



# Marine Electricals (India) Limited

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**The Manager**  
**National Stock Exchange of India Ltd.**  
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**Symbol: MARINE**

Dear Sirs/Madam,

**Sub: Q4 FY21 Earnings Conference Call**

With reference to our intimation given on 10<sup>th</sup> June, 2021, please find enclosed herewith the transcript for Q4 FY21 Earnings Conference Call of Marine Electricals (India) Limited held on Monday, 14<sup>th</sup> June, 2021.

The same is also available on Company's website at [www.marineelectricals.com](http://www.marineelectricals.com).

You are requested to take the same on record & oblige.

Thanking You.

Yours faithfully,

**For Marine Electricals (India) Limited**

  
**Mitali Ambre**

**Company Secretary and Compliance officer**  
**ACS: 60296**



**Encl: As above**



“Marine Electricals (India) Limited  
Q4 FY2021 Earnings Conference Call”

June 14, 2021



**MANAGEMENT: MR. VINAY UCHIL - CHAIRMAN & EXECUTIVE  
DIRECTOR – MARINE ELECTRICALS (India) LIMITED  
MR. VENKATESH UCHIL - MANAGING DIRECTOR -  
MARINE ELECTRICALS (India) LIMITED  
MR. NAMITA SETHIA – CHIEF FINANCIAL OFFICER -  
MARINE ELECTRICALS (India) LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to the Marine Electricals India Limited FY2021 maiden 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. Vinay Uchil, Chairman & Executive Director. Thank you and over to you Sir!

**Vinay Uchil:** Thank you. Good morning to all of you, I am Vinay Uchil, Chairman & Director of MEIL and I thank you for taking time out to attend the maiden results conference call for Marine Electricals. While the IPO was our first step towards a new chapter of growth this call is an equally important milestone and we look forward to interacting with you every quarter going forward. The past year has been imprinted into our memories as a most challenging one in our generation and we see we have opened the beginning of this calendar year, we were again in the midst of the second wave, I hope all of you and your families are safe. Today on the call we have with me Mr. Venkatesh Uchil who is the Managing Director and Mr. Namita Sethia, who is our CFO. We have uploaded our presentation and hope all of you had time to look through it.

While we might have interacted with some of you on calls, for the benefit of everyone omit me to brief you about our company. Marine Electricals is a 43-year-old company that has grown from strength-to-strength to become one of the India’s leading players in electrical and electronic solutions that includes low and medium voltage electrical solutions, integrated bridge systems, control and power electronics and automation products. Over the years we have built and demonstrated strong capabilities to move up the value chain from being a mere product supplier to a complete solution provider. The company has built a strong business with two clear verticals the first one is the marine vertical and the second one is the industrial vertical and we have achieved a strong leadership position in both these spheres. In the marine business we have become one of a strong player in low and medium voltage requirements for the Indian Navy, Coast Guard and Commercial Marine Industry. In industrial business we are one of the largest partners of Schneider Electric in India for their Blokset panels, in addition we also have developed our own products and solutions for low and medium voltage panels.

The company is headquartered in Mumbai and has got manufacturing facilities in Goa, Mumbai and UAE. We also have a facility through our subsidiary in Italy. We have also setup service stations at 14 locations across the coastline at all major naval bases and ports. People are central to our ability to consistently deliver quality solutions to our customers. We with over 300 employees spread over design, development offices, R&D centers, manufacturing locations, service centers and other offices we make sure that our workforce

is a combination of young and experience employees. Further being an engineering company a large part of team qualified engineers. The team is supported by over 600 skilled and semiskilled contract labours.

Let me now spend a few minutes on each of our segments. The marine segment is the first segment that we have started off with. What do we do in this business, in ships electricity is generated, distributed and consume within the ship itself? All instruments and equipments including system critical ones are powered through this setup and hence any power failure would stop the functioning of important equipments such as specialized electronics, radars and webbing systems. It is therefore an important that electrical systems and instruments used in the ships as strong, reliable and very robust and must keep performing under challenging weather conditions like heat, corrosion, shock and vibration. The electrical systems and instruments must be designed within the space constraints given and in such a way that it is easy to operate, service and maintain and hence developing engineering capabilities and track records takes a long time and this acts as a strong entry barrier. Over the years through organic and inorganic parts we have grown from switchgear manufacturer to a leading player that provides and execute complete electrical and electronic packages for the navy and commercial ships.

