



“Shakti Pumps (India) Ltd.  
Q1 FY23 Earnings Conference Call”

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**MODERATOR:** MR. ROHIT ANAND – ERNST & YOUNG LLP

**Moderator:** Ladies and gentlemen, good day and welcome to the Shakti Pumps (India) Ltd. Q1 FY23 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 the 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, sir.

**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 risk 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 developments and to answer your question today, we have the senior management of Shakti Pumps India Ltd. represented by Mr. Dinesh Patidar – Managing Director; Mr. Ramesh Patidar – Executive Director, Exports; Mr. Dinesh Patel – Chief Financial Officer and Mr. Ravi Patidar – CS & 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 hand over the call to Mr. Patidar. Over to you, Sir.

**Dinesh Patidar:** Thank you, Rohit. Thank you all for participating for Shakti Pumps India Ltd.’s Q1 FY23 Earnings Call. For your reference we have already uploaded the results and presentation at the exchanges, and I believe all of you have gone through it. I feel very happy to tell that our team has done extremely well this year and reported a revenue growth of around 63% YoY compared to the last year. In this growth our Solar EPC business has become even stronger, and we have registered the revenue growth of 120% YoY.

As you all know KUSUM-2 demand is increasing gradually. The Government of India is focusing on fully automation of this scheme through fully integrated portals which is been already implemented in number of states while the rest are making healthy progress in this regard. In KUSUM-2 till date around 32,757 pumps have got installed during Jan – June 2022 period, and in that, 15,055 solar pumps were installed by Shakti Pumps. I feel very happy to tell you that our share has reached at 46%. The market share has been improving gradually for Shakti Pumps due to market tender mode which was benefitted on account of our strong brand presence and good recall value of our products in the mind of farmers. They prefer Shakti pumps due to its quality and after sales-services which led to gradual increase of orders from portal.

Our export business also performed well, and it grew by 22% YoY. In Solar Agri business, we have been able to maintain revenue and reported Rs 23 crores as compared to Rs 22 crores last year same quarter.

Our solar EPS business, last year first quarter was Rs 79 crores, now it is Rs 176 crores. Exports which were at Rs 33 crores increased to Rs 41 crores, around 25% YoY growth.

The credit of this goes to our strong R&D team because in these difficult times where the raw material rates are high, Russia - Ukraine conflict, and the effect of COVID, the raw material prices i.e copper price, steel price, MS have gone up all around the world, Strengthening of dollar also effected raw material. We could had done much better export business but higher raw material prices impacted our export performance.

Now you will see that, the prices of raw material have gone up by 7.5% to 10%. Last year first quarter the rate was even less, that time we got 27% gross margin. Now after all the efforts and the great work done by our R&D, we have been able to maintain the 23% gross margin in this quarter which is a very proud moment for us and for the company that in such a difficult time we have delivered a great performance.

We are seeing positive movement in KUSUM scheme and also expecting good traction in export business good forward which will contribute to our future performance. I will now hand over this call to our CFO – Dinesh Patel to discuss on our financial performance. Over to you, Dinesh.

**Dinesh Patel:** Good afternoon, everyone. The company reported a consolidated revenue of Rs 255 crores in Q1 FY23, a 62.8% YoY revenue growth as compared to Rs. 156 crores in Q1 FY22. EBITDA at Rs. 21 crores was up by 69.2% year-on-year basis as against Rs. 13 crores in Q1 FY22. EBITDA margin was at 8.4% during the quarter. Going forward, margins are expected to improve on account of increase in export and retail revenue contribution in the overall revenue mix. Softening of raw material price will also aid to the margin improvement. PBT grew by 81% YoY to Rs. 12 crores from Rs. 7 crores in Q1 FY22. PAT for the year was at Rs. 9 crores as compared to Rs. 7 crores in Q1 FY22. A 19.8% YoY growth, the PAT growth during the quarter was muted on account of negative taxation, due to tax reversal in Q1 FY22.

This is all from my side. With this we can now open the floor for question-and-answer session.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Nirav Ashar from LM Securities. Please go ahead.

**Nirav Ashar:** I have two major questions. First is on the demand side for KUSUM 2.0, are we seeing demand presently and now whether we can meet up the demand which we have?

