

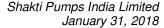
"Shakti Pumps India Limited Q3 FY18, Earnings Conference Call"

January 31, 2018



MANAGEMENT:

MR. DINESH PATIDAR- CHAIRMAN & MD, SHAKTI PUMPS INDIA LIMITED MR. AKHILESH MARU- VP- FINANCE & STRATEGY, SHAKTI PUMPS INDIA LIMITED





Moderator:

Ladies and gentlemen good day and welcome to the Shakti Pumps India Limited Q3 FY18Earnings Conference Call.As a reminder all participant lines will be in the listen-only modeand there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.I would now like to hand the conference over to Mr. Dinesh Patidar-Chairman and Managing Director. Thank you and over to you sir.

Dinesh Patidar:

Namaskar friends, I welcome you all in the Q3 conference call. We have performed as per our expectations in this quarter and we expect the same trend in the future. Our sale in Q3 was in Rs. 147 crores which was Rs. 104 crores in the same period last year which is 42% growth. Out of 147 crores domestic sale was 117 crores and export was 30 crores. Out of 117 crores of domestic sale we sold 100 crores of solar contribution and as per our expectation. 67 crores is in government project and 33 crores is supplied to our OEM who are our channel partners. They have again participated in the tenders and installed the solar pumps in India. This quarter we have performed well in EBITDA which is 31.5 crores as compared to last year, growth of 92%. Net profit is 16.59 crores as compared to same period last year it was 4.1 crores. Our EBITDA margin has increased from 15% to 21%, PAT margin has increased from 4% to 11%.

If I take the nine-month performance then the sale has grown by 18% which is an increase from 258 crores to 303 crores. EBITDA margin for nine months period has increased from 38 crores to 57 crores which is a growth of 46% in nine months. EBITDA margin has also increased by 10%. PAT was 10.68 crores last year which is 24.5 crores this year, growth by 103%. If we take the PAT margin of nine months period, it is almost 8%. We have done a good pickup in solar sale as per our expectation. We have reached to 100 crores from 58 crores in solar sale. We have done sale of 68 crores in government which was 44 crores in last quarter. OEM sale was 14 crores in last quarter has reached to 33 crores this quarter.

We have installed almost 2001 pump systems in this quarter and total 3171 pumps total in nine months period. Total sale in nine months period has been 174 crores from 108 crores. In nine months we have supplied and installed for government 3171 pump systems and 19,000 pumps have been sold to our OEMs. Export was almost same. We have done a 2% growth of margin in export. We are taking lot of efforts and going to witness good growth in exports in coming years because of good traction in solar business in export. We are projecting 15% growth in this year. As



per our target of 15% to 20% top line growth we are leading to towards it and we are expecting the same growth going forward. We have witnessed an improvement in our margins this quarter. Our EBITDA is around 8% and we will try to maintain and do better in it. Thank you. We are open for any questions you may have.

Moderator: Thank you very much sir.Ladies and gentlemen we will now begin with the question

and answer session. We take the first question from the line of Dr. Jayesh Shah, an

individual investor. Please go ahead.

Dr. Jayesh Shah: Now what will be the top line of the last quarter that is the March quarter?

Akhilesh Maru: March quarter top-line was 160 crores last year.

Dr. Jayesh Shah: So now what it will be, do you have any idea that it will be 25% growth will be there

in the top line?

Akhilesh Maru: Yearly basis we are targeting 20% to 25% and I think we are on right track.

Dr. Jayesh Shah: Because the last time when I was in the con call I asked you the question and you

said you will spend 500 crores for the work. Till now in the nine months you have

reached 290 crores, so can we expect 210 crores top line in the coming quarter?

AkhileshMaru: In the nine months we have reached 303 crores on consolidated level and till Q2

there was hiding any growth but till Q3 the cumulative growth is 18% to 19% which is close to our target. What we are trying to communicate here is that last year fourth

quarter was very good and the pick up was good so I think in the same expectation

the Q4 will be really good and we will achieve the 20%-25% growth number.

Dr. Jayesh Shah: From the previous quarter, you will show the growth of 20%-25% in the last quarter?

Akhilesh Maru: Our yearly growth will be 20% to 25% that will be achievable.

Dr. Jayesh Shah: If you reach the 200 crores mark then only it will be 25%?

Akhilesh Maru: What we're saying is 200 crores is good achievable number.

Dr. Jayesh Shah: That's what I wanted to hear from you that this is achievable. Because this Q3

numbers are excellent because Q2 numbers were affected by GST and the orders

were passed on in Q3 that's why Q3 is robust. Will the growth in Q4 be more robust

than Q3?



Akhilesh Maru: The way we discuss the quarterly target, government doesn't discuss on quarterly

basis. The sale was delayed by two months that was not the case of one quarter or one month that was the sale for the whole year. The day they left the hold from that day till the year-end they have to complete the target irrespective of how many

months are left or which quarter is going on.