Where do we get our business from, track record allows us to participate in large tenders of the shipyards, building naval and commercial vessels. We have developed strong reference of work done for all kinds of vessels like submarines, nuclear submarines, aircraft carriers, frigates, corvettes, survey vessels, patrol vessels, commercial vessels and also inland vessels. This expertise has made us a tier I supplier and system integrator and compete as among the top three companies for most of the low voltage products or solutions for all government and private suppliers in the country including Mazagon Dock Shipbuilders, GRSE, Cochin Shipyard, Goa Shipyard, Hindustan Shipyard among others in India and in the Middle East.

How do we earn. We have three types of revenue streams in the marine division. First is supply of product and solutions for new ships being built at shipyard, second is repair and maintenance of electrical and electronic systems and third are service contracts and annual maintenance contracts.

What are the potential opportunities for this business? The recent geopolitical events has strengthened the government's resolve to increase the ability of the defence sector with equipments being given a high priority while we still continue to import for the foreseeable future indigenous drive by the government is likely to create significant opportunities for the domestic companies. The government's focus to transform India from a buyer's navy to a builder's navy with help of domestic ship building and ancillary companies. For instance the recently awarded 43000 Crores submarine project is the first under an ambitious

strategic partnership model to involve the private sector in large military projects monopolized for public sector till now and will be the largest Make in India defence order. The Make in India initiative has been a key focus point for the Government of India and Indian Naval Indigenisation Plan relies heavily on active participation of the Indian industry on ship and submarine design, construction, material, machinery, equipment and system integration. With the Indian Naval Indigenisation Plan to induct 128 new ships in addition to the 138 ships in the next 10 years it is a huge opportunity for the Indian ship builders and ancillary companies. We are excited by the recent ordering activities like the 16 ASW corvettes won by Garden Reach Shipbuilders and Cochin Shipyard, ongoing P-17 Alpha class of frigates being built at Mazagon Dock and Garden Reach Shipbuilders, six new generation missile boats being built by Cochin Shipyard and the new submarine 751 program in addition to other patrol vessels and smaller ships being built at various other shipyards.

We will now move on to the next business segment that is the industrial business segment. How do we start this business? As an established player in the marine segment, we had association with global partners and in 2004-2005 we entered into a partnership with Schneider Electric India for manufacturing of its Blokset Panels for marketing and supplying in the western region of India. The Blokset range of products is well known and respected in the field of electrical solutions and since the market for LV control equipment has grown significantly over the last 15 years customer awareness of high performance and high quality products have been increasing. We have also expanded our portfolio and competence to cater through various industries with different requirements of customized solutions. In 2017 to expand our capabilities we acquire majority stake in a company called Eltech Engineers Private Limited based out of Chennai to increase the footprint in southern India. We have also built up capabilities in medium voltage segments further leading by adopting automation practices which were previously known to the company in the marine segments. Our business model in the industrial segment is that over the years we have developed a strong marketing network we also reach out to our clients directly and so we are project consultants to offer the electrical solutions. Once the offer is received the average execution period is about three to six months depending on the order size and the client's project execution schedule. Our order size in the industry business ranges from about 50 lakhs to 25 Crores. However with increasing orders from data centers, oil and gas and large industrial facilities the average order size for industrial business is bound to increase consistently. What are the business opportunities that we have in the industrial segment? The first opportunity is data centers with changing the regulatory framework and increasing user base requirements for data centers is witnessing a steep increase in India. As a leading player in the segment we believe we are well positioned to benefit from this opportunity. Industrial capex with capex likely to revive and emphasis by the government to build in India we believe that there would be immense opportunity on the industrial front as

companies resume their expansion plans and many multinational companies set up their manufacturing facilities in India.

