



“Shakti Pumps (India) Limited Q3 & 9MFY23  
Earnings Conference Call”

**January 23, 2023**



**MANAGEMENT:**

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**Moderator:** Ladies and gentlemen, good day and welcome to Shakti Pumps (India) Limited Q3 & 9MFY23 Earnings Conference Call. 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 this conference call, please signal an operator by pressing \* then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit Anand from Ernst & Young LLP. Thank you and over to you Mr. Anand.

**Rohit Anand:** Thank you and good afternoon, everyone. Before we proceed, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future results performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the Financial Results and the Key Developments and to answer your questions today, we have the senior management of Shakti Pumps (India) Limited represented by Mr. Dinesh Patidar - Managing Director, Mr. Ramesh Patidar – Executive Director (Exports), Mr. Dinesh Patel – Chief Financial Officer and Mr. Ravi Patidar – CS and Compliance Officer.

We will start the call with a brief overview of the past quarter by Mr. Dinesh Patidar followed by a Q&A session. I will now handover the call to Mr. Patidar, over to you, sir.

**Dinesh Patidar:** Thank you Rohit. Hello and welcome friends. I am very happy with our performance in Quarter 3 and our team's hard work despite these harsh conditions which has enabled us to post a revenue increase of 17% Y-o-Y with 29% YoY increase in the Solar EPC business. The conditions were harsh, and the working situations were also not favorable. Our Export business has also supported very well, and we had a very good performance of export in this quarter.

There were some positive developments in PM KUSUM Yojana. Solar Energy Corporation of India (SECI) has issued new tenders for approximately 6.6 lakhs pumps in the month of December 2022. The tenders are expected to complete by March 2023 and we are expecting to receive some orders from Quarter 1 of FY24. We are going to bid for these tenders and because of our expertise, we are hopeful to get these orders with the expected improvement in our margins. Going by experience, the Government has also tightened up the rules and laws and improved the eligibility conditions of the tenders due to which large/organised players are in a better situation as against the earlier orders. Indian Government and SECI have the vision to successfully implement the KUSUM scheme as they have included some specific conditions for participating in the bidding. Good experience in the solar pump sector is one of the major conditions. For this tender condition, we need to have the experience of selling at least 40,000 pumps and we have already sold around 50,000 pumps and our strong states like Madhya Pradesh, Rajasthan, Haryana and Punjab where we have already established ourselves has been

coming up with strong demand. Out of this 666,000 pumps, requirement of approximately 500,000 pumps are from these states only, so we feel that in the coming year post FY2024 we will go towards a good time because learning from all those past things the government has also made improvement and we have also gained experience from it. We feel that in the coming time, we will be able to take 30% to 35% market share and our team will live up to the expectation and for that, it is doing the work. Recently, we have received one EPC award which we received for our good exports, and for that I will thank our export team, and with this, for our financial result I will hand over to our CFO, Dinesh Patel.

**Dinesh Patel:** Thank you, sir. In Q3 FY23, our revenue from operations increased by 17% Y-o-Y from Rs. 269 crores to Rs. 314 crores. In 9MFY23, our revenue from operations was Rs. 785 crores compared to Rs. 794 crores in the previous year. Export revenue stood at Rs. 166 crores in 9MFY23 up by 24.5% from Rs. 133 crores the previous year. EBITDA for the Q3 FY23 stood at Rs. 21.9 crores as compared to Rs. 27.3 crores in Q3 FY22. EBITDA for 9M FY23 stood at Rs. 55.7 crores as compared to Rs. 74.2 crores in 9M FY22. EBITDA margin for Q3 FY23 stood at 7.0% and for 9M FY23 stood at 7.1%. The company reported profit after tax of Rs. 11.2 crores in Q3 FY23 and Rs. 21.9 crores in 9MFY23. PAT margin stood at 3.6% in Q3 FY23 and 2.8% in 9M FY23. With this, I now request the moderator to open the floor for question and answer.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

**Balasubramanian:** Sir, my first question is SECI has issued new tender for around 6.66 lakhs solar pumps, so the bidding is expected to complete by March 2023, so like what kind of opportunities in terms of numbers and how much competition we may expect. how many of them are going to bid? How much can we able to grab in this opportunity? Since we have a strong market presence of 32% - 35% in major tendering states, will we be able to grab 30% - 40% kind of opportunities in this tender? Could you please throw some more light on that?