Dr. Jayesh Shah: So they also have to complete their target before 31st March and we also have to see

how the 25% growth is achievable, am I right?

Akhilesh Maru: Yes, you are absolutely right.

Moderator: We take the next question from the line of Ashish Bagchi, an individual

investor.Please go ahead.

Ashish Bagchi: Actually for the guidance, you have given guidance 750 crores for the entire FY18.

Now you're talking about 20% on 411 if I remember well last year I mean FY17. But 750 doesn't look like achievable now because on the only one quarter is remaining and that was also the last question as well, so you were anticipating around 200

crores?

Akhilesh Maru: 750 crores was the addressable target which we have discussed in the first call

subject to if government come up with all the projects, now giving the example like Rajasthan where we are really prominent—one of the good states, last four or five years doing really well—they're supposed to come up with the 10,000 pump project in the month of April which eventually not started even in the first half which has

government side that'show we always said while talking about the addressable market or the target when we pick the target it is always 20% to 25% but 750 crores

started in the month of October and November. So these kind of delays from the

was the addressable market. We have a capacity to do it subject to if government give

all the execution orders.

Ashish Bagchi: So under the present situation around 200 crores can be expected?

Akhilesh Maru: Quite possible number.

Ashish Bagchi: Also I have seen two new initiatives from your side that is China and Bangladesh

subsidiaries, so you have to give us some outlook on that so that will be great.

Dinesh Patidar: China and Bangladesh subsidiaries is our business strategy because we are searching

for new possibility over there. In Bangladesh we are looking for a project under our



business strategy. The same way we are looking in Chinaand we source some components there and for that we need to plan a strategy and have to open our company in China. It is in the process and we are going to take it forward because it is a part of our strategy. We feel that we can sell our motor pumps in China as we are seeing good traction in our competitor's sale in China. We are seeing a possibility of an open market in China for our pumps and we have already developed a project for it. The China subsidiary will help us in purchase and selling both. In the Bangladesh company we want to participate with that country under business strategy we have opened the company over there. We are going to work on solar pumps with the local government.

Ashish Bagchi: Solar in both the cases, right?

Dinesh Patidar: Right.

Moderator: We take the next question from the line of Punit Mittal from Global Core Capital.

Please go ahead.

Punit Mittal: On the solar pump side if you can give us some number of how many solar pumps

have been installed year till date in nine months, both directly by you under the EPC

as well as under the OEM structure.

Dinesh Patidar: Do you want quarterly report on nine months?

Punit Mittal: Nine months.

Dinesh Patidar: In the nine months we ourselves have installed 2001 pumps with the government and

around 11,655 pumps we have sold to OEM and they did with the government.

Punit Mittal: Last time when we had the conference call, you had mentioned that the tender is out

for 116,000 pumps in which 6000 pumps will be directly installed by Shakti Pump and then 25,000 pumps order was expected to be given to the OEM. Any update on

that given that now the thrust of the government probably is to move things faster?

Akhilesh Maru: I think we have to still stick to our target of 5,800 or 5,900 pumps directly with the

government. In terms of OEMs number I think we are definitely going to cross the 35,000 number. Right now we have done 18,000, so another 10,000 expected

minimum in this quarter, so it is around 28,000 which is about 25,000.

Punit Mittal: And so that you are targeting that to finish by end of fourth quarter, right?



POMPING LIFE

Akhilesh Maru: Right. These all numbers are related to Q4.

Punit Mittal: We saw some news articles on the ISA, International Solar Alliance, any update on

that front in terms of what's been going on there?

Dinesh Patidar: Yes Punit, good amount of work is going on in ISA. Indian government is doing a

good work in it but nobody is aware of how the work is going to take place. The work is in progress and I am hopeful that we will get some help from ISA. We are moving forward in this space, we have visited some countries and planning to visit some more countries. We have made some people from other countries to visit our country too, so the process is going on. If anyone asks me that how can I rate the ISA

and GST then I will rate them extraordinary.

Punit Mittal: So that's a good news for us and Shakti Pumps if you are saying that there is a slow

progress in this space.

Moderator: We will take the next question from the line of Varun AgarwalBOI AXA Mutual

Fund. Please go ahead.

Varun Agarwal: A question on the EBITDA margin has gone up quite significantly this quarter, so

any one off or this is like sustainable number and what has led to the significant jump

in EBITDA margin?

Akhilesh Maru: No, it is definitely a sustainable number. It is not one-off kind of number. What

happens is the operating leverage and economies of scale, it is a result of that an effective utilization on the other side because our fixed costs are still same, semi-variable costs are still same and now only changes in the variable cost. That's how

the realization on specially margins are improving.

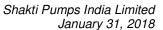
Varun Agarwal: Going forward we are confident that we will be able to maintain this kind of margin?

Akhilesh Maru: Yes, if you see our track record I think our traditional margin used to be 18%.