We now move onto a new segment that we are venturing into and that is the electrical vehicle segment. The global automotive industry is undergoing a paradigm shift at present in trying to switch to alternative less energy intensive options. India too is investing a great deal in this electric mobility shift. Increasing adaptability of electrical vehicles will obviously drive the requirements of quick and efficient electrical charging solutions. In anticipation of this eminent burgeoning demand we have decided to foray into electrical charging solutions with our investment in a company called Evigo where we hold 75%, Evigo provides a 360 degree EV charging solutions, Marine Electricals would be involved in manufacturing and supplying the electrical chargers, Evigo offers the complete charging solution to all customers including charging stations for commercial, residential and shopping malls. In addition we have also provide commercial charging solution software solutions like payment gateway solutions, availability of charging stations nearby and the charging history of the vehicle. With a ready distribution network Evigo is a symbiotic business that we have plugged on. In addition to the electrical vehicle solutions we have over the past one year looked at another business segment as offshoot of the marine segment and that is vessel traffic management systems and simulators. We have been successful in getting a few orders and we look at this segment to be also a growing segment for us and a new segment for our company.

To summarize in electrical segment we have a dominant position in a niche industry that has a natural high entry barrier because of the needs of references, service, infrastructure, people, etc. Over the last 15 years our partnership with Schneider has been a win-win for both Marine Electricals commanding a large market share in Schneider, Blokset panels supplied in India. Further we have a leadership position in fast growing data center complex and requires most reliable solutions, repeat orders from customers is a testimony to the quality and performance, timely delivery and strong customer relationship. We hope this sets the context for our next part the financial and operational highlights for the year gone by.

Before we start with the details of the current financials we would like to throw some light to the performance of the past three years. In FY2017-2018 the company decided to foray in the Solar EPC projects which we believe would have been a national extension to our capabilities in electrical further with a strong focus of the government on renewable energies we believe that was the right time to take a plunge and received orders of 50 megawatt solar projects on EPC basis from Neyveli Lignite Company and 10 megawatts from Tidal Power in 2017-2018. We executed and delivered the 10 megawatt project for Tidal and we have now commissioned the 50 megawatt of NLC. Since then there has been

significant challenges in recovering our investments on accounts of delay in land acquisition for the projects, hike in customs duty for solar panels and rupee depreciation which has led to losses in the solar business. As a result while our topline grew we experienced losses in this segment for FY2019-2020. We therefore have decided to refocus on our core activities of electrical work for the marine and industry segment and decided to stop bidding on any new solar EPC contracts.

Now coming to the year gone by our financial performance is on the right track and given the current environment is commendable in our opinion. Over the past few quarters we have similarly focused on creating a virtue cycle, increasing the proportion of high margin marine business and focus on execution and improving operating leverage.

Our revenue for 2020-2021 came in as Rs.251 Crores as against Rs.263 Crores in FY2019-2020. The margins were of 4.6% year-on-year was primarily on account of COVID that curtails on operations and our facilities during the localized lockdowns despite this we have been able to ramp up our operations in the last quarter where we have generated approximately 91 Crores of our total income, which was up 35%. Higher contribution of the marine segment resulted in EBITDA margin expanding by 230 basis points year-on-year to 10.8% and came in at Rs.27 Crores for FY2021 as against 22 Crores for FY2020. Our finance cost reduced by almost 20% which further boosted the growth of 128% year-on-year in our PAT from 6 Crores in FY2020 to 13.5 Crores in FY2021.

Now our order book. Our current order book stands at 441 Crores of which the higher margin marine segment is around 288 Crores and the industrial segment is at Rs.153 Crores. It is heartening to note that in this pandemic year we have bagged some key orders in the marine segment including 138 Crores integrated bridge system order for the Indian Navy from Mazagon Dock and Garden Reach and 81 Crores order from Garden Reach Shipbuilders. In the industrial segment we have bagged two key orders 20 Crores order from Tata projects and a 25 Crores order from bridge data centers. We hope this Marine call has been illuminating to you and we are able to give you a general idea of our business and more importantly the direction of our financial performance. We are optimistic about the forthcoming quarters and look forward to connecting with you as we improve our performance. This concludes my remarks on the operational and financial highlights. I would now request the moderator to open the forum for questions. Thank you very much.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Mihir Desai from Pendulum Investments. Please go ahead.