**Dinesh Patidar:** Yes, very good question. See, this is a 6.6 lakhs tender and we are in a very good position in Madhya Pradesh, Maharashtra, Rajasthan and Haryana. This is about 5 lakhs from these major states. Our position and our brand image is very good in these areas and we are confident we will get more than 30%-35% share in the market. See, this time the tender specification is very stringent and we we are very positive to say that yes, this time its rate is also very good and competition is also less, so we are confident we will get good business.

**Balasubramanian:** Sir, on the export side which are the countries we are targeting at? What kind of pumps we are experiencing demand in near-term?

**Dinesh Patidar:** Our USA Company is doing very well, and Ramesh can elaborate more.

- Ramesh Patidar:** Yes, we are growing in all the sectors in all the continents, especially in Africa and USA for export business.
- Balasubramanian:** Sir one more question, we got 2 patents out of 29, so what kind of more R&D patents?
- Dinesh Patidar:** Yes, these patents are very good and big patents, so in the future we will get good business of these things because we have started in the USA with S4RM motor technology. We have marketed in the USA, but yes, it is in a development phase. We expect decent overall performance for USA Company for this patent.
- Balasubramanian:** Sir, what is our R&D spend and what kind of R&D spend we may expect for medium term?
- Dinesh Patidar:** Yes, basically Shakti Pumps is a R&D company and we have very good R&D setup internally. For the whole company, we have 150 R&D engineers working. We have done very good job in this power electronic space. We have developed a VFD Solar Controller, Solar Inverter and our motors are very good efficient motors. Worldwide, we are also in good position, as you can compare our motors with any Japanese motors.
- Moderator:** Thank you. Next question is from the line of Vishal from Svan Investments. Please go ahead.
- Vishal:** Sir, what was our overall debt level for this quarter because your interest cost has fallen significantly?
- Dinesh Patel:** Yes, around Rs. 10 crores we have term loan and around Rs. 46 crores we have short-term loans, so totality Rs. 56 crores we have outstanding as on 31<sup>st</sup> December 2022. That is the reason our final stock is very less.
- Vishal:** Any status on the price hike you were expecting on the earlier KUSUM Scheme? Kindly throw some color on that when the government is expected to give the price rise of 25% - 30% which you were demanding.
- Dinesh Patidar:** Yes. See, this is a very good question because the rate differential in KUSUM 1 and KUSUM 2 according to the tender specifications there were many loopholes left due to which this matter reached the court also. SECI has put rules in a professional way now because of which very good serious players, who have experience of solar, can only quote the rate and they have put many more such points due to which only serious players will come and so we are hoping of getting better rate because only serious players maintain the rate else others who don't want to work or who have MSME and who just want to participate in the tender. Taking all such things into consideration, rules and regulations have been applied very strictly in this tender.
- Vishal:** Sir, my question was that in the starting we were expecting a rate hike from the government which is pending from the government side by when do you expect it to be completed, can you say something about that? You can share some ideas on that?

