taking my question. Sir, on exports, I think I missed it. Do you see exports to go very big now that what the global environment is like or do you expect it to stay at this level? Because on a YTD basis, we've de-grown by close to 70%. So that's my first question?

Chiranjeev Saluja: Yes. So as I stated earlier that we as a company have taken a conscious call that we want to serve the country first. And we give priority to domestic orders. And our focus has always been to make sure that we are making the products available for the government-sponsored projects in India. That's a priority for us. All our capacity expansion is also planned, keeping in mind the domestic demand.

So as of now this is where our focus is, which we want to retain ensure that our exports are not more than 3% on an annual basis. But going forward, as capacity is built up in India and maybe the demand in US is very strong, we would take an appropriate call at that time.

Swati Jhunjhunwala: Understood. And second on the net debt part, I think I understood what the delta of that INR1291 crores was versus in Q2 what you had quoted versus right now. Just wanted to understand if you are not deducting the IPO proceeds from the net debt as of now, what does it, I mean, what does it get put into since that INR1291 crores is for a specific project? So if you could just break down the net debt if you could because optically it looks like this INR1900 crores should come down by INR1291 crores to give us sort of INR600 crores net debt?

Chiranjeev Saluja: Yes, I think we had parked this question for our group CFO NK to come back. We will come back to you on this question.

Swati Jhunjhunwala: All right. And lastly on order book, so could you give the order book number of last year, December that is 2023, December Q3 FY24?

Chiranjeev Saluja: I have to pick out that number, December 23 order book number. Yes, we will make a note of this and we will respond to you.

Moderator: We have our next question from the line of Akash Mehta from Canara HSBC Life.

Akash Mehta: Congratulations on good sort of number. Yes, so just one question in terms of the new cell and module capacity, which is kind of coming through of one gigawatt each, how do you see the ramp up happening? I mean, will I mean, will the cell capacity kind of take a similar timeline in terms of ramping up in terms of utilization or it will be faster than what we have seen previously?

Chiranjeev Saluja: No, so we will of course, replicate or be a little better than what we have done in the past because of the experienced team and the 14 years of knowledge, which our team and our company has on cell manufacturing. We have projected that, we will be able to commission and ramp up within three months of commissioning. We are looking at a mid-May commissioning and ramping up our production within three months of that.

And then, of course, it takes time. We would not reach 96% in the first quarter. It's going to be gradual, but we will try to better what we have done in the past. It should be better than that.

Akash Mehta: So, I mean, we can see at least, I mean, more than 50%, 60% of course after one quarter. I mean, that's what we can.

Chiranjeev Saluja: Yes, of course, 50, 60 is a safe number to assume.

Akash Mehta: Okay, that's it from my side.

Moderator: We have our next question from the line of Chaitanya Jhunjhunwala from Groww Mutual Fund.

Chaitanya Jhunjhunwala: Yes, thanks for the opportunity and congrats for the great set of numbers. Yes, I had a question on the provision side. So basically, last quarter, we had taken a adhoc provision for the warranty right.

So I wanted to ask whether we are taking this provision regularly, because the every module, but every module that you manufacture has an inherent provision for warranty, right?

Chiranjeev Saluja: So it depends. Some customers opt for third party insurance where warranty is already covered under third party insurance program, and some don't. So management has taken a call for that provision in last quarter. We do not need to put in a similar number every quarter.

Moderator: We have our next question from the line of Bharani from Avendus Spark.

Bharani: Yes, so I just want to understand the rationale behind the basic customs duty cut the government has done on cells and modules and how it will impact our prices?

Chiranjeev Saluja: So, we don't see any change in the customs duty. I think what the government has done in the recent budget is that the duties on cell remains as to what it was. It has just been bifurcated. I think I'll leave this question to Vinay. He'll be able to answer this better. Vinay, on the customs duty, please.

Vinay Rustagi: Yes, sure. So as Chiranjeev said, there is no effective change in the level of duty which has to be paid by the importers. All that the government has done, they have reduced BCD on various items to basically cut the number of slabs of BCD.