Varun Agarwal: Historically?

Akhilesh Maru: So I think we are back on our 18% margin which we are targeting next year, so

fortunately this nine-months I think we are back on 18%.





Varun Agarwal:

In terms of order book, last call you have said there is 100 crores of solar order book we had and this quarter we have already execute their 100 crores, so what is the situation of order book currently?

Akhilesh Maru:

First of all Varun again I want to clear one more thing, when we talk about the order book, order book per se is like a phased manner orders we get. Suppose in the beginning of the year any state gives us a 2000 pumps order or 3000 pumps order, they are not going to give the order on day one. They give us in a phased manner, so initially they start with 100 pumps, 200 pumps, 50 pumps, 75 pumps. We keep executing those pumps and again go to government get new order that's how. So allocation in the beginning of the year, they give us the full order. But execution of orders will be always in a phased manner. Now 100 crores order we have already executed in the previous quarter. I think again we are getting more orders on every seven days or 10 days for this execution in phased manner.

Varun Agarwal:

Can you elaborate on which geographies, which states we are actually driving this growth, from which geographies are these orders coming from?

Akhilesh Maru:

The government side orders we are getting from Chhattisgarh, MP, Rajasthan, Gujarat, UP, Orissa and Karnataka. There we are doing direct projects where entire work we are doing the installation.

Varun Agarwal:

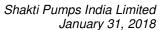
In terms of overall delays and all that because of government approvals, is everything going fine in terms of government approvals, your working capital cycle, payment cycle or basically things are started moving in that direction, is that happening?

Akhilesh Maru:

Yes. Initially there was no issue. We are doing work with 8 to 10 states, 1 or 2 there maybe some operational issue, some technical issue, so it is quite expected. Like this year Rajasthan, it was delayed. But rest all of the states like Chhattisgarh, MP, UP, they are all well on the time in terms of order execution. Now come to the payment cycle and working capital; I think as we are walking with the government if they say we will pay you in 30 to 60 days we expect they will pay us in 90 to 100 days. So there we keep the buffer margins, we can't expect to be very much on time from the government side. We have to keep those margins always.

Dinesh Patidar:

One more thing I would like to clear. All the solar pump business is through nodal agency and till the time we don't get the state and central government's subsidy fund we don't get order from the nodal agency or we don't take the order from them. Our management also keeps an eye on the funds and we execute only when the funds are





available. If this is a part of our business strategy and we monitor it and try to follow it. We only take orders when the funds are available.

Varun Agarwal:

Market shares you said we have around 50% to 60% market share. If we see currently, has it changed or it's more like similar percentage?

Dinesh Patidar:

Its still similar percentage. We can say that we have captured the market wherever we go and our competitors don't get the chance because of us. We spare few tenders for them where we are not interested or we don't get good price or don't get margin.

Varun Agarwal:

Basically just to understand more on solar pumps specifically, you think all the state governments are basically implementing this and there is lot of benefit to this obviously for solar pumps. So going forward if we look for 1-2 year down the line because elections are also coming, so government has an Agri focus and focusing on the rural economy, so from that point of view what kind of numbers we see next one-year? What kind of numbers are you seeing in growth and orders?

Dinesh Patidar:

Numbers are good. I cannot talk much about numbers but one thing I would like to tell you if you would have watched our Prime minister's Zee TV interview in that he talked about solar pumps. I would like to extend that talk. Our country will have less farmers consuming electricity and we will see the farmers producing electricity. This is the central government's dream and they are working on it. The farmer's pump works for 150 days and other days it's idle and the government is aware of this. We have also given some presentation regarding this issue so that DISCOM should be benefited by this and the farmer's income should grow. Government has already progressed on this path. In the coming times all of us will address this issue together and will experience this. We can see that deficiency in numbers which was there earlier is going to go as the budget is going to be presented. Few good announcements on numbers are to be made in budget. The policy of purchasing electricity from farmers and the farmer will not consume the electricity and produce it. This is a very different kind of scenario which is going to come in our country.

Varun Agarwal:

One more question on ESL orders, have you received any orders in ESL because I remember in last call we had 20,000 pumps order, so anything which has come out from it?

Akhilesh Maru:

ESL actually has the tender in three phases, one was for pumps, one was for installation and one was for solar panel. They had finalized to tenders and the installation tender was not finalized because they were not getting the team for



installation. Now Tata has taken the responsibility and Tata is L1 in it and they are going to install. We will see some implementation of work in this space in next quarter.

Varun Agarwal: The pumps which are ordered by ESL what will be the execution cycle of the pumps?

Dinesh Patidar: Though ESL is doing this work for the first time and we are also working with ESL

for the first time. This tender is divided in three segments. Solar is running for last 6-7 years in our country in one segment. But how it is going to happen in three segments we will have to wait and watch. All the L1 companies who make solar panels they will supply the panels, the companies making pumps will supply pumps and the installation will be done by Tata. We just have to wait and see how this coordination of three companies takes place. But we hope that we will get good

numbers in it.