**Dinesh Patidar:** Yes. KUSUM scheme is very clear, and the portal has the numbers also. If you go to KUSUM's portal then there total sanction quantity by Government of India has given 3,17,000 and in that 32,757 pumps has already installed and in that our share is ~15,000. We see a great opportunity here and it will go forward quite well.

**Nirav Ashar:** Sir, right now how much is our order book?

**Dinesh Patidar:** Yes, we have around Rs 200 crores order book.

**Nirav Ashar:** And we are getting good orders from the near states, Rajasthan, MP?

**Dinesh Patidar:** Yes, from Rajasthan, MP, Haryana, Punjab and Maharashtra we are seeing good orders.

- Nirav Ashar:** Now, seeing the metal prices have gone down, the supply side margin pressure should not be there?
- Dinesh Patidar:** Yes, you are completely right.
- Nirav Ashar:** So, what margins can we expect going ahead may be for the full year.
- Dinesh Patidar:** We have seen improvement in margin compared to last year same quarter. Going forward also we would try to reach close to 10% level.
- Nirav Ashar:** And sir, one more question. Is there any issue related to the payment from the state and central government as I can see the interest percentage has gone up in this quarter?
- Dinesh Patidar:** As our volume increased during the period compared to last year same period our exposure has gone up, which can be seen through the higher interest expenses YoY. We have used this higher CC limits as we are seeing raw material price pressure in this whole quarter. So, we have kept our stocks of raw materials for future. So, in coming quarter as we have enough raw material inventory, we believe some improvement in margins going forward.
- Nirav Ashar:** And sir, can you please tell us about the solar panel prices? How it is right now, whether it has gone down or not?
- Dinesh Patidar:** In solar panel the rate difference depending on size and dollar prices. However, we feel the prices should stabilize going forward.
- Nirav Ashar:** And what is the revenue and margin guidance for the full year?
- Dinesh Patidar:** We are trying to keep margin at around 10%.
- Nirav Ashar:** And revenue growth, what can we expect?
- Dinesh Patidar:** In revenue we will grow by 25%-30%.
- Moderator:** Thank you. The next question is from the line of Ankit Shah from JHP Securities private Ltd. Please go ahead.
- Ankit Shah:** I have couple of questions. 3,17,000 pumps to be installed under KUSUM 2, the execution level is quite low. Any reason for delay in execution under both the schemes?
- Dinesh Patidar:** In this scheme, now Government of India is doing digitalization. Government of India already has sanctioned for 3,17,000 pumps and out of those 32,757 pumps are already installed. We have installed around 15,000 pumps in KUSUM 2 during the same period
- Ankit Shah:** In the state of Rajasthan, Gujarat and MP, farmers share in KUSUM scheme is quite high as compared to other state? So, how is the demand scenario in such states and are farmers ready to pay that much share?

- Dinesh Patidar:** Ankit, there is no confusion regarding farmer share. The scheme is so good that people are waiting in queue. If state governments plan the budget then all these schemes will become even faster. The portal has already been developed by Maharashtra, Haryana Governments, they are doing in Punjab, so that will be fast. It depends on the speed of the digitalization. If the digitization will be faster, the execution will be faster. There is no issue with farmers.
- Ankit Shah:** The gross margin reduced to 3.5%. Any reason for it that input cost inflation was not able to pass on to customers, do you see any such?
- Dinesh Patidar:** What you told is right because of Russia-Ukraine conflict, the diesel & petrol prices have shown around 7.5%-10.4% difference. And solar panel price has also increased. So, because of that there was pressure on our margin. In this quarter we have seen that prices have come down by 3%-4% and in industry it has come down by 7.5%, around 6% in steel. So, in coming quarters we are likely to get good margins.
- Ankit Shah:** Any price hike in KUSUM-2 scheme by company?
- Dinesh Patidar:** In KUSUM-2 price hike was there but it requires much higher price based on current raw material prices. In the coming years we hope KUSUM-2 pricing will be good.
- Ankit Shah:** Price has increased compared to KUSUM-1?
- Dinesh Patidar:** Yes. We have the price increase, the way in which raw material price is increasing. There was price hike in KUSUM 1&2.
- Ankit Shah:** So, the price hike, which was done, are there any issues between state government and central government for allocation funds in KUSUM scheme?
- Dinesh Patidar:** No issues there.
- Moderator:** Thank you. The next question is from the line of Forum Makim from Equitree Capital. Please go ahead.
- Forum Makim:** Sir, in the previous quarter we have said that we installed nearly 9000 pumps. But this quarter we installed only 6000 pumps. So, what is the reason for that?
- Dinesh Patidar:** We have installed 6000 pumps during the quarter, and under KUSUM-2 scheme we have installed around 15,055 pumps. The total installation in KUSUM-2 is 32,757. In that our market share is 46%.
- Forum Makim:** Right. What is the reason of such a slow implementation? It's been a while since this scheme second tender.
- Dinesh Patidar:** State government and Government of India, both have decided and going to place the portal in-place and they want all activities to be linked through a proper system. This is basically to help our farmers to become more knowledgeable and ultimately help them to decide how many pumps are required, which pump is required, where are the farmers located etc.

