



“Shakti Pumps (India) Limited
Q2 & H1 FY25 Earnings Conference Call”

October 28, 2024



MANAGEMENT: **MR. DINESH PATIDAR – CHAIRMAN**
MR. RAMESH PATIDAR – MANAGING DIRECTOR
MR. DINESH PATEL – CHIEF FINANCIAL OFFICER
MR. RAVI PATIDAR – CS & COMPLIANCE OFFICER

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



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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 & H1 FY25 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 star then zero 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: 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 forward through the financial results and development and to answer your questions today, we have the senior management of Shakti Pumps (India) Limited represented by Mr. Dinesh Patidar, Chairman; Mr. Ramesh Patidar, Managing Director; Mr. Dinesh Patel, Chief Financial Officer; and Mr. Ravi Patidar, CS and Compliance Officer. We will start the call with a brief overview of the past quarter by Mr. Dinesh Patidar followed by a Q&A session.

I will now hand over the call to Mr. Patidar. Over to you, sir.

Dinesh Patidar: Thank you, Rohit. Namaskar friends. Thank you for joining us. I am very happy to tell you that during the quarter we have broken all our records. If you see, our biggest quarter was of March '24, which was of INR609 crores in front of that, we have done this quarter of INR635 crores.

In the operating profit, the June '24 quarter, which was of INR136 crores, that is now INR149 crores. So, I am very happy to tell you that now our company is moving forward and our team has done a very good job. In this quarter, our revenue which was INR635 crores is now 3x of last year's same quarter revenue. The PAT, which was INR101 crores is now 16x of last year's PAT. So, this quarter has contributed to make the first half of financial year even better.

Our achievement is well contributed through the exports, and we have got good orders in export as well. Adding to this, we have done decent execution in the home country as well. So I thank my team. The outstanding orders as on Sep '24 are of approximately INR 1,800 crores. Our primary status in PM Kusum Yojana is increasing continuously. We are very happy to inform that Government of India has granted us one more patent, the 15th patent overall, which is to make our VFD technology, so that in the coming time we can see some benefit of competition and pricing due to this patent.

As you all know that our Board has recommended a bonus issue with the ratio of 5:1 which is our commitment to reward the shareholders. In the margin, we have benefited from last



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quarter's uprising structure. And the profit we have received due to the increase in production capacity is also seen as a margin.

Apart from this, our company is also growing in the retail sector, we are also growing in exports and solar sector and in the industrial market. We are also moving forward in the solar sector without any subsidy business. We are also going to make some new strategies in that business. Now, for further financial information, I will hand over the call to our CFO, Dinesh Patel. Over to you Dinesh Patel.

Dinesh Patel:

Thank you, sir. Good afternoon, everyone. We delivered a remarkable performance during the quarter 2 and first half of financial year 2025. We reported a revenue from operations of INR634.6 crores in Q2 FY '25, which was at INR152.8 crores in Q2 FY '24, a growth of 315% year-on-year basis.

EBITDA increased to INR148.7 crores this quarter as compared to INR15.2 crores in the corresponding quarter of previous year. EBITDA margin expanded significantly to 23.4% from 10% in Q2 FY '24. This expansion was largely due to higher execution of orders and realization of economies of scale.

PAT of Q2 FY '25 stood at INR101.4 crores with a PAT margin of 16% as compared to INR5.9 crores at a PAT margin of 3.8% in Q2 FY '24. Earnings per share for the quarter was at INR50.6 as compared to INR3.2 per share Q2 FY '24.

In H1 FY '25, the company recorded revenue amounting to INR1,202.2 crores, which represents a substantial 3.5x increase from INR265.8 crores in H1 FY '24. EBITDA also witnessed a significant rise to INR284.6 crores, translating to an EBITDA margin of 23.7% as compared to INR23.1 crores and an EBITDA margin of 8.7% in H1 FY '24.

PAT for FY '25 stood at INR194.1 crores with a PAT margin of 16.1% as compared to INR6.9 crores and a PAT margin of 2.6% in H1 FY '24. EPS for H1 FY '25 was INR96.9 per share as compared to INR3.7 per share in corresponding period of last year.

The company's long-term credit rating remained at A+ stable from India Rating and Research. With our strong balance sheet and the key metrics, we are confident in the timely completion of order book and consolidate our position in the market.

With this, I now request the moderator to open the floor for question-and-answer. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashish Soni from Family Office.