Varun Agarwal: I'm not able to understand, you mean to say three segments means basically panel,

pump and execution will be done by different parties that's what you are saying?

Dinesh Patidar: Yes, ESL tender is like this. The 20,000 pump tender is like the panel will be

supplied by one party, pump and inverter will be supplied by us and installation will

be done by Tata.

Varun Agarwal: How much orders have we got in pumps, any order book if you can tell.

Dinesh Patidar: We are L1 in some places and L2 in some orders. They have not yet decided which

order to be given to whom. It will get decided in the coming time.

Varun Agarwal: Can you tell our position in L1 orders?

Dinesh Patidar: We will let you know after everything gets finalized.

Varun Agarwal: What is our total debt level as of quarter end?

AkhileshMaru: Debt is around 110 crores.

Varun Agarwal: It is more or less same as the last quarter.

AkhileshMaru: Yes more or less same.

Varun Agarwal: If we see working capital which is net capital employed for India business, it's come

down significantly versus last two quarters. What is the reason behind it?



Dinesh Patidar: It is because of the recovery of receivables, sometimes it comes in bulk and so there

is a fluctuation in working capital.

Varun Agarwal: Quarter to quarter if you get money and the next quarter it may again go up, so...?

Dinesh Patidar: Next quarter can go up because it is quite possible that the present orders can come in

the same quarter or if the money comes on 1st April then 31st March you can the

debtors. If it comes on 31st March then you can see the recovered receivables.

Varun Agarwal: Let's talk about solar, your overseas business and the business apart from solar, how

is that business doing and what are the prospects for that business? Except for solar

how is the local and overseas business doing?

Akhilesh Maru: Institutional exports and Agri I think export is again on the expected line and the

institutional and detail business that is still little depressive. But I think given the good budgetary allocations and the good monsoon and after post demonetization and

GST impact I think next year it will pick up in a good way.

Varun Agarwal: On your solar pumps, you said 2001 pumps you yourself executed in this quarter and

11,000 pumps through OEM, right? Is this the right number for the quarter?

Akhilesh Maru: Yes for this quarter 2001 and 11,000.

Varun Agarwal: In terms of margins, so can we bifurcate the margins in terms of pumps versus

systems how much was it and going forward how will be the mix?

Akhilesh Maru: We have a different calculation from every state for every different OEMs because

all this price calculation is different. It changes from state to state wise and OEM to

OEM wise based on the competition.

Varun Agarwal: What I wanted to understand in terms of EBITDA margin, so what has led to

EBITDA margin, its more due to the EPC work or it is moved with the pump? Which

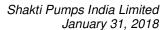
segment has led to the significant hike?

Akhilesh Maru: Significant margin in the sense in EBITDA margin which is improved because of the

incentive and discounting structure, the semi-variables and all because of economies of scale at every level we have improved wherever the cost benefit arises because of

the volumes it is a result of that.

Varun Agarwal: Can you elaborate on that basically the incentive structure and discounts?





Akhilesh Maru: Yes, I can give you the detail later obviously later on.

Moderator: Thank you. We take the next question from the line of Hardik Vyas an Individual

Investor. Please go ahead.

Hardik Vyas: The results have been very good and very encouraging. So my was that the tenders

that we had about 116,000 pumps. So now after the year is over on 31st March will

we go for retendering or the business will continue for the remaining comps?

Akhilesh Maru: first of all, 116,000 pumps is not our tender. It is the overall tender size for India and

we are participating into 116,000 pumps. So our total Government numbers on our own name is around 6,000 pumps,not 116,000 pumps. Second this 116,000 pumps quantity for the 31st March and hopefully, I think this year out of 60% - 70% work will be done by the Government. The government will do only 60% - 70% completion out of that. Next year onwards again the number of pumps going to be increased because State Government will come up with a pilot project now coming

up with a big project or a larger project.

Dinesh Patidar: The remaining pumps in next quarter we will supply.

Hardik Vyas: Yes. I am asking that sir, that the 120,000 pumps - 116,000 pumps which

Government tender, I am not talking about our tender, I am talking about Government tender for the nation out of that 60% - 70% work is done. So the remaining 30% work that willhappen.... I am understanding that 70% work will be done for the four quarters so the remaining 30% work that will flow onto the next

year automatically or retendering will happen for that?

Dinesh Patidar: No, it will be done automatically.

Hardik Vyas: Okay. And according to the numbers that we had 18,000 pumps that we have done

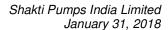
for the three quarters, right? And we are likely to go up to 28,000 pumps?

Dinesh Patidar: Yes. OEM sales.

Hardik Vyas: OEM sales, yes, correct.