- Forum Makim:** Sir, in these 3 lakhs pumps, what is the timeline for that installation?
- Dinesh Patidar:** The scheme is of Government of India. They have already sanctioned 3,17,000 pumps. Now state is required to utilize funds, wherever they fund, we keep on installing there. Of the total 32,757, we installed 15,055. So, it is getting delayed because of state. It is asking to develop transparency, it has been developed, now the speed will come.
- Forum Makim:** So, sir, next quarter onwards what can we expect, some traction in pumps?
- Dinesh Patidar:** And second thing is, Q1 will be smaller compared to all other cause budget gets completed and it takes time for new budget to come and full program gets filter. State will wait and then state's budget will come, then they will do planning, only then order gets executed. Q1 is always slow and solution has also been provided by Government of India. It is taking this in a new direction. They have set some guideline so that Q1 not remain small and there is no delay because of budget. For that they have designed a new system. Decision has already been taken and state people have accepted it.
- Forum Makim:** And sir, this scheme also is old one, right? So, now what does budget has to do anything?
- Dinesh Patidar:** Budget should be done every year. State budget is there, like central budget is there, it won't lapse now. But state budget if you didn't work then budget will get lapsed. In March budget lapses and in January-February it will come again. These are the rules of our State.
- Forum Makim:** It last year also did the same happened and state created new budget for this.
- Dinesh Patidar:** Yes, all states have to create budget.
- Forum Makim:** So, sir this 3 lakh pumps till when it will get installed? What will be the timeline? Now it is July. So, by when?
- Dinesh Patidar:** What I believe is this 25%-30% growth in topline will keep on coming, I can assure that, and we are working towards it. We will make sure topline and bottomline there will be growth.
- Forum Makim:** And sir, in our presentation we have mentioned that FY24 also there will be some 3.5 lakhs pumps, around 4 lakhs. So, this number where are we getting? What is the variability, what is the conviction that we have? Already implementation has been very slow earlier itself. So, next year in FY24 and FY25 what will this number be?
- Dinesh Patidar:** Yes, it will be there. We are talking about total pumps. Going forward it will have more parts. Scheme, all of them are 1 lakh, 20 lakhs, or 40 lakhs pumps scheme and we will grow together in Pumps, there are pumps from 1 HP to 10 HP.
- Forum Makim:** What is the status of Uganda order?
- Dinesh Patidar:** I will ask Ramesh Patidar to answer.