Ashish Soni:

Sir, what about margin sustainability? Last quarter, you said margin can improve, but is it peak right now? What's your sense on the margin?



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Dinesh Patidar: Yes, in margin You have seen the role of raw material. Since last year, in two, three quarters, the raw material has been stabilised, so the margin is in front of you. And we are a R&D company and getting benefits in margin, but price is decided by the competition but as such there is no big player in competition, so the good margin you are seeing is maintained. It is a very good margin, there is another way to calculate it. If you deduct the solar panel costs that we have purchased, then you will see a bigger margin.

Our raw material mostly depends on dollars because all the material is copper, stainless steel and solar panels. Our major purchase is solar panels and we have to buy these from domestic manufacturers. So, the rates of solar panels have also been stabilised in the last 2 to 3 quarters. And we feel that we are going to do it in a good way.

Ashish Soni: Okay. Second question, sir, is more on your capacity of solar pumps. Will your revenue come near INR2,500 crores if your capacity is of solar pumps or more? I know that capacity expansion is also in progress?

Dinesh Patidar: Yes, we have been saying in the past that we can do INR2,500 crores in current capacity. We have already planned another expansion and for that we have already got equity from SBI MF and LIC MF. So that is also in progress and in the coming months we are also increasing our capacity.

Ashish Soni: So this year, can we assume that there would be bottleneck at around INR2500 crores if the capacity remains in 6 months, 1 year.

Dinesh Patidar: Mr. Ashish, your question is very good but we are confined with our systems. We give a guideline of 1 quarter. I am giving you the guideline of next quarter that we will do minimum INR500 crores in next quarter.

Ashish Soni: No, but my question is I repeat it sir, when you will not get expansion of INR2,500 crores, can there be bottleneck in 6 months to 1 year?

Dinesh Patel: Actually, we have already submitted that the existing capacity is sufficient for INR2,500 crores. But yes, we add on some machines in our existing capacity, so we can achieve around INR3,000 crores to INR3,200 crores.

Ashish Soni: And in how many days it will done, that adding of machine – 3 to 6 months?

Dinesh Patel: Within 3 months we can do that work. So, we are checking very minutely our order book and our execution. And once things are getting done, we will implement it.

Ashish Soni: Thank you all the best.

Dinesh Patidar: Thank you, thank you, Ashish.



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- Moderator:** Thank you. The next question is from the line of Ankit Jain from IIFL. Please go ahead.
- Ankit Jain:** Congratulations, sir. Very good numbers. I had two or three questions. I just wanted to know that in this quarter's solar revenue, I need a state-break up in the revenue of solar in this quarter?
- Dinesh Patidar:** That is not possible. I will mail you separately for state wise break up. We can tell you the total in phone call.
- Dinesh Patel:** So, if we talk about the total, we have done 18,460 pumps in this quarter. The revenue is around INR487 crores.
- Ankit Jain:** Okay, what was the last quarter's revenue?
- Dinesh Patel:** The last quarter's revenue was INR445 crores which we did from 14,923 pumps.
- Ankit Jain:** Okay sir, sir what is the situation of new orders inflow from Maharashtra, Haryana, Madhya Pradesh?
- Dinesh Patel:** In the last quarter we got an order from UP which we had already informed to exchange Rest of the orders are in pipeline We will inform you as soon as they arrive.
- Ankit Jain:** Which states are they from? You can give us an idea?
- Dinesh Patidar:** Already we have an order book of INR1,800 crores.
- Dinesh Patel:** The one which we have told you in the presentation.
- Ankit Jain:** That is correct So, Maharashtra state election is coming up. There should be no impact on its execution?
- Dinesh Patidar:** As orders are issued before election, so it will continue.
- Ankit Jain:** And sir Ajmer execution is slow, I think you have given a presentation of INR139 crores, it was an order of INR150 crores, only INR11 crores have been executed, so its pickup should be done now, and till when we have to deliver this, you tell us that?
- Dinesh Patidar:** This is a pilot project, part of KUSUM Component C, so some good work has been done in this quarter. Because there are challenges, we are moving forward slowly. For them also, it is a challenge for the department because it is the first order and it is a challenge for us too because we have to take the grid connectivity in the field. Till now we are people off-grid, we work with this grid in full speed. But here we have to connect with the grid, we have to give



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connectivity, so there are some challenges. We are moving a little slow, moving forward while establishing. We have done a good job in this quarter as well.