Moderator: Thank you. We take the next question from the line of Dharmendra Gandhi from

Ogma Research. Please go ahead.





Dharmendra Gandhi:

I have one question, how we predict in coming years how much tender will come like in this year's beginning we have talked about 116,000 pumps. So in future what is your expectation, you are on the ground, you are seeing the business. So in the coming years the tender quantity how will it increase can you tell about that? What is your estimate?

Dinesh Patidar:

I think, we should have done this conference day after tomorrow after the Budget. Once let me see the budget, what happens and the budget after that I will tell you what will happen in next one year because till now the Central Government's planning for budget or solar behind the budget that was huge and was very good. So I big hope from this budget that numbers will be good.

Dharmendra Gandhi:

You think that number of states is 8 - 10 now so they will increase or the states which had done last year they will increase their quantity or both the things are possible?

Dinesh Patidar:

Both the things are possible.

Moderator:

Thank you. We take the next question from the line of Adhvait Shah from Arvind Shah Stock Broking. Please go ahead.

Adhvait Shah:

This also related same to what other people ask you with respect to the budget but it is a little bit different. We have been doing business with OEM partners and Government who are our major contributors to our turnover. So we are heavily skewed to these people. So we have any fallback policy?

Dinesh Patidar:

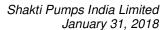
In the coming time both will be equal-equal. We will be having our own 50% and 50% will of be of OEM, we are planning like this right now.

Adhvait Shah:

Okay. Sir, my question was that in case Government changes some policy so to do fallback what are the other ideas we have with us? Let us say there are budgetary constraints in Government or Government changes, our one big customer is Government. So do we have any fallback mechanism?

Dinesh Patidar:

No, I would like to clear you this that we would have done work if we wanted to do work only, we would have done much more work. We have a business strategy plan that until the time local agency does not receive the State Government and Central Government fund till the time we do not push in that department or we have little less focus in that department. We do not do that work or we let that tender go in a slow way, the go-to slow system we let the tender go in that. Where money is received we work in that that is why you see these figuresslow in tender relating to numbers.





Adhvait Shah:

No, I am talking about fallback in a way that if Government's tender is no there suppose so then there is a more possibility that it will go to exports or giving more in private consumption possibility is there?

Akhilesh Maru:

I will explain that. First of all, what you are saying that is a very rare possibility that Government's focus will get less that is a very rare possibility. I think it will be on a far bigger, the larger contract we are expecting. But yes, when we talk about the Plan B, in Plan B I tell you we are still has a 20% - 22% export contribution which used to be 70% a few years back and good thing is that now we are reviving in export market to our old customers also, old countries also and new countries also that is also contributing. So Plan B is always there whether one key trigger is, whether the driver is always one on a front side but there are few more drivers in the behind which always there with our business. So we have something in the if at all something short budget with the Government.

Dinesh Patidar:

Okay, Shah sir, there is one more thing that I would like to share with all of you that we are in very good situation which is that in Rajasthan the tender of our which was backed, a nice behind that is that now there farmers because we were supplying pumps in Rajasthan from last four years. So till now our goodwill and people have used a pump and the feedback they have got and it helped them in earning money by seeing that now our Rs. 2 crores to Rs. 2.5 crores per month sales in Rajasthan cash farmers are coming and purchasing from our dealers, they do not want any subsidiary, they come straight away and go to the dealer and ask him, give me this pump and we supply them that pump. Basically, the creation which Government was wanting that farmer with his own accord, with his own money, he becomes capable of buying own his own. So in Rajasthan, some people are capable of buying from their own money without arranging subsidiary, our country's farmer now buys pump solar in which place where he was not able to irrigate before, now he irrigates himself and starts earning on his own. This is a very good sign I see.

Adhvait Shah:

Sir, the second was a housekeeping question. After GST because of input credit do you get some more benefit?

Dinesh Patidar:

With the coming of GST the more benefit I get is that out of 100 I give 1000 number because our cream brain was only at Government officials. Now we all are free in such a good way, in such a good way, previously this is the rate of the tariff, you cannot do this here, you cannot do this there, there is excise problem, there is custom problem, this cannot happen, that cannot happen, this item is like that, that item is like that, our industry was surrounded by problems. Now we are in one tariff,



previously we use to think this will come in excise or this will come in solar or this solar pump will come in what, what will be its tariff, we got rid of all this. We are feeling peace because of GST that I cannot tell you. That is why I have given 1000 number to GST.

Adhvait Shah: Sir, the steel prices have increased, copper prices have increased, so this is raw

material cost pass through or you observe?

Akhilesh Maru: No, up to a certain level what price we have decided, up to a certain level we bear

the cost but after a level, we can easily pass on because that capability we have to

pass on, it is a quality product, not the commodity product.

Adhvait Shah: So because it is more skewed to the Government it will be have a pass-throughclause

in it because of which we cannot do it or what?