This is some kind of a tax reform. But all the reduction in the BCD that you see on cells and modules is basically offset by an equivalent amount of levy of an agriculture. So effectively, the total amount of duty that the importers have to pay remains the same, which is 44% net on modules and 27.5% on cells.

Bharani: Okay. So essentially, the impact on our, say, attractiveness from price point of view compared to China remains the same before the announcement.

Vinay Rustagi: Yes. There is no change in the economics either for the buyer or for the seller. It is just a definition tweak in terms of how the different duties are structured and named.

Bharani: Yes, understood. My second question is kind of numbers I want on demand in, say, India and the USA. So apologies if it is basic. But could you spell out what could be the annual demand for modules from India? And if you can split that between BCR and non-BCR. And what could it be in the US?

Chiranjeev Saluja: I think, Vinay, you should take this question also.

Vinay Rustagi: Sure. Chiranjeev. So if you see the historic numbers, India did a record capacity addition of about 24 gigawatts AC in the last calendar year that is 2024. That is equivalent to a total demand of about, I would say, somewhat not of 30 gigawatts over the year. We expect that number to grow by about 15% to 20% year-on-year over the next three to five years.

So we are basically looking at a demand, a module demand of something close to like 50 gigawatts during this period. And in the US, the scenario is not so clear, because of the policy confusion and whether IRA is applicable, which parts of IRA remain applicable or not. But the annual demand in the US has been about 25 to 30 gigawatts over the last few years.

And this year onwards, we are not very clear. We remain – we kind of are waiting for the policy clarifications to emerge, only after which we can know about likely demand from the US.

Bharani: Okay. Follow-up to that question of the 30 gigawatts annual DC demand, how much will be DCR? How much will be non-DCR?

Vinay Rustagi: So if you look at the market on an annual basis, currently there is, I would say, looking at the New Year 2025, we expect about five plus gigawatts of demand -- DCR demand, to come from the residential rooftop market. We expect, I would say, between 8 to 10 gigawatts of demand to come from the Kusum market, the agricultural solar market, and a few more gigawatts to come from the PSU market and some specific projects of the government.

Having said that, if the ALMM is implemented from next year, June 2026 onwards, as the plan is then the entire market is going to turn into a DCR market in a matter of less than one and a half years.

Bharani: Sure, that is clear. I'll fall back in the queue. Thank you so much.

Moderator: We have our next question from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Yes, good evening, sir, and congrats for the great results. My first question is on your order book. So when you say order book, what defines it? Is it the advances or is it some kind of MOU? How do you define your order book?

Chiranjeev Saluja: Yes, so let me clearly state that all our order book is firm order book with advances received. We never as a policy put in anything in the order book, which is even a framework agreement which can be cancelled. So it's all firm order book, contract signed with advances, and it's not a framework or an MOU.

Prateek Kumar: Right. And these advances will amount to like how much percentage of the value of the product?

Chiranjeev Saluja: Generally, it depends from contract-to-contract. It would anywhere range between 5% to even 20%. So it depends on the quantum. It depends on the delivery timelines.

Prateek Kumar: So my other question is on the technology transfer from China. So you're talking to me about commissioning of paper, and maybe looking for more projects in that segment. But is there any technology transfer issues, which have been talked about in media from China in this segment?

Chiranjeev Saluja: So, yes, we have also heard of some issues. Our wafer manufacturing is with a Taiwanese partner. So we don't have a technology issue here. But yes, we have heard of certain issues on equipment supply from China. There are certain vendors who said that, government is really pushing for not selling equipment to India, but you could sell it to any other country. Then there are certain vendors of equipment in China who say we have no problem.

So there is no clarity on that. We have not faced any significant issue. And we have been getting our equipment, and we will navigate issues as and when they come up, because a lot of equipment suppliers now in China, are setting up shop in Vietnam, in Malaysia, in different parts of Southeast Asia. And I think we don't see a major threat there as of now.

Prateek Kumar: Thanks. And the last question on ALCM. So June 26 is the timeline, but ALMM got delayed by one year because of non-readiness for the industry.

So the capacity additions for cell remains slow at this point. Is there any chance of this ALCM also getting sort of delayed if the industry capacity is not online?