- Ramesh Patidar:** Our Uganda order is also signed and you will get the result in Q3 100%. Our submission is completed. So, the result we will get in Q3.
- Forum Makim:** Sir, we have done that in revised prices?
- Dinesh Patidar:** Work is going on in that, price and revised price. That is why it is getting delayed.
- Moderator:** Thank you. The next question is from the line of Hardik Vyas from Economic Times. Please go ahead.
- Hardik Vyas:** We have installed nearly 6400 pumps in this quarter. So, how much revenue would have come in our EPC?
- Dinesh Patidar:** Rs 175 crores.
- Hardik Vyas:** In that Rs 40 crores of exports, remaining is non solar domestic business that we have.
- Dinesh Patidar:** Yes, you can say like that. Rs 10 crores is in B2C.
- Hardik Vyas:** That you were saying about Bihar last quarter.
- Dinesh Patidar:** Not Bihar, it is running in Bihar now, next quarter we will see about Bihar. This is Rajasthan.
- Hardik Vyas:** Sir, we understand around 1,10,000 pumps installed in various states. This includes 32,757 installed in Kusum 2 and balance around 75,000 pumps was installed in Kusum 1.
- Dinesh Patidar:** Yes.
- Hardik Vyas:** So, in that how much should be our share for 50%?
- Dinesh Patidar:** In this quarter we have seen that 46% our market share is coming. Our planning is 30%-40% we will get market share. We have set our marketing field in that way.
- Hardik Vyas:** So, in this 1,10,000 lakh pump, does that number increase, as our execution increases. So, in this year, in the remaining 3 quarters what is the guidance in the number of pumps that are likely to be installed? Last quarter I remember you said 75,000-1,00,000 can be installed.
- Dinesh Patidar:** I would once again like to reiterate that we don't want to be in the numbers game again because we have 1 HP to 10 HP lines. I can tell with confidence that we will grow 30% as in our guideline. And as far as KUSUM is considered that we have increased to 46% market share.
- Hardik Vyas:** And sir, in exports apart from Africa, is our export increasing or what is likely to be the run rate? June quarter will be slow as you mentioned, then also it is worth Rs 40 crores export, will we get to see more run rate in the next quarter or how will it be?

- Dinesh Patidar:** If we leave Uganda, we have planned Rs 250 crores exports and in this also you will see that 25% growth we have made.
- Hardik Vyas:** And the remaining there should be Rs 210 crores exports as per the guidance?
- Dinesh Patidar:** Yes.
- Hardik Vyas:** So, Uganda, as Dineshji told that it will start showing in Q3 numbers. So, Q3 and Q4, in Uganda the Rs 250 crores worth orders how much could be exported?
- Dinesh Patidar:** In Q3 it will start around Rs 60 crores. We have to complete the rest before the next year. So, in Q3 you will see around Rs 50 crores to 60 crores.
- Hardik Vyas:** And in Q4 it will be more.
- Dinesh Patidar:** Yes.
- Hardik Vyas:** And solar panel prices, you said it became 24 from 20. Now those prices are at 24 only or has it become 22 or 24? Anything like that?
- Dinesh Patidar:** It is around that, 1% or 2% here and there.
- Hardik Vyas:** It will remain there only or any chances of becoming low?
- Dinesh Patidar:** I think the solar price will reduce; solar panel will reduce in the coming years.
- Moderator:** Thank you. The next question is from Ajay Jain an Investor. Please go ahead.
- Ajay Jain:** Now that you have said the order book is Rs 200 crores, that is for how many pumps?
- Dinesh Patidar:** It is around total of 4500 pumps order that is in our hand.
- Ajay Jain:** You have given some interview in Economics Times; in that you were telling 20,000 pumps order is there in KUSUM?
- Dinesh Patidar:** No. I think there is a confusion. I will look into it and I will clarify to you.
- Ajay Jain:** You were saying about 25%-30% growth without mentioning the numbers. Is that business plan or are you expecting just like that or is there some firm business plan or is just hunch that you will be able to achieve?
- Dinesh Patidar:** Yes, we have business plan.
- Ajay Jain:** You will have some numbers too, right? Number of pumps, how much you will sell current year, next year, there will be something like that, how much you will be able to sell, especially KUSUM?