Akhilesh Maru: No, in Government we work out the price in such a way that we have to consider few

things. So with Government pass-through cannot happen.

Adhvait Shah: Okay. So the contract is with a built-in order for that type of expenses?

Akhilesh Maru: Yes.

Adhvait Shah: Okay. So my last question, sorry to interrupt but there was a one-off expense in

quarter four last financial year on account of certainly deferred expenditure which

was not written-off. Are there any one-off left further in the balance sheet as of now?

Akhilesh Maru: Nothing, everything clear.

Moderator: Thank you. We take the next question from the line of Parag Khare, an Individual

Investor. Please go ahead.

Parag Khare: Sir, just wanted to understand out of this 116,000 pumps we are participating in the

6,000 pumps. So are there any capacity utilization constraint we have I mean we should being a market leader and kind of the market share we have we should go for

more numbers.

Akhilesh Maru: Yes. You are absolutely right regarding that point here the idea is when we do the

6,000 pumps it comes to around Rs. 280 crores or Rs. 300 crores, 116,000 pumps converted into the full number it is around 4,000 crores project. Rs. 4,000 crore

project. What we try to do is when we enter into any of the projects we try to achieve



around 15%, 20% or maximum 25% of the each project rest we leave for our channel partners, so we can do business, our own business also up to 25%, rest we can sell pumps to all the channel partners who are participating into that particular tender.

Parag Khare: Okay. Because we have a certain target, we will not go above this or we have some

capacity constraint?

Akhilesh Maru: Capacity constraint is not there, it is always decided based on which Government

what kind of project what is the scenario of receivable, easily doable, not doable and

then the area, geographical challenges are also there.

Parag Khare: Okay. And another last question sir, I mean we are the market leaders our efficiency

of the pump is very good, naturally, we are investing into innovation and R&D. We have a number how much we spend every year on R&D or innovation just a rough

number?

Akhilesh Maru: Our R&D and innovation completely need abase. Whenever we find any new

machines which can really helpful for us, we always try to bring as early as possible because that can save the processes and the cost and improve the efficiency. So

specifically we talk about what you say specific budget, yes that is around 8% to 10% but 8% to 10% on a higher side. It is always again I am say need base and our R&D

is ongoing R&D, it is not that particular R&D will do at a particular time, no. It is

completely ongoing R&D at every process when we find there is a chance to improve

we start doing that.

Parag Khare: Okay. And one final question, if you do not mind, when we get more margin when

we do it ourselves or when we hand it over to channel partners? Where are margins

more?

Akhilesh Maru: I mean in both the cases there is not much difference in the margin in Government

side, I think a little less than the OEM but still both the businesses are a similar

business for us.

Moderator: Thank you. We take the next question from the line of Vivek Sethia from Stewart &

Mackertich. Please go ahead.

Vivek Sethia: Sir, I just had one question regarding your growth prospects in the domestic market

and in the international market in percentage terms if you could explain?



AkhileshMaru: As we already mentioned for this particular year I think top-line growth for this year

20% - 25% is achievable number especially domestic will be on a higher side and

export growth this year we are expecting 10% to 15%.

VivekSethia: And sir, just one more thing like I know there are insignificant revenues in the

foreign market but still the profit share has fallen down quite a bit in the USA and the SDDmarkets. Is there any specific reason for it despite the revenues increasing in the

SDD, the results have shown a negative trend compared to the previous quarter.

AkhileshMaru: Yes, quarterly changes are there because sometimes you have to spend more on

advertisement or marketing expenses. It is not necessary, it should be a regular process, so every quarter we spend sometimes in some quarter we spend, next quarter probably we will not spend. Again, based on requirement. So quarterly fluctuation is

possible in those markets.

VivekSethia: Okay. And sir, just confirm like which you told the solar pumps installed that 2,000

solar pumps installed you told for the third quarter or for the nine months for FY

2018?

Akhilesh Maru: No, third quarter, only third quarter 2,000 installation of pumps....

Vivek Sethia: Could you give me the figure for nine months?

Akhilesh Maru: Nine months is 3,121.

Vivek Sethia: 3,121. And for OEM is 18,000, right?

Akhilesh Maru: Sorry, 3,171 our OEM is 18,600.

Vivek Sethia: And for three months OEM is 11,600, right?

AkhileshMaru: Yes, 11,600.

Moderator: Thank you. We take the next question from the line of Kumar Soni, an Individual

Investor. Please go ahead. Mr. Soni, your line is unmuted please go ahead with your

question.

Kumar Soni: Sir, my question is regarding when are we launching Solar E-Rickshaw?

Dinesh Patidar: We will not launch Solar E-Rickshaw, maybe you are having some confusion, we

have launched it motor, which is running in companies on trial basis. E-Rickshaw's



motor we have developed we are launching that, the company on we have on a trial basis, we will sell in next quarter but next year there will be speed in the sell of that. E-Rickshaw's the motor which you are talking that automobile motors we have already made and gave to some companies they are running in the market. We are waiting for their feedback then we will start production.