- Dinesh Patidar:** This will continue based on the new tender which has come going forward because in government business things happen like this only. No correction is done in the old rate, new tenders are done with new rates only like last time I told in the conference call that we surrendered orders of almost Rs. 500 crores with Haryana Government which is still on hold. We will get those orders after converted to the new rate.
- Moderator:** Thank you. Next question is from the line of Devansh Shah from Niveshaay. Please go ahead.
- Devansh Shah:** Good afternoon all. My question is what are the reasons for declining EBITDA margins? Is it only because of the rising of raw material prices? And also which are the key raw materials used in production?
- Dinesh Patidar:** Yes, definitely only raw material price. You can compare this quarter's results. If you see it is showing an increase in raw material price and basically price increase in sales in solar panel is because of the war and due to China. Secondly, steel prices also increased. In copper, yes, it is maintained and in MS it is just started going down so due to raw material price there was a little pressure in margins, but still, we have tried very hard and maintained it.
- Moderator:** Thank you. The next question is from the line of Ankit from JHP Securities. Please go ahead.
- Ankit:** So, I have one question, so in Q2 FY23, 12,000 solar pumps were kept on hold for execution, so what is the status of that?
- Dinesh Patidar:** Yes, the Haryana Government's one order of almost Rs. 500 crores are there which we have kept on hold, is still on hold, and in that as soon as the rate increases then we will get that order automatically after converting with revised rates. If new and better rates will come, then we will definitely complete those orders and will go forward.
- Ankit:** How much time it will take?
- Dinesh Patidar:** Yes, you can see its results in the first quarter of next year, FY24.
- Moderator:** Thank you. Next question is from the line of Senthil Kumar from Joindre Capital. Please go ahead.
- Senthil Kumar:** I have 2 questions, first is what percentage of exports revenue we derived from USA?
- Dinesh Patidar:** USA export percentage?
- Senthil Kumar:** Yes.
- Dinesh Patidar:** It is around 33%.
- Senthil Kumar:** 33% of export revenue am I right?

- Dinesh Patidar:** Yes.
- Senthil Kumar:** So, what kind of growth now we can expect going forward overall in the export market?
- Ramesh Patidar:** Yes we are growing steadily in the US market and we are basically expanding our network also in all the US market covering all the US 54 states, so we are expanding aggressively in the US market.
- Senthil Kumar:** So, what will be the share of overall export revenue in the total revenue?
- Ramesh Patidar:** We are trying to maintain our growth in each and every continent, so we will continue growing in US market as well as other continent also.
- Senthil Kumar:** So, what will be the mix in the overall revenue, sir for FY24 full year?
- Dinesh Patidar:** 25% to 30%.
- Senthil Kumar:** And next question is now regarding this investment in EV, when can we expect commercialization of our EV products, sir over the subsidiary?
- Dinesh Patidar:** See, EV we are in the developing phase, we are doing development because we have done auto rickshaw and two-wheeler motor and three-wheelers motor, so still is going on testing because it is very good business for us and we have already started one company the Shakti Green Company for two-wheelers, three-wheelers, four-wheelers EV motor and there we have already purchased land and development has started and building we can start around 6 to 8 months' time and plant and machineries already we are looking for, so you can think after FY24 we will start our major sale, right now we have already started our sale in around 5,000 motors we have already sold to two-wheeler and three-wheeler market and still we are testing our motors. Our motor is better than any Chinese motor.
- Senthil Kumar:** So, we can expect from FY25 onwards? Am I right sir?
- Dinesh Patidar:** Yes, FY24 we can start this new company segment two-wheeler and three-wheeler. Still, we are in developing phase.
- Senthil Kumar:** So, what are the other products apart from EV motors we are manufacturing, we have planned to manufacture in EV segment?
- Dinesh Patidar:** Only motors and controllers.
- Senthil Kumar:** Two-wheelers and three-wheelers?
- Dinesh Patidar:** Yes, two-wheeler, three-wheeler, four-wheeler controller, and motors both.