Ankit Jain: Sir, my last question is, what is the execution timeline of Maharashtra's order above INR900 crores and what is the execution timeline of UP?

Dinesh Patidar: It is 12 months.

Ankit Jain: That means it will be executed in the next four quarters of INR900 crores.

Dinesh Patel: We have to execute the overall order book in the next 12 months.

Ankit Jain: Okay. Thank you so much, sir. All the best.

Dinesh Patidar: Thank you, Ankitji. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, in order to ensure that the management is able to answer questions from all the participants in the conference, please limit your questions to two per participant.

The next question is from the line of Vivek Gautam from GS Investment. Please go ahead.

Vivek Gautam: Yes. First of all, congratulations on excellent number yet again by you, sir. You are doing a very good job and your whole team. Sir, my concern was a little bit about the receivables. We have mostly client concentration with the state government. Maharashtra, Haryana and other states are there. So how are we doing client concentration risk? And are we worried about their receivables and debtor days or we already work on it carefully and then we move forward? That is the first one sir.

Dinesh Patidar: Vivek, your question is very good. First of all, we have to understand that the money is secured here. Our money is secured with the state government, that means that money will not be lost. It will come.

Secondly, this is also a way of business that we see it, run away because it is our old experience. You must have seen our old call. If you have attended, then we stopped work of Maharashtra Order because even though it was budgeted, we were not getting the money on time. That is why we reduced the numbers and executed it later.

In the last quarter, when we felt that the payment was coming right and we were getting the payment on time, we increased a little. Once we sense payment surety, we speed up the work, else a bit slow. Our debtor days is definitely on a higher side. There are some reasons behind it, such as the Indian government has made some amendments in our system.



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Some people have opted for some new government schemes led by RBI for which the processing was bit slow. But now the accounts have opened and processed in that scheme and that money has started coming through them. So right now, in this quarter, in UP, in Haryana, in Rajasthan, in Maharashtra, their subsidy money has started to come in the form of trials. And now we think that in coming time we will be able to get our payment faster and we will continue to increase the speed in the upcoming time.

We plan where there is the state budget. At least we are sure that our money will not be lost. It is possible that it will be a little bit here and there. We are not going to lose our money. We will get money. It is possible that a few months will pass. And if the quarter is highest and all our records are going and 90-100 days are our process, then there is no big deal if our debtor's days is 130 days. This is a natural thing and it is in our attention and we are going to reduce it. Thank you very much.

Vivek Gautam:

Sir, and sir this is a little bit of market size or expected growth rate both for solar pumps and in the time to come or both for solar pumps and the solar power in general for India. How big is the change is there for middle east crude as the replacement for India? Is it possible to replace the crude from the Middle East? I mean, at least the imports should be reduced. How much potential is there? And sir, the government is understanding. So according to that, what is the potential? What other states do you feel have the potentials? Thank you.

Dinesh Patidar:

It is like this that the solar business is source of development for our country in the future. In terms of power and electricity, yes, every DISCOM are in loss and there is only one way to bring them to profit, if we connect the agriculture pump with solar.

So in the coming months solar market will increase, it is just a pilot. According to us its just testing of market. Total India market, 4.5 crores pump connection is with grid, means the grid connected pump requirement is 4.5 crores is there and the off-grid is also close to this. It is a very big market and the size of the market is sky the limit. And the rest of the government is taking care of everything and I think in the coming time the speed will increase. And we will also contribute to this.

Vivek Gautam:

Sir, it was a little everybody saying about potential for past few months, but the execution is slow and less, can anything happen? Why does it not seem to be improving? Mr. RK Singh, the Power Minister, when he was there everything was going very well and now new minister has come, does it seem like a slowdown?

Dinesh Patidar:

No, it does not seem like a slowdown. You see, we are growing and we are the leaders of this market. So, the speed at which we are growing, this scheme will also grow. So, there is a limit to everything. So, it is growing slowly. As you can growth that we have seen in the last quarter, last quarter, last year, what growth we have seen, and with this speed it will continue to grow.