Kumar Soni: Okay. Fourth quarter there will be no impact. In next financial year?

Dinesh Patidar: Yes, definitely.

Moderator: Thank you. We take the next question from the line of Varun Ghia from Equitree

Capital. Please go ahead.

VarunGhia: I just had two questions, first is with regards to this Income Tax demand, I was

clarity on that. Rs. 14 crores IT demand is there. So on that what is the situation on

that? I mean how much has to be paid?

Dinesh Patidar: Rs. 14 crores demand that was due to the search conducted by investigating IT

authorities in January 2016 in that the demand they have taken that was purely basis of assumption, some expenses they have allowed in SEZ they have disallowed them and on that basis they gave some demand. Anyway, before that which we are contesting and for that appeal have been filled. We have also filed stay order for this

particular demand order.

Varun Ghia: And this subsidiary is there in Bangladesh or China how much investment is there in

that and with regards to what?

Dinesh Patidar: See, Bangladesh or China subsidiary is in process and the maximum limit we have

kept that is of Rs. 10 crores that are purely based on the need how we have to proceed, how we gain business from there, how is our business sourced from there based on that we have to do the investment, it is just the plan formulation has

happened now.

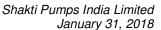
Moderator: Thank you. Next question is from the line of Dhruv Bhatt, an Individual Investor.

Please go ahead.

Dhruv Bhatt: Sir, I just wanted to get some ideas that I mean you have already given us an

extensive detail of how the company is doing. But if I just ask some basic guidance for how we are seeing such a jump in our top-line and EBITDA if you can just

elaborate a bit on that and our PAT margin which has gone from 4% to 11% and





some guidance on that part I mean why is the traction coming in where is it coming from?

Akhilesh Maru:

Yes. See, I will explain the jump in the top-line and then eventually the effect of that jump in the EBITDA margin. What happens is first-half it was little slower the flattish kind because till two months of other in September because of GST implementation the Government sales and the solar sales were on hold because of that our performance was like flattish. Now we already had some projects from the Government side which we supposed to do it in this year itself. So what projects are already going on Government also had a pressure to finish. Now last year also if you see the trends the H2 was just double of the H1. So the trend says the first quarter the quarter would be always slower and second quarter a little better than the first quarter but third quarter and fourth quarter going to be a really-really boost because this is what the trend when you do more business with the Government side. You have a lot of pressure of execution in third quarter and fourth quarter whereas first quarter and second quarter are relaxed and a little slowish kind of things. That is how the top-line jump has happened and I think going forward also the second-half going to be really good compared to first-half.

Dhruy Bhatt:

Okay. And sir, any guidance on the coming year I mean in FY 2019 I mean how are we projecting that to be I know you already said that budget will give us major guidance. But I just want to know how are we expecting it to be for Shakti Pumps?

Akhilesh Maru:

See while projecting and now we have around 50%-60% Government business and to project next year sometime has some has become really difficult because now how do you read the Government's mind what kind of projects they are coming up. So for us the basic and the realistic figure would be let us assume if at all Government does not do anything at least they will come with the same number of project because whatever number of pump they alreadydone this year, they are not going to reduce those numbers, it has to be higher than that.

Dinesh Patidar:

And one more scheme has now started which I wanted to tell you is that we have started supply some pumps in water supply scheme and that scheme is proven. So Government wants that from solar in villages water supply scheme should be started and people should be provided so to get water from tubewell for solar we have done some demo, we have done some tender, we have got some success and in Chhattisgarh good work has been there, there around 3,000 pumps have been there in small-small places to set tank to supply water in the village. So that is a very good



scheme so that scheme will be everywhere maybe the water supply scheme which works on solar.

Dhruv Bhatt: Okay. So, sir, you were just saying something regarding the FY 2019, even if the

Government does not do something we were saying what were you expecting on that

front?

Akhilesh Maru: Can you come again?

Dhruv Bhatt: Sir, I think you were just saying something that even if the Government does not do

something in FY 2019 then even in the flow something that what do we expect?

Akhilesh Maru: See, I was saying while predicting next year the Government will not reduce what

they have done in last year. So suppose this year any Government has come up 10,000 pumps, I think they are not going to reduce 10,000 probably in every state there are lakhs of pumps are running. So the number should be on higher side from 10,000 to 15,000 - 20,000 - 25,000 something like that. It cannot be 1,000 or 2,000 once again. Based on that that we at least assume that what we have done actually we

can get 25% more numbers for next year.

Dhruv Bhatt: 25% more numbers, that is great, sir.

Moderator: Thank you. We take the next question from the line of Nitesh Chaudhary, an

Individual Investor. Please go ahead.