Chiranjeev Saluja: I would not say no. There could be a possibility that the ALCM gets postponed by six months, but that would not mean any kind of exemption. It would only be an additional timeline given to developers to commission their projects because the government has been very clear in their GEO that they have to consider Indian made cell.

Vinay Rustagi: I mean, just to add to that, ALMM1, obviously was a new policy and created a lot of confusion in the market and disruption for both module suppliers as well as for the customer and customer that is the IPP. And I think what has happened is that the government has got a lot of feedback from the market or stakeholders on implementing ALMM2, and they have issued a much clearer set of guidelines on how this is to be implemented, including, for example, for saying that all projects which have been bid after December 2024 will have to comply with ALMM2. So there is a pretty forward looking guidance.

There is also a reasonable confidence that given all the plans by all these companies as part of the PLI scheme or otherwise, there is a significant amount of capacity addition coming on the cell side. So obviously, one can never rule out whether the policy -- what will happen to the policy in future, but we expect a much clearer thinking on part of the government and not to have anything like the kind of confusion that we saw with ALMM1.

Moderator: We have our next question from the line of Subramanian Yadav from SBI Life Insurance. Please go ahead.

Subramanian Yadav: So just wanted to understand on the capacity utilization of the cells. Why there has been a sudden increase from 77% to 96% and how sustainable is this 96% number?

Chiranjeev Saluja: So 96% number is sustainable. As I've told earlier, cell lines take time to stabilize and it's a process driven industry. And there is another reason for these percentage of utilization to go up also, because China has moved from M10 wafers to M10 plus or what they call is the M10R wafer, which is a larger format wafer, and hence the wattage output, what we get from the same wafer is about 4% to 5% higher than what a normal M10 wafer would give.

So this also contributed in the utilization, because you're seeing the utilization in percentage, but in megawatt terms, every cell on an M10 wafer is slightly higher on the watt peak compared to an M10 wafer. And our guidance is that this will be now the norm plus or minus 1% or 2% is what we are going to be achieving.

Subramanian Yadav: Okay. And what about the modules from 74 to what will be our peak in that?

Chiranjeev Saluja: So on module lines, we have seen that you need to actually change the product mix. People are still buying different watt peak of modules. Some people are there is a demand for mono PERC and TOPCon and then somebody wants glass and somebody wants a monofacial. So when you do these changeovers, you lose efficiency in a module line. But based on customer orders, we need to do that. So module line is a different beast compared to cell line.

And because in cell line, you're just producing one format of wafer continuously, and then you keep them. So module line also, we see that there should be a little bit of increase, but it will not be so significant. And also in cell line, if you see our number, we had dropped from 82 to 71. And then it's gone up to 77 and it's gone up to 96 because the format of the wafer changed.

Subramanian Yadav: Okay.

Chiranjeev Saluja: So when the wafer format changed, it took time to stabilize the lines again.

Subramanian Yadav: Okay. So for this wafer change, it would be happening frequently, right? Then it would be very difficult for us to maintain this 95% capacity, right?

Chiranjeev Saluja: No, I would say no, because in this format, if mono PERC, this is what is the norm now, M10 plus. Beyond this, if there's any change, it will only happen in TOPcon lines.

Subramanian Yadav: Okay, fine. And sir on the module front, what would be the peak utilization?

Chiranjeev Saluja: We are, we are estimating it to be around 80%, 82%.

Subramanian Yadav: 80%, 82%. Oh, thank you sir.

Chiranjeev Saluja: Thank you.

Moderator: We have a last question from the line of Vipraw Srivastava from PhilipCapital.

Vipraw Srivastava: Right. Two questions, sir. Firstly, on why the gross margins have declined by 300 bps for this quarter, Q-o-Q?

Chiranjeev Saluja: Just a second please.

Vipraw Srivastava: Sure.

Chiranjeev Saluja: Which slide are you referring to in the presentation?