**Mihir Desai:**

Sir my questions are more broadly based on the macro so I would like to ask you that can you please elaborate on what kind of opportunity do you see in our marine segment specifically?

- Vinay Uchil:** As I have told in my presentation the marine segment is seeing a great growth primarily because of the government's Make in India policy so we are seeing a pipeline over the next 10 years of shipbuilding a clear visibility of shipbuilding in the country of almost about 128 ships, a lot of ships are already in order and a lot of them are in the pipeline to be ordered on the shipyards in the next few years. Being a tier I supplier one of the few two or three suppliers for most of the equipment that we manufacture we see a very strong business growth in this segment this is primarily on the defence and coastguard. In addition the government has also been focusing on the SagarMala and other coastal shipping programs, so we have seen uptick in small commercial vessels being built in India for local consumption including inland vessels so we are seeing a lot of inland vessels being also built for a costal navigation and river navigation. So these are all small ships in addition to the large ships for the navy so we see a very strong business in the next 10 years going forward. In addition as you would know that all prices has started going up again and so the offshore business which was predominantly export business for us in the past years is also seeing some activity so we see a lot of strong inquiries coming from the offshore business from abroad and also within India.
- Mihir Desai:** If I had to translate this opportunity into a ballpark number so can you give that number of what kind of opportunity do you see in number terms?
- Vinay Uchil:** This is a long-term opportunity, as I said we have almost say in the marine segment we have about 288 Crores order book position and even this year we see some strong orders coming into this segment and this deliverables are over the next three to four years, so we would say that we should see a growth of between 15% to 20% year-on-year for the company in this segment.
- Mihir Desai:** In the marine segment specifically?
- Vinay Uchil:** Specifically on the products that we are manufacturing at present or the products that we deliver at present. As I have already put in the presentation we also have a R&D setup and we are developing new products to add to our portfolio this could also increase our offering and also then the topline and bottomline in the coming years, but as of today I would say with the current portfolio between 15% to 20% growth year-on-year for the next few years is what we could definitely look at.
- Mihir Desai:** On the competition front on the marine segment who would be our competitor?
- Vinay Uchil:** It depends on the product offering but on the electrical and automation our major competitor is L&T and also Siemens so this is our major competitor, L&T being one of the major competitors for us so we compete between us and L&T. On the other electronic fronts like integrated bridge system, etc., we have a company called Transas with whom we



compete. So basically in most of the product offering it is one or two dominant players in the industry so that is how it goes but it is basically companies like L&T or Transas or Elcom, these are the type of companies that we compete with.

- Mihir Desai:** What are the margins that we command in the marine segment specifically?
- Vinay Uchil:** Our EBITDA has been traditionally around 14% to 15% so this is the EBITDA that we normally have and going forward this would be sort of a figure that we would be looking at.
- Mihir Desai:** So is this EBITDA margin for the marine segment or this is the overall EBITDA margin which you have?
- Vinay Uchil:** It is the marine segment that we are looking at this point of time; overall we have other segments like industry, etc., so they have separate EBITDA margins.
- Mihir Desai:** Coming to the industrial segment now as world is saying that data would be the next oil of the world so I just wanted to understand from your end like now that data is so important for us what kind of opportunity does it brings to us in our industrial segment?
- Vinay Uchil:** I will just pass on the phone to Venkatesh the Managing Director because he would be in better place to answer this.
- Venkatesh Uchil:** So just to give you an idea on the data center segment we have been active in this segment since 2006 onwards. Today we can proudly say that out of 5 or 10 data centers which are being built in the country 6 is powered by Marine Electricals. Also with the government policy of the data being kept within the shore there is a huge impetus to setup data centers with your active providers as well as the traditional data center companies putting up colocation spaces, so potential if you see a typical three or four storied data centers would require a panel requirement of almost about 50 to 70 Crores over a period of 18 to 24 months.
- Mihir Desai:** On the industrial segment what would be our major clientele in industrial segment?
- Venkatesh Uchil:** In the industrial segment we have not fixated on any one particular segment we have a dominant space in the data center segment, in the automobile segment, in premium residential and commercial complexes, but I would not say that we are fixated on one segment itself it as such to see to the ups and downs in specific segments.
- Mihir Desai:** Who would be like our competitors in industrial segment specifically?