Nitesh Chaudhary: Sir, I have one question is like AkhileshMaru said that out of your 116,000 pumps

6,000 pumps our legalis working. 6,000 pumps are yours out of them just you have mentioned some figure of around 3,000 that we have installed as of now. So the remaining near about2800 pumps in the fourth quarter you have to install means you have to complete it. So do you think this will complete in two months the remaining

one?

Dinesh Patidar: Yes, it will definitely happen. No issue is there.

Nitesh Chaudhary: Okay. Means our target of 6,000 pumps that will be completed in this year.

Dinesh Patidar: We try the same for solar department we will do without funds we would not supply.

Nitesh Chaudhary: Okay.





Dinesh Patidar: Our shareholder's money is very precious, we will not stuck it.

Nitesh Chaudhary: That was my main concern because that problem happens that shareholder invests

money by seeing the management and by seeing their fundamental. So this is a big thing. The second thing I was talking sir you said that 25% to 30% growth you are expecting so last year's total turnover from there can we expect 25% in March 2018?

Dinesh Patidar: Yes, definitely.

Nitesh Chaudhary: Means 500 we can cross in March 2018.

Dinesh Patidar: Yes, all efforts are on.

Nitesh Chaudhary: Yes, okay. And sir, one more thing I was very excited to know this thing that if your

comparative quarter that from December 2016 if we see then from December 2016 your turnover has increased 42% and in front of that your profit near about three times so what you have done? What kind of magic you have done, I had a little concern on this. The profit will be three times, whereas your revenue run rate has

increased 42%.

Dinesh Patidar: There are three things in this. First is that operating leverage; second is margin

improvement in the various product; the third is a change in product mix. When you sell high margins product more because of that your turnover increases, your operating efficiency is there, operating leverage will get increased and the biggest thing high-value margin products if you see more then margin improvement is also

there.

Nitesh Chaudhary: So our which product is left which is our high margin product out of total variant?

Dinesh Patidar: Solar.

Nitesh Chaudhary: Solar, okay. So at this moment, our more focus is on solar for each quarter we have

soldsolar more.

Dinesh Patidar: When we talk about focus no doubt in today's date our key driver is solar. But our

export is on that much focus because on that team is doing their work and the second industry agri there also the team is working, so they also work with focus. So focus I

think at own place but our key driver is solar, this is fact.



Nitesh Chaudhary: Okay. Now like last September 2017 so the number in between September 2017 -

December 2017 your 2.5x turnover or profit instead of that is 5x So now that is your component or variant means you give a difference of that means if we see last three months or two quarter's sale in that solar pump sold much rest the low margin

products they have been sell less.

Dinesh Patidar: You talked about September quarter or December quarter in that a big factor is that

my fixed cost, the variable cost is there that was the same but sale was around Rs. 70 crores. That big factor is there. The more top-line you grow that much operating

leverage will benefit you.

Nitesh Chaudhary: Okay. And after that sir, budgetary tax situation what do you think everyone is

thinking that on solar is there or Government will do somewhat good, like sir you told as sir told that interview I have also seen. So do you think its benefit in March

2018 we will also see or next year we will see whatever plan 2018?

Dinesh Patidar: Whatever experience I get a little bit is the visibility I see is that by taking solar this

budget is going to do something big. Let us wait, tomorrow related to solar good

news will be there. Good story is coming about solar.

Moderator: Thank you. We take the next question from the line of Nirav Ashar Latin from

Manharlal Securities. Please go ahead.

NiravAshar: Can you throw some light on the realization for the pump when you are doing it

directly as well as supplying to the OEM?

Akhilesh Maru: Yes, realization per pump for Government it is close to Rs. 4 lakh. It is varying

between Rs. 3.75 lakhs to Rs. 4 lakh and with the OEM's it is around Rs. 30,000. Now when we talk about the realization here, we supply Government below 1 HP pump, 3 HP pump, 5 HP pump 7.5 HP and 10 HP. So price again vary from Rs. 1

lakh to Rs. 9 lakh.

Nirav Ashar: Okay. So it depends on the configuration of the...

Akhilesh Maru: Yes, but the major number is 3 HP and 5 HP.

Nirav Ashar: Okay. So one can safely assume as you said Rs. 3.75 crores toRs. 4 lakhs. So direct

and in the case of OEM about 30,000.



Akhilesh Maru: Yes, so this 30,000 is again maybe sometimes 32,000 - 33,000 may be higher than

that also.

Moderator: Thank you. As there are no further questions from the participants, I would now like

to hand the conference over to Mr. Akhilesh Maru for closing comments.

Akhilesh Maru: Thank you, everyone, for joining our Q3 result updated concall. On behalf of Shakti

Pumps, I thank once again for spending time with us.

Moderator: Thank you very much, sir. Ladies and Gentlemen, on behalf of Shakti Pumps (India)

Limited, that concludes this conference. Thank you for joining us and you may now

disconnect your lines.