Vipraw Srivastava: No, I'm talking about gross margins, sir. It's the, if you calculate gross margins after subtracting cost of goods sold, the gross margins? So it's 30%, it's 38% for this quarter. It was 41% for last quarter, roughly, roughly. So it's roughly a 300 bps decline.

Chiranjeev Saluja: Yes. So you're talking about material margin, is it?

Vipraw Srivastava: Exactly. Yes, yes, yes.

Chiranjeev Saluja: Yes. Could be because of various factors. We'll have to come back to you. The forex has gone up and also material moment, raw material prices sometimes in some cases, there is volatility.

Vipraw Srivastava: Okay.

Chiranjeev Saluja: Let's not give a correct number quarterly because, raw material prices on a weighted average basis. Yes.

Vipraw Srivastava: So is the trend in cell price declining in DCR because your cell mix has also gone up Q-o-Q because of that has the gross margins come down?

Chiranjeev Saluja: So cell prices in DCR market are not declining. They are similar to what they were. They could be a change of maybe, 2% here or there. There's no decline we are seeing in cell margin as of now.

Vipraw Srivastava: Sure, sir. And so last question, one of your clients, Shakti Pumps in the Concall has been highlighting that they could be facing slowdown PM Kusum because of shortage of DCR module plus very high DCR model prices. So any thoughts on that?

Chiranjeev Saluja: So DCR model prices went up slightly because of the import duty put on glass. And this is something which was a pass through for all our customers. And because of the glass duty, these prices have gone up by almost about 80 paisa, about a cent per watt.

And I think Shakti has even updated something today. If you would have seen that they have secured a substantial portion of their DCR requirement and they, of course, continue to buy from us, so which is positive for them.

Vipraw Srivastava: Right. But you don't see a slowdown happening on PM Kusum because of this? I mean, thoughts on that?

Chiranjeev Saluja: No. So, what has happened is I don't see any showdown. The problem with PM Kusum scheme, unlike the Surya Ghar Muft Bijli Yojana, is generally the PM Kusum scheme is dependent on the tenders which have been coming out by the respective states. And we have generally seen that all these kind of projects, there is not a stable demand every quarter. And everybody wakes up in the last four months.

And everybody wants to achieve the maximum what they can for the funds to be utilized before they expire in March. And then they are reinstated. So we have seen this issue come up only in the last quarter. A substantial portion, a lot of our customers who had signed annual contracts from us failed to buy the material what they promised in respective quarters by over 15%-20%. It didn't matter to us because there was a lot of demand. And then suddenly in the last quarter, there has been an unprecedented demand because everybody wants to catch up.

So I don't see any shortage if people plan properly and deployment happens. Now, this is not the case in PM Kusum, because PM Kusum is spread over individual customers. And they are not running under the pressure of receivables from respective states and projects slowdown because of this, I think. So there are two different programs. But we don't see any stoppage. There is a substantial availability.

Vipraw Srivastava: And so lastly, so because of the Shakti Pumps thing, you don't see any issue with receivables. Can that be a problem if their execution doesn't happen? Can that be a potential problem?

Chiranjeev Saluja: So the demand is so high that I don't see that as a problem at all. And even government has, I think, Vinay, you could throw some light on the payment process mechanism, which the government has made some great efforts and great improvement. Vinay?

Vinay Rustagi: Yes. Actually, the payment provisions in Kusum scheme have been substantially improved now. The government, the central government makes up money available subject to the state government putting up their share of the funds, which is typically 30%-30% or 30%-40% of the total project cost. I'm talking about solar pumps.

And so the state governments have to put up their money upfront. And the vendors, if I remember correctly, get their money within a set timeline, which is typically 45 days - within 45 days of installation. So the payment process has been completely rationalized. And we hear no complaints about the vendors getting stuck with payments with any of the state governments.

Moderator: As that was the last question for today, I now hand the conference over to the management for closing comments. Over to you, sir.

Chiranjeev Saluja: Yes. So I'd like to thank the I-Sec team and everybody else who joined the call. I'm happy to see a good participation and also individual shareholders joining.

We are committed to deliver the best what we can for the shareholders. And we will continue to be very agile and looking at the situation in the market, navigate accordingly. So thank you so much, everybody.

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