**Venkatesh Uchil:** In the industrial segment typically since we are Schneider System House or a Schneider license partner the typical competition would be Siemens license partner or MEB license partner so that matter.

**Mihir Desai:** What is the kind of margins that we are seeing in this industrial segment?

**Vinay Uchil:** So we generally see a margin between 10% and 12% in the industrial segment.

**Mihir Desai:** Lastly coming to our EV story can you please explain our business model for EV charging stations which we are planning because that is very exciting story?

**Vinay Uchil:** The EV charging solution is a large gamut I will just give you the brief of how we will go ahead with this segment, so one aspect of EV charging solutions is basically building the EV charger by itself, so we are indigenously building this EV charger ourselves, we are one of the very few people doing this in India today, most of this EV chargers are now getting imported from China so we are one of the very few people, the other people being multinational companies who have Taiwanese and German companies who have a setup in India but we are truly indigenous manufacturer of EV chargers so this is the first line of business of making EV chargers. In addition as a solution what would be done is that this EV chargers has to be setup at say a mall or a building or a commercial complex or say a petrol station or a EV charging station so we would be helping these people setup the complete EV charging station like the civil works, getting the connections, getting the electricity connections and all the associated electrical requirements to setup the EV chargers. Now this whole business is handled by our subsidiary Evigo so the Evigo is in the business of setting up EV stations for all type of customers. In addition to this we are also having a software solution when we have build up a mobile app that will be used to charge the vehicle. So in this app you will get location of all our EV chargers all over the place you will get data of which EV charger is free and how far is this EV charger so you can book your charging slot or timing slot, charge timing slot and then it will help you monitor the EV chargers that you have done on your vehicle, all the vehicle parameters, vehicle performance, etc., in addition it also has a payment gateway so once you connect to your vehicle to the EV chargers you can make a payment through a payment gateway and get a EV charger to charge the vehicle so this complete software platform also has been developed by us in Marine Electricals by our R&D and software team so what we give is a comprehensive solution to our customer where we setup a charging station, we have the software solution to run that station including the service setup that is required over a period of time for our customers.

**Mihir Desai:** That is all from my end. I will join the queue if I have further questions.

**Moderator:** Thank you. The next question is from the line of Monica Arora from Sharegiants Wealth Advisors. Please go ahead.

**Monica Arora:** Currently I understand that you have order book of around 440 Crores I wanted to know the execution period of the order book of marine segment and also what is the order opportunity in marine segment and are you bidding for any big orders?

**Vinay Uchil:** In marine segment generally the execution period is high so whenever we get an order the execution period would range from between 3 to 5 years that is because it is a series of ships being built, so at present we have a order book of 288 Crores in marine and this execution is over the next three to four years. We have already bid for a few large projects and we hope to see that these projects would fortify in the next quarter I would say because of COVID it has got delayed but we see that a few large orders should be coming in, in the coming quarters say before September. In addition to that there has been new orders been placed on shipyards so these would get translated to inquiries and orders to us in this coming fiscal. So there are a lot of opportunities in addition to very strong opportunities that we have for the jobs that we have already coated for.

**Monica Arora:** What is the overall execution period?

**Vinay Uchil:** Basically this is what we talk of marine, in industry the execution period is much smaller so it is between three months to about nine months, industry segments are having smaller execution periods.

**Monica Arora:** If you can throw some light on the order visibility in your EV segment?

**Vinay Uchil:** The EV segment is just starting so we already have got started getting orders from some customers so we have at present a visibility about 60 lakhs at this point of time, but this is just a start so once we start delivering this equipment we would see a large uptick in this year but the real business would really start from the next financial because with COVID this year I think a lot of this sort of infrastructure projects both by the private and government has got stalled so whatever orders that I have talked to you about 60 lakhs is primarily private players who have placed an order on us. This is for some of the setups that they are already started to put in and they also would be increasing their charging stations that they want to setup so they would be coming to us in the future for the chargers and the solutions.