- Dinesh Patidar:** Jain sir, your question is very good. What about KUSUM scheme is that, Government of India has made a plan of 40 lakh pumps, in that 3 lakh pumps they have....
- Ajay Jain:** It is for which period, please could you tell me that, for which period these 40 lakhs pumps will be installed, 2 years, 10 years, how many years will it take? Because we as investor want to know what is the contribution of KUSUM in your future. Basically, in this company you have mentioned many times that this company is made especially for KUSUM, we are also basing our foresight and forecast on KUSUM. So, let us be known how much is expected, how much we will be able to sell in KUSUM? Let us say it will 4 years, 5 years, in that some other manufacturers could also come in as a competition?
- Dinesh Patidar:** Definitely, there will be other manufacturers. We won't be able to do all these 40 lakhs.
- Ajay Jain:** So, how much we can do, that is what investors want to know?
- Dinesh Patidar:** Our present capacity is to make 5 lakhs pumps. We can make 5 lakhs pumps and supply that.
- Ajay Jain:** Suppose you get 1 lakh pump order, so would you be able to complete it this year?
- Dinesh Patidar:** Yes, definitely.
- Ajay Jain:** According to your expectation how much order you need to receive this year?
- Dinesh Patidar:** We have made planning for KUSUM. We are working for KUSUM. We are working for solar pumps. We are leader in this and we want to remain leader. So, 30% topline growth we anticipate.
- Dinesh Patel:** Sir, last year Q1 quantity we did was 3000, this year it is 6400. So, the rate we are getting is base rate plus market share. So, that is accordingly we are giving growth rate. That is achievable and we believe it.
- Ajay Jain:** I agree. Growth is good in terms of percentage. But if government of India want to reach 3.17 lakhs pumps, there should be some plan, when would they like to complete this? Suppose if there is price hike how do you compensate? Those are the issues that should be addressed by the company, am I right?
- Dinesh Patidar:** Everything is in our radar, but to make it fast, we have 17.5 lakh pump which Government of India and State together going to make atomization. You are watching this, right? Both governments are trying to better the process. That is why they are forming the portal. That is why digitalization is done to make the flow fast.
- Ajay Jain:** My understanding is that 2024-2025 this scheme should be completed. But the progress is not made in that direction.
- Dinesh Patidar:** Still now only pilot project is run.
- Moderator:** Thank you. The next question is from Sanjay Kumar from ithoughtPMS. Please go ahead.

- Sanjay Kumar:** Sir, just an extension to the previous question. We say we have 5 lakh pump capacity, but I think we had given an order to KSB in the last quarter or the previous quarter. Are we outsourcing some of the pumps to KSB? Can you give the number for this quarter and will it continue?
- Dinesh Patidar:** First of all, you tell me, the name you are taking, from where you got it?
- Sanjay Kumar:** KSB told this on their concall.
- Dinesh Patidar:** What they told?
- Sanjay Kumar:** I think around 5 crores of order was from Sakthi Pumps.
- Dinesh Patidar:** This is 100% incorrect. On record I am telling you, we don't have anything to do with any other pump companies, neither we have given order to KSB Company. Our own capacity is 5 lakhs.
- Sanjay Kumar:** Just another question for tracking. Where do we buy our panels from, which supplier?
- Dinesh Patidar:** We have two domestic manufacturers from whom we purchase. Adani is there, Premiere is there.
- Moderator:** Thank you. We will move on to the next question that is in the line of Anurag Patel from Roha Asset Managers. Please go ahead.
- Anurag Patel:** Sir, in this Q1 end how much will be our total debt?
- Dinesh Patel:** Sir, if you see till date, the term loan which we had was around Rs 14.5 crores and the working capital utilization is around Rs 226 crores.
- Anurag Patel:** So, sir, there is something around Rs 102 crores at the end of Q4 basically, total debt, that has increased including working capital, am I correct in saying.
- Dinesh Patidar:** The reason of increase is we have increased stock because of raw material availability, for which we needed to increase stock and increase volume. This is the two reasons for working capital increase. Now payment is coming back because the quarter first there won't be budget for state, so they don't give money on time. Now it has started coming in. People have planned their budgets so in this quarter also we got good recovery.
- Anurag Patel:** Sir, total net working capital, for this year how much you were expecting, sustainable on annual basis?
- Dinesh Patidar:** Our cycle is around 90-100 days. Sometimes it will be 120 days. So, average we can say as 110 days.
- Anurag Patel:** So, sir, our subsidiary EV related, is there any update on progress?
- Dinesh Patidar:** In this a 7 acres of land was allotted by Government of Madhya Pradesh. The remaining we will start this quarter and in that while production and revenue will take around 18-20 months. So, we have got the land and we have started some work in R&D also.