- Moderator:** Thank you. Next question is from the line of Jatin Koradia, an Individual Investor. Please go ahead.
- Jatin Koradia:** I have few questions. First thing is the solar prices, the polysilicon and the solar panel prices in China have reduced drastically, so just wanted to understand the trend is continuing in India as well because I understand that you are procuring from Indian manufacturers only.
- Dinesh Patidar:** This is an Indian policy, we have to use only domestic manufacturing cells, so we can purchase only from a few companies in India. We have to purchase from domestic sellers only, so that is the tender condition because that is an Atmanirbhar Bharat.
- Jatin Koradia:** What I was asking specifically was since globally prices are decreasing of the solar panels, has there been impact on India given the export duty? Are the prices decreasing from previous quarter to the current quarter for your solar panels because your major raw material cost?
- Dinesh Patidar:** No, not like that because see in solar panel, our Indian Government they have put 40% duty for Atmanirbhar Bharat purpose and rest of our raw material, they have already increased the price, so no price decrease in last 2 quarters. Every solar cell is manufactured in India they have to depend on the Chinese manufacturers so that they have not reduced stock, involves in Chinese raw material for solar panel making company.
- Jatin Koradia:** Sir my second question is that in US are you selling solar pumps or as you earlier answered in one of the previous questions you are selling the parts to EV?
- Dinesh Patidar:** In the US, we are also selling water pumps and in a few places we have started selling our solar pumps also, but our major sale is domestic water-supply pumps.
- Jatin Koradia:** Sir, you sell there through the distributor in the general markets
- Dinesh Patidar:** Yes, absolutely correct we promote there through the distributor.
- Jatin Koradia:** Sir, my next question is that the old tenders which are not physical now in high solar price or high raw material prices, so I am asking that the Government tenders for KUSUM pumps which you have kept on hold, do you have to execute that or you can wait and say we will not execute it because they are not profit making?
- Dinesh Patidar:** Yes, your question is very good and many things will be clear from this to everyone. The rate has already expired, so we requested to the ministry that at this rate we are not in a situation to supply pumps which the ministry accepted and new tender came and at the increased rate itself the orders worth of Rs. 500 crores of Haryana which we have kept on hold, we hope that we will get it at the increased rate and we are working on that.
- Jatin Koradia:** Sir, so this current quarter is the last quarter of FY23, in this will you continue the installation of KUSUM or like few previous quarters or is it still not in execution for KUSUM pumps in

India? I mean my question is that in this fourth quarter under KUSUM the pumps which you are installing, are you doing that orders? Are there any orders left or it is not there as raw material prices have increased? So, not executing it?

**Dinesh Patidar:** As I heard and understood your question, see it is like that the orders which we refused due to the rate that quantity we have kept on hold, but we have few orders, in Maharashtra we are working in one different tender. We are working on one different tender in Chhattisgarh which does not come under KUSUM, in that we will continue our sale in that and we will execute that.

**Moderator:** Thank you. Next question is from the line of Hardik Vyas from Economic Times. Please go ahead.

**Hardik Vyas:** Sir, I have 2 questions. My first question is that can you give the breakup of this quarter like how much could be done in KUSUM and how much could be done state wise in non KUSUM? And how many non-solar pumps could be installed?

**Dinesh Patidar:** No, I can't give it right now for that I will ask my EY team separately to provide you with the details number wise. I can only tell you that the business we did in KUSUM in this quarter is total of Rs. 223 crores.

**Hardik Vyas:** Rs. 223 crores and rest is of non-solar?

**Dinesh Patidar:** Right.

**Hardik Vyas:** In that export will also come in non-solar?

**Dinesh Patidar:** Yes.

**Hardik Vyas:** Sir, my second question is that the order that we received from Africa, in the last quarter we were expecting from that if \$1 million comes then we will start execution then what is its status now?

**Dinesh Patidar:** Ramesh can reply this one.

**Ramesh Patidar:** Yes, in that quarter we have received the assurance letter from Ministry of Finance, so last December was their financial year end, but they have sent us the commitment letter for this quarter, so in this quarter in January end or February we hope that payment will come.

**Hardik Vyas:** So, payment will come in January end or February?

**Ramesh Patidar:** After that we will start the business.

**Hardik Vyas:** Will something happen in this quarter or from next quarter should we expect that execution will start?

**Ramesh Patidar:** As soon as the payment comes we will definitely show its result.

**Hardik Vyas:** Sir, my next question is that the new tender of SECI that has come of 6.6 lakhs pumps and its pricing will increase and we will start execution then how will its price discovery be done? Can it happen like what has happened in the past like if anybody comes and say that we can install the full system in Rs. 1.5 lakhs and we will not be able to install that at Rs. 1.5 lakhs, then how will the price discovery be done? For example, we are expecting a price hike and someone comes and says that Rs. 1.5 lakhs, Rs. 1.75 lakhs or Rs. 2 lakhs or at whichever low price they are able to do the execution then they get the L1?