**Monica Arora:** Great Sir thanks.

**Moderator:** Thank you. The next question is from the line of Santosh Kondapur, an individual investor. Please go ahead.

**Santosh Kondapur:** It is nice to see the outlook for the company and you are connecting this call which will help us investors here. First question is like how is the impact of this current COVID lockdowns on the manufacturing plant and the business of both industrial and marine segment and industrial segment you have like 150 Crores of order book so based on what you said earlier is this expected to be completed this fiscal year itself in our present orders?

**Vinay Uchil:** As we said say industrial cycle is small so we are looking at most of it to be completed in this year itself the industrial whatever order book we have shown so we should be completing in this year itself. In terms of COVID it has had impact both the first wave and the second wave. The first wave since we are a manufacturing company and labor intensive the COVID had an impact we lost almost about a month of production in the last year and even in this year the first month was bad because we have our manufacturing facility in India in Mumbai and Goa and both these places were affected badly with COVID, so we did have a setback in this financial year also, but moving forward we see that if everything goes well we should be able to cope up and be able to take care of the setback that we had for the first month in April. Also we are setting up additional machinery in our plant early next month so we are increasing our capacity in our plant so with this we should also be able to increase our topline moving forward in the coming months.

**Santosh Kondapur:** So this capacity for marine or industrial segment?

**Vinay Uchil:** The manufacturing capability capacity remains for both so though the manpower is different but the machinery is used for both the verticals so it would help both the verticals.

**Santosh Kondapur:** What is the breakdown of the 250 Crores revenue we had this time between marine and industrial segment for FY2021?

**Vinay Uchil:** Basically marine segment had a topline of 132 Crores and industry had a topline of 103 Crores and the balance came from whatever balance billing we had from solar.

**Santosh Kondapur:** In the recent purchase order that we have received we have seen an order for like 3.5 Crores for Blue Star Limited which in turn manufacture of some panels for Apple phones as we see like repeat orders from your existing customers or are we expecting the repeat order from Blue Star as it relates to the Apple phones?

**Venkatesh Uchil:** So Santosh in most of the cases such cases Blue Star is a contractor who is executing the project and we interact directly with the end user and create a preference for the brand Marine so in most of the cases the contractor is the effect of force to come to Marine for supply of the panel, so when we talk about the mobile segment we definitely see a repeat order coming to us in the next six months down the line it could be through another contractor but the end user would remain the same.

**Santosh Kondapur:** Thank you and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Suhas an individual investor. Please go ahead.

**Suhas:** First of all congratulations on the results it does not seem that COVID had too much of an impact so at least 4% is what you said the revenue loss so that is quite good. So I had a couple of questions, one is on your solar business if you could just throw some light as to why it did not take off and where we are currently and are you unwinding the solar business completely and a related question is you said that your manufacturing facilities are common across marine and electrical so I am assuming that the solar is also manufactured at the same location so is there some obsolescence cost that you will have to take on-board for unwinding the solar business?

**Vinay Uchil:** We got into the solar business in 2017 and it was a great start for us because we had two large projects one was the Neyveli Lignite project in 2017 for 50 megawatts and the next one after a few months after that we got another project of 10 megawatts of Tidal Power. Now the first 50 megawatt project that we have got was probably one of the larger EPC projects that we would have executed at that point of time so what we decided was that it would be better for such a large project to appoint experienced subcontractor for this project. Unfortunately at that point of time there were major changes in the price of solar panels because of which there was a large variation in the prices at what we had taken the order and what we had given to subcontractor and during the actual buying the price has changed because of which the project got delayed primarily from our subcontractor side and we also found eventually that our subcontractor though being a large and reputed company because of which we subcontracted it was unable to execute the project and this led to a delay so we did have very large significant losses but we did have losses in this project, but it was primarily we were not able to execute it primarily because of the inability of our subcontractor. The second project which was the 10 megawatt Tidal project in this we executed the project ourselves and we were able to complete this project to the satisfaction of our customer and we also ended up with a neat margin in this project. However what has happened is that solar projects or EPC projects has primarily number one you have land acquisition as part of your portfolio or part of scope of book and land acquisition in India is very complicated and in view of these type of complications in addition to which we also found that financial institutions and banks were not very keen to lend or support these type of projects. In view of this we decided that it is better not to get into projects where you have these type of uncertainties so that is one of the main reasons why we decided to exit out of this project or out of this segment. With regards to manufacturing facilities this was a