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- Vivek Gautam:** Yes, okay. Thank you very much. Keep up the good work sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Purswani from Swan Investments. Please go ahead.
- Deepak Purswani:** Thank you for taking my question sir. And congratulations on great set of numbers. Sir, one question regarding last year you have guided that in FY25 we will grow at 35% so your top line guidance is around INR1800 crores for FY25 but in these two quarters also you have given INR1200 crores. So hence do you want to revise the guidance one, and to go to that growth what is your order visibility, execution is going very well but then next year incremental order visibility what is it looking like, can you give some guidance on this?
- Dinesh Patidar:** Yes, Deepak, you have seen it very well. The guideline we gave you was INR1,800 crores and in two quarters we have done INR1,200 crores. Yes, what we have done, INR1200 crores, was also very achievable and we will do well in the future. We are giving you a guideline of INR500 crores for the next quarter. We will talk about quarter four and study about it and when you will come to next call at the end of quarter three. We will talk about it. Yes, it is sure that in coming time if we will have solar market next year and after that we will think about next year and move forward for that.
- But we will guide you quarter-to-quarter. We have order book as we told you that we have already order of INR1800 crores. We have pending order that we have to finish it in next three-four quarters business. This is a segment of solar pumping business. This is a different type of business in which everyone has a benefit. So we should do it with more speed. Our team is ready for it. We are thinking to move forward every day.
- Deepak Purswani:** Super, sir. So, sir, our order book of INR1800 crores this time which you have given in the presentation and in its previous presentation, the order book was of INR2000 crores. So, our execution has been very good. But in incremental order book, in growth, do you see any slowdown in growth? Or is it a one-off, the order will come in bulk gradually, this is the way the government works, so maybe it can be momentary and you are seeing good growth. Is this understanding right?
- Dinesh Patidar:** Yes, absolutely right. Our order book of INR1800 crores, which was in the last quarter in INR2000 crore, before that it was probably, it was INR2400. So this is fine, we are executing in our place. New orders are also coming to us, we are executing them. New things are also in the pipeline. Things will come and will keep telling you further. I don't think that order will be a problem for us. If we have a problem, then it will be execution. And we have kept a good eye on execution. We are going to take it forward on a day-by-day basis.
- Deepak Purswani:** Great sir. Sir, there is a project going on in Uganda in our exports. You can tell us the status of its execution? And secondly, we were also discussing that we to get some new businesses from



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Bangladesh. So what is the status of that? At what level are we? Can you throw some light on that?

Dinesh Patidar: Yes, for that I will give you the link of our Export Director, Ramesh. He will tell you about it in more depth.

Ramesh Patidar: Yes, Deepak ji, Namaskar. We have completed 40% of the work in the Uganda project and 60% of the work has been allotted. So, we are working in progress in Uganda. We have held the current political situation in Bangladesh. They have given us the project but we have held it till the situation becomes normal over there. So we are not moving forward in that.

Deepak Purswani: Okay sir. And are you seeing any incremental projects in exports? Where are you seeing them? Can you tell us more about that?

Ramesh Patidar: Yes, we are running 2-3 countries in our business pipeline based on the same Uganda project. So we will definitely tell you as we have further development, we will definitely tell you.

Deepak Purswani: Sir, your raw material prices, in terms of gross margin, this time it has expanded very well. It happened in the last quarter also. We are seeing from the last three quarters that it has expanded a lot since last three quarters. So, on a sustainable basis, sir, what can we assume the gross margin in the near term? What do you think about the raw material cost and the basic inputs like solar modules? What are the prices of these products going forward in the near term? What do you think about the visibility?

Dinesh Patel: Deepak ji, actually, the gross margin depends on raw material. Last year you saw a huge inflation which we don't see it should repeat. But still, the price is stable, according to that we can keep a guideline of 35%-40%. But as the further development happens, according to that we will give you a guideline.

Deepak Purswani: Okay, okay. Sir, in terms of...

Moderator: Hello, sorry to interrupt.

Deepak Purswani: Okay, okay. I will fall in the queue. Thank you.

Moderator: Yes. Thank you. The next question is from the line of Ajaykumar Surya, Niveshaay. Please go ahead.

Ajay Surya: Congratulations for good set of numbers. Sir my question is regarding KUSUM Component C. Sir, as the entire KUSUM scheme is seen, the Component C is quite large. And into that FLS part is also very big. But sir, since the pump will be agriculture, so I wanted to understand the role of Shakti Pumps. What role can it play or is it an addressable opportunity for us or not?

Dinesh Patidar: Okay, Ajay, you have asked a very good question. We have discussed a lot of details about KUSUM C in concalls and very few people know about it. KUSUM C is a very good scheme



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in itself because it is a scheme that makes our food givers energized. If I install a 7.5 HP pump, then the income of the farmer who is our food giver will be around INR50,000 per year. And if our DISCOM provides this pump for free 100%, then the money that they has invested their money will recover in three years.