**Dinesh Patidar:** Let me make it clear that this tender is not of L1, in this there is no criteria of L1. This is a market mode tender. In this farmers will be the decision maker, whichever company's pump he wants he will purchase the pump of that company, but yes, the thing which you said that in previous tenders we have learned like in previous tenders MSME had the right to give their rate, but in this tender they do not have the right and first of all along with their financial bid they have been asked 3% bank guarantee which they have to give on the spot and if they run away after giving tender then their 3% guarantee will be ceased and this tender in different states will be different, then at one place if anybody gives a wrong rate then there could be the retender will happen and rest at 14 places he will not be able to give the tender because he needs experience to give at those 14 places, like we and Tata are the only player in India who can give in all states rest in India the one who has the experience of 40,000 pumps can only give the tender. Like one who has only experience of 10,000 pumps then he can only participate in one state tender and the rest he can't do.

**Hardik Vyas:** Sir is there any possibility of getting a price hike in the budget or after that because if we are saying that from 1<sup>st</sup> of April it will begin to show that execution has started, so are we expecting the budget price hike?

**Dinesh Patidar:** Budget's work has already been over. Indian Government has already given a budget of 40 Lakhs pumps for putting solar and MNRE has surrendered the money last year also and they have returned Rs. 340 crores to India Government, so the money has come back in the budget. There is no issue.

**Hardik Vyas:** Sir raw material pricing is decreasing then in solar panel prices also it is affecting and stainless steel prices also.

**Dinesh Patidar:** Yes, stainless steel prices are also decreasing and it is also affecting, but it is not decreasing in solar panel and it is not affecting it, but yes a little bit risk factor is there for the solar panel. Because solar panel which is a raw material which is with only 1 or 2 country worldwide and if they decide that they have to increase or decrease the price then they do.

- Moderator:** Thank you. The next question is from the line of Ankit from JHP Securities. Please go ahead.
- Ankit:** I just want to know the current order book?
- Dinesh Patidar:** Yes, in today's date we have an order book of Rs. 100 crores. In this quarter we have to do the order book of Rs. 100 crores.
- Ankit:** And the second question is in last quarter it was mentioned that Uganda project we will start executing in December 22, so what is the status of that?
- Dinesh Patidar:** As Ramesh mentioned that December was their year-end so they have not sent the money. They have sent us the letter saying that they will send the money in the next quarter. As soon as we get the \$1 million, already we have received an advance of \$6 million, we will start working on that as soon as \$1 million comes.
- Moderator:** Thank you. Next question is from the line of Forum Makim from Equitree Capital. Please go ahead.
- Forum Makim:** Congratulations on a great set of numbers. Sir, I have a couple of questions, sir in the last quarter we have mentioned that we will not work in KUSUM scheme until and unless we don't get a price revision, so in this quarter what changed our mind that we did that?
- Dinesh Patidar:** The orders which we had already executed, in that the sale which we are saying of Rs. 223 crores in it some orders are of KUSUM and rest are of non KUSUM, the non KUSUM which we have told in the previous quarter. The sale is still on and we will be doing it in non-KUSUM wherever we are getting margin we will do our work.
- Forum Makim:** Sir in this quarter we have installed 8,000 pumps in KUSUM?
- Dinesh Patidar:** I will provide you the numbers, approximately 9,600 pumps are there with KUSUM & Others.
- Forum Makim:** So, in this quarter will we be doing something, in March quarter?
- Dinesh Patidar:** Yes, already we have an order book of Rs. 100 crores.
- Forum Makim:** Sir in that price revision is not there, then also we will do?
- Dinesh Patidar:** Where there is revision there only we will do our work like Chhattisgarh and Maharashtra are there where we get little margin there only we will do our work rest we have surrendered our orders. We have kept on hold orders of Rajasthan, Haryana and Punjab.
- Forum Makim:** Sir only we have kept the orders on hold or other players like Tata also have kept on hold?
- Dinesh Patidar:** They have also kept on hold.