EPC project where you buy solar panels, we bought solar panels from China and also from India and then you have the inverters so there is not much of manufacturing or much of the manufacturing equipment in the solar project that comes from our plant it is mostly bought out items what we supplied in this plant was only the medium voltage panels, which we supply to other solar EPCs like Mahindra and SB Energy, etc., and also the automation or the software service the SCADA system so this was our only offering so it is in no way affected our manufacturing facilities so no part of our manufacturing facility was obsolete or sanction for a solar project because solar was primarily onsite execution.

**Suhas:** The debt on your books currently is that all for your marine and electrical segment or industrial segment?

**Vinay Uchil:** We commissioned our new third plant in Goa last year and the machineries that we are getting in also now is as part of this expansion so the debt that we have on our books is primarily for setting up this new plant in Goa.

**Suhas:** I think there is a significant amount of receivables that is also showing in the balance sheet is that also pertaining to the solar business or is that from your current business?

**Vinay Uchil:** I would say majority of it is from the solar business not majority a large part of it almost about 38 Crores was from the solar business and the balance is from our normal business. This year was slightly challenging because our sales team or we could not directly go connect with our customers and this has led to a slight stretching of receivables but these are all receivables from the government and good corporates so there is no challenge in receiving this money, but at the end of the year it showed some additional receivables and also if you see that a lot of our receivables are for supply that we have made in the last quarter and the last quarter we had a very large revenue so that is why traditionally what happens is because a lot of the equipment that we supply is basically capex, which goes for industry so a lot of the sales happened in the last quarter and that is why in the end of the year the receivables is a little higher compared to the other quarters where eventually in the next quarter we start receiving money for all the supply that we made in the March quarter so receivables come down. In terms of solar out of 38 Crores we have already received 8 Crores, we also had completed our NLC project, we have got the commissioning certificate so we should be getting 10% payment which is against commissioning that is around 19 Crores this quarter and then we have the performance test, which will happen from next month onwards so we expect that 5% that is about 10 Crores to come before December end.

**Suhas:** So there are no write-offs that are planned for that outstanding?

**Vinay Uchil:** Yes, so solar receivables will be closed this financial year so as we close this vertical we should close all the receivables for this segment.

- Suhas:** I have just one more question if I may on your order book I think you have about 440 Crores of orders so are we correct to assume that the existing fixed assets that you have will be able to generate that revenue or would you need to do any incremental capex apart from what is already planned?
- Vinay Uchil:** No, so basically this plant that we setup or commissioned in 2019 should take care of our manufacturing revenue of about 400 to 500 Crores so I would say comfortably for the next two, three years we would not require any additional capex in terms of manufacturing facilities so the current facilities with the machine that we are now getting commission should be able to take care of our topline for the next two years at least two to three years.
- Suhas:** One of the other participants had asked you about the EBITDA margins and you had said about 14% to 15% and 12% if I am not mistaken from the industrial?
- Vinay Uchil:** It is between 10% and 12%.
- Suhas:** Yes, is that a steady state or do you expect any further operating leverage to kick in?
- Vinay Uchil:** I would say as of today it is a steady state, we could see something better probably in the future but as of today I would say we take it as a steady state.
- Suhas:** I think that is all from my end, thank you so much and all the best I hope to see you on quarterly calls going forward. Thank you so much.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Vinay Uchil:** Thank you everyone for the opportunity given and we hope we have been able to clarify whatever doubts everyone would have had and thank you again for spending time to listen to our story and hope to hear from you all in future calls. Good afternoon. Thank you.
- Moderator:** Thank you. On behalf of Marine Electricals India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.