- Anurag Patel:** Second, I had a question that the big players in EV, for supplying to them there is a big competition. So, what will be our differentiating factor for which OEM will select us for motor supply?
- Dinesh Patidar:** We are motor manufacturers, for last 30 years we have been doing it. That experience will get us orders. Very seldom any other company has done so much work in making motor parts. We will remain in front of all the competitors.
- Moderator:** Thank you. The next question is from the line of Senthilkumar from Joindre Capital Services Pvt. Ltd. Please go ahead.
- Senthilkumar:** I just want to know debtors beyond 6 months as a percentage of receivables?
- Dinesh Patel:** I will send you a separate email on this.
- Senthilkumar:** The revenue contribution, the OEM customers contribution is 20% in FY18. It decreased to 3% in FY22. What is the reason, is there any claims from that?
- Dinesh Patidar:** Yes, you are perfectly right. OEM share has declined from 20% to 3%. Strategically we have decided not sell OEM. We are doing directly EPC project in KUSUM schemes. So, this is company policy we have decided not to sell any OEM business.
- Moderator:** Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Sir, I just wanted to know, existing diesel pumps which government is trying to replace, what is the price for that compared to our solar pump price and how much government is providing the subsidy on this?
- Dinesh Patidar:** Minimum 30% subsidy is given by Government of India, state give minimum 30%, some states even give 50%. That is why farmer share is for someone 20%, for some 25%. For electrical pumps, the price is one lakhs and for line connection need to wait 2-3 years. And the solar price is 1.5 lakhs more.
- Moderator:** Thank you. The next question is from the line of Rahul G from BR investments. Please go ahead.
- Rahul G:** We have taken a lot of shares of your company. So, I do want to know that you will not disappoint us.
- Dinesh Patidar:** Maybe you have taken more than me.
- Rahul G:** We are small investor, we cannot take as much as you, otherwise we will become promoters.
- Dinesh Patidar:** Rahul ji, we won't disappoint you. If you have seen the Shakti Pumps, we have brought public issue at Rs. 90 and then given bonus and now in front of you we have been the best in giving dividend. So, our aim is to give best valuation to the shareholders. We are working day and night for giving you the best.
- Moderator:** Thank you. The next question is from the line of Keshav from RakSan Investors. Please go ahead.

- Keshav:** The Rs 200 crores order book which is ours, in that is KUSUM included or ex-KUSUM?
- Dinesh Patidar:** This is only KUSUM order book.
- Keshav:** And sir, this Rs 175 cr. EPC business which we have done in previous quarter, was it entirely KUSUM or is there non KUSUM in that?
- Dinesh Patidar:** 100% KUSUM.
- Keshav:** So, sir Rs 175 Cr, 6400 pumps, roughly realization will be Rs 2.9 lakhs and Rs 200 crores for 9000 pumps the realization comes down to Rs 2.2 lakhs. So, the difference is due to product mix?
- Dinesh Patidar:** Keshav, our one HP pump is 1,15,000 and 10 HP pump is 4 lakhs. So, mix will be there one HP and 10 HP.
- Keshav:** Sir if we see 4-5 years back, our middle eastern market used to be very big. Now we are seeing resurgence of crude. So, though the prices are coming down but structurally it the global economy is stable we don't have any supply indication which will say crude price is going to go down in few years. So, is there demand there for our product and are we focusing on it?
- Dinesh Patidar:** Export medium, yes, we are focusing. And crude effect we don't have, like we supply pumps in Saudi. So, there are agricultural sectors where we supply, pumps. So, when you talk about Dubai we are supplying pumps there to the agricultural sector. If you talk about Yemen or Syria where we are not working, if you now talk about Iraq, yes, we are working in Iraq, in agricultural sector. We don't have anything else to work, we work in agricultural sector, supply pumps.
- Keshav:** No, what I meant is positive impact as the state, means if crude does well their economy depends on it. So, state sponsored there also do we get benefit of such scheme that they also go for more solarization that too going forward. Are we looking in that direction that we can strengthen up the middle east market?
- Dinesh Patidar:** We are doing efforts for solar. But the water supply or agricultural scheme which used to be there 10-15 years back, the support we used to get in Dubai and Saudi, that support government has removed it. So, agricultural sector has become self-sustained. So, support is not there for agriculture sector.
- Keshav:** Sir, last question. How does our installation vary depending on monsoon or non-monsoon months? Is there any variance there?
- Dinesh Patidar:** When monsoon is there then there is a less flow definitely.
- Moderator:** Thank you. The next question is from the line of Sunil Ahuja from S Ahuja Consultants. Please go ahead.
- Sunil Ahuja:** Sir, the growth that you tell, 25%-30%, that is your sequential growth or year-on-year growth?
- Dinesh Patidar:** Year-on-year growth.