- Forum Makim:** Then, sir farmer's money must have come right then what about that?
- Dinesh Patidar:** The department has done FD and kept it safe.
- Forum Makim:** Sir is it okay means is there any chance of getting blacklisted?
- Dinesh Patidar:** No, because this rate has already expired. The rate which were called before 2 years or 2.5 years has expired, so in that they could not do but yes, now the new rate which will come of SECI in that if nobody supplies then will be black listed and their assets will be ceased.
- Forum Makim:** Sir in this third tender, we are saying that in March, process will end after that L1 price should be matched in around one week, so what will be the process after that like again documentation should be done with the state or can you explain the process? What will be done after that and when will the implementation be started?
- Dinesh Patidar:** As soon as SECI releases the rate contract then in one day itself everywhere our whole team is available, within a week the full agreement with the state government will be done and work will start. Everybody is waiting because the farmer has deposited the money and there is a pressure from the farmers. The farmer is agreeing to take in the increased price, so everybody is waiting as soon as the rate gets finalized work will be started after the agreement is done.
- Forum Makim:** But, sir farmers must have given the money in the old rate right? So, now when the price increases then farmer also has to give the extra money?
- Dinesh Patidar:** Yes, he is ready to give the money, if you see in Haryana 25% share is of farmer. Suppose that if rate increases by Rs. 100 then in that he has to give Rs. 25, government, semi-government and state government will bear the Rs. 75 and are ready to bear it.
- Forum Makim:** So, sir to collect that money time will be wasted?
- Dinesh Patidar:** No, time will not be wasted. If you see it on YouTube, you can see one video of Shakti Pumps in which people of Haryana are standing in queue from 6 o'clock in the early morning in front of the bank to deposit the money when the bank opens at 10'o clock. As soon as the message will go to deposit extra money, our team will collect from them and secondly, they have to directly give to the department whatever increased farmer shares farmers have to deposit that.
- Forum Makim:** Sir in the document it is written that this price will be valid till 2 years?
- Dinesh Patidar:** Yes, definitely.
- Forum Makim:** So, right now we mentioned that this full order will get implemented till 2023?
- Dinesh Patidar:** No, where have we mentioned that full order will be implemented, we are saying that we can get 30% of market share.

- Forum Makim:** Sir when the price increased then I think we stocked more inventory with us, so high inventory was there for pumps, has it gone out or is it still with us in cost?
- Dinesh Patel:** No, it has gone down.
- Dinesh Patidar:** It has already gone down. If you calculate this quarter's margin then instead of increase in raw material price our margins are maintained in that, so the reason behind it is that our high stock which was with us has supported us.
- Forum Makim:** Sir now solar panels, steel and everything price has dropped, so its benefit to us even though price revision....
- Dinesh Patidar:** No, I think there is some confusion in the call, no price has dropped for solar panels. From last quarter to this quarter solar panels position is same, no price has dropped.
- Forum Makim:** Sir can you tell in non-KUSUM in last quarter you said that in Maharashtra new tender of 1 lakh pumps was expected till January, so?
- Dinesh Patidar:** Yes, the government order of that has come out and within 10 to 15 days we are hoping for that tender to come. The government order was not out, so we were waiting, now the government order is out, day before yesterday it has come, so now that tender will also come through.
- Forum Makim:** Sir we will do this margin in this quarter?
- Dinesh Patidar:** No, it cannot be done in this quarter. Here our tender system is very systematic in its own, so if any tender comes then for that 90 days to 100 days is needed.
- Moderator:** Thank you. Next question is from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.
- Mahesh Bendre:** Sir I think you have 2 plants, so the motor which is used in your pumps are made by you internally, or do you procure from outside?
- Dinesh Patidar:** No, all the spare parts of the pump are made by us Mahesh, and I will ask you to come to Pithampur once and see pumps, it's spare parts, all components, motors and its components. Even you will be very happy to see that in one pump company power electronic unit, which is Japan's fully automatic unit which makes VFD and makes solar controllers, we have worked very much on technology and basically Shakti Pumps is a technology company and we have made world's best motor, have made world's best pump and VFD. We have more or less brought close to the world and in that also our R&D is on, so you inform E&Y and come and visit us sometimes, you are most welcome. Many flights are available from Mumbai to Indore, whenever you feel like visiting please tell EY rest we will arrange everything.