**Sunil Ahuja:** So, last year this quarter you have done around Rs 147 crores. So, this year its almost 80% growth. So, according to you this year it should in Rs 1000 crores around Rs 1200-1250 crores should be done in this year from your assumptions. Rs 150 crores has happened this time itself. So, next quarter you are not expecting a good growth because Rs 100 crores you got it from here. Rs 150 crores total growth which you were telling about the year in that Rs 100 crores has come this year itself. So, all the quarters will be almost muted. Like 25-30 crores extra sales can happen, is that so?

**Dinesh Patidar:** Year-on-year 1180 crores sales was there on that we are giving you the guidance that we will do 25%-30% year-on-year growth.

**Sunil Ahuja:** That you will do but this quarter Rs 100 crores has already happen. I am saying the remaining 3 quarter you got Rs 100 crores of the Rs 300 crores. So, that is what I am saying the remaining Rs 200 crores is there So, in 3 quarters that will be Rs 70-75 crores increase will be there. But if you add up then it is not tallying. You are saying 25%-30% growth but this quarter you have already made Rs 100 crores growth. So, my question is annually growth of Rs 150 crores – Rs 300 crores that you were saying, Rs 100 crores has happened in this quarter also. So, the remaining is Rs 150 crores growth. So, that means the whole year balance quarters will be muted. Is that so? Last time you told that around one lakh target is for us to do. In one quarter it has become 6000-6400. So, whatever you are saying is not adding up. That is the problem. I have to tell to my people who are investing on my words.

**Dinesh Patidar:** I will tell again. We can install one lakh pumps; we can supply also. Our capacity is also there. But the scheme which is running slow, for that to improve we had done automization, in that some development is still underway, in that some state governments portal has come, some is going to come, some has happened. So, the job now is for 3 people. 1) Government of India has already done work on that. 2) State government is doing their duty. 3) We have to supply pumps. 4) We have to bring in customer. Customer is already there and we are working on that line. So, because of that I am not able to give number commitment in the whole call because I feel like I shouldn't be giving that number. We have to grow 25%-30%, that is our target. Because I don't have numbers. I have only performance, which I am giving you people. Means, the growth what you are telling, in that Rs 100 crores we got it. So, remaining with you is Rs 150 crores because the growth projected is Rs 250-300 crores. I will give you invitation for you to come to our factory. You can see all that.

**Sunil Ahuja:** You are a very big company. I am not saying about that. I am saying the growth which you told 25%-30%, is that sequential growth, means quarter-over-quarter, because last quarter you have given around Rs 400 crores in March quarter. So, sequential growth will be over above Rs 400 crores, so above 30%. And suppose year-on-year, first quarter of last year and first quarter of this year, then the figure will come out different. If you tell sequential growth is 30%, then it is a different figure, total yearly figures. But if you are talking about the year-on-year figure then it is not adding up, whatever you are saying. Meaning balance 3 quarters up, according to you, suppose you are going to give an annual 25%-30% growth, so Rs 1100 crores 25%-30% will be Rs 1400 crores or Rs 1300 crores, whatever, in that we have got Rs 250 crores. So, now we need to get Rs 900 crores. So, Rs 300 crores quarterly sales suppose, then it is not adding up. That is my question. My question is if it is a year-on-year growth, you have done Rs 100 crores which happened only at

the highest price of the raw materials. So, margin is used up there. Then other quarter where margin was to receive, the extra sale is not happening.

**Dinesh Patel:** Sir, I would like to add. Sir, you are comparing it with last year quarter. Last year my result was record breaking. Means, maximum revenue was generated in September plus March, correct? I have to maintain that and also need to give 30% year-on-year growth. So, we are committed to 30% and full team is working on that.

**Sunil Ahuja:** I am not doubting Patidar sir. What you have said there is some mismatch. If you are under pressure not to tell the truth that is a different issue because last time you said I don't have much to say. You said last time that you cannot talk more about this. As an investor I want to know this year end of the year what we want to do, can you give in sequential growth 30%. Suppose last year second quarter, there is where the doubt is.

**Dinesh Patidar:** You don't have to doubt. We are doing good job quarter-over-quarter and would maintain our guidance of 30% revenue growth year-on-year. The guidelines are given by us, we will try to deliver results better than that. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Dinesh Patidar for his closing comments.

**Dinesh Patidar:** Thank you very much for attending.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Shakti Pumps India Ltd. that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.