- Mahesh Bendre:** Sure thank you, sir for this one, but sir whatever the things required for casting or the spare parts or the motors or everything we make inhouse?
- Dinesh Patidar:** Yes, see this is a casting pump. See we are different from our other Indian manufacturer friends. In our pumps casting is not used, in our pumps, stainless steels fabricated technology is used, in which we buy the sheet from outside then after giving them shapes we make our components from them, make parts from them, and in our pumps no component of CI casting is used. Yes, we have two components of investment casting which our vendor makes in Rajkot.
- Moderator:** Thank you. Next question is from the line of Dipesh Sancheti from Manya Financial Service. Please go ahead.
- Dipesh Sancheti:** Sir first of all I want to ask that in this quarter how much is our capacity utilization?
- Dinesh Patel:** Around 30%.
- Dipesh Sancheti:** 30% and since our order book is of Rs. 100 crores, how much order book are we expecting in this quarter or next quarter from the tenders?
- Dinesh Patidar:** No, the tenders will come in the next quarter in this quarter it cannot come.
- Dipesh Sancheti:** Then in this quarter from where the order book will be generating generally?
- Dinesh Patidar:** Generally, if you see our order book is of Rs. 100 crores for our EPC and for Indian market. Rest, we will do exports and other efforts are also on to do business from all sides.
- Dipesh Sancheti:** So, in this quarter how much export have you done?
- Dinesh Patidar:** In the last quarter we have done exports of approximately Rs. 65 crores.
- Dipesh Sancheti:** Haryana order is going to be reprised, if we get that order then how long will it take for execution?
- Dinesh Patidar:** The tender condition is that we have to do the installation in 45 days and in 60 days we have to complete it and have to submit it to the department, so we have to do it at that time itself.
- Dipesh Sancheti:** Sir going forward like what I understood from the con-call that as orders increases these tenders will come from other states then our order book will grow and our capacity utilization will become higher, is this a right assessment or you want to add something?
- Dinesh Patidar:** No, it is a right assessment, perfectly right.

- Dipesh Sancheti:** Perfect, so just one last question, in FY25, how much sales do we expect from EV motors and EV controllers?
- Dinesh Patidar:** Around Rs. 200 crores.
- Dipesh Sancheti:** Around Rs. 200 crores and margins should be similar to our pumps or should be better?
- Dinesh Patidar:** We will see how it goes in the Indian EV market scenario.
- Dipesh Sancheti:** No, as in, since it will be an OEM then how much average margins are we expecting?
- Dinesh Patidar:** At that time, we will see, in EV margins those who are in competition and to whom we make and give our motors, from there if we get 12% EBITDA, 15% EBITDA then we are happy.
- Dipesh Sancheti:** Are we in talks with any OEM as in have we given them samples? Have been approved from somewhere? Means are we doing this on the bagging of some bigger orders?
- Dinesh Patidar:** Definitely, when a company does R&D then it has backup in R&D and we are under the non-disclosure agreement, so we cannot tell the names of the companies for whom we are making motors.
- Dipesh Sancheti:** No, that is perfect. Thank you so much, sir and I am really happy to listen to your entire concall in Hindi. Thank you so much.
- Moderator:** Thank you. Next follow-up question is from the line of Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian:** Sir I want to understand about the working capital cycle in this quarter like what is the inventory level? Like what kind of improvement are we expecting in the medium-term in working capital cycle? Sir what kind of strategies we are implementing on that?
- Dinesh Patel:** Actually, Rs. 224 crores inventory is already in our book and it is sufficient for 51 days and the creditor is of around Rs. 222 crores that is for 101 days, debtors for Rs. 331 crores that is for 76 days. Total working capital requirement is around 90 days to 100 days.
- Balasubramanian:** 90 to 100 days. Sir what kind of improvement we may expect?
- Dinesh Patidar:** We are expecting when we get some good orders, it will reduce drastically. We will not take any funds from banks and we will manage it internally.
- Moderator:** Thank you very much. I now hand the conference over to Mr. Dinesh Patidar for closing comments.



*Shakti Pumps (India) Limited  
January 23, 2023*

**Dinesh Patidar:** Thank you very much to everyone for attending this call today. We have seen much interest in PM KUSUM and talked about the new tenders. If I was not able to answer any of your questions correctly then you can contact our EY team and send them your questions, I will try to answer all of your questions and for long terms we work together in tandem for the betterment of our company. Thank you very much. Thank you very much for attending.

**Moderator:** Thank you very much. On behalf of Shakti Pumps (India) Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.