So this is such an excellent scheme which we are trying to establish gradually. And once we establish it, the market is very big. KUSUM C is the biggest scheme in today save our DISCOM loss. You can see that it will be useful at every level. It will be useful for DISCOM, state, and farmer. It will go into the micro irrigation itself. It will be helpful for the environment as well.

We will be able to fulfill our commitments on the international level. So, in total, the scheme is very good. The scheme of the grid-connected pump is KUSUM C.

Ajay Surya:

Sir, as in KUSUM C, the pumps will remain electrical pumps, then will Shakti Pumps do EPC in the future? Is this the right understanding for us to take?

Dinesh Patidar:

Ajay Kumar, I will appreciate you very much that you have studying this very well. In true sense while telling you this I feel very proud. That if you don't replace the pumps, then its payback is 20 years. Replacing the pump, is the beauty of this scheme. If you replace the pump, then this scheme will work. If you don't replace the pump then the scheme won't work. Because the pump itself is a 40% of the electricity consumed, then the part that will increase the income of the farmers will not happen.

And for this work DISCOMs will have to wait for its investment for 20 years. That is why you must have seen that the pump change in KUSUM C is going slow. We have put the pilot project and now we will prove it. And Ajay, I will tell you that as soon as it is proved, all the DISCOMs will follow it. And why? What is the benefit of Shakti Pumps for this? I will be very happy to tell you that the technology we have, on which we are working, I have already told you in a call that while running the pump, electricity will be saved from the pump and water also will be saved from it.

And while saving water, the remaining electricity will be supplied to the grid at the same time. Means in one time we will be able to do two things. One is that we will be able to run the pump and at the same time if pump use say 10kW, we will be giving 5 kW of remaining electricity to the grid and the benefit of this will also be given to the farmer. And for this we have a patent. So this is the technology of Shakti Pumps which is a patented technology which in the coming time the way it the market moves towards grid connecting, Shakti Pumps will benefit from it. Ajay.

Ajay Surya:

So sir, just a final understanding the order that we are executing in Kusum component C and you were telling that we were facing some problems so sir, are those pump related problems that the execution is slowing or some other land acquisition that needs to be done at the feeder



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level so those are the issues that the execution is slowing so where is the problem facing if you can highlight something on that?

Dinesh Patidar: Ajay, this is a very good question, you have studied a lot. There is no problem in the pump because in component B and C there is no pump required separately. There is no problem in the inverter because in component B and C the technology is almost the same. The problem is the availability of the grid if there is no electricity in the grid then what will the Shakti Pumps do. So in our country at the time of the sun if there is electricity available at the agriculture feeder attention is being paid towards this and as we are telling them to give the grid in the day because we are injecting power in the grid so we are successful at the feeder level and this scheme will be successful at the feeder level which will benefit the DISCOM.

Ajay Surya: Sir, one last question regarding component B there was a price revision last year the average price of the pump was INR3.25 lakh so going forward because the price of the module has also been corrected, so can we expect a rate revision regarding component B regarding that?

Dinesh Patidar: Ajay, you will have to study again. Shakti Pumps has such good margins that if you remove the trading business and the solar business then Shakti Pumps has also worked well in component B. For more margins, if it's not solar pump and agriculture market then you will have to look at some other market.

Ajay Surya: No, my question was earlier the price of the module had increased and we had also left the Haryana order because it was not viable for us and when the rate was revised then our raw material was also falling. So sir like Kusum component B has to be executed by 31st March 2026. So sir the rate card that we have got will Kusum component B run on the same rate card or can we expect a rate revision there that was my question?

Dinesh Patidar: No, your question is correct that in the coming time you will get this margin or not is what you are trying to say?

Ajay Surya: Yes sir, it will depend on the raw material, but sir if we are selling a 3.25 lakhs 3HP pump as final can it fall to 2,80,000 or 2,75,000 that is my question

Dinesh Patidar: Sir you do not have the right information as the technology develops the rates of those things come on a sustainable position and on a sustainable position solar pumping business rates have come. And in the coming time what will be the rate of raw material and where will the crude oil and what will Iran do we are all ready for that. In our team we have a certain percentage decided that our team we do not participate in any tender below that. My request to you do not ask me that percentage, but if you talk about margin 16%, 17% we will run our company this is the decision of our board.

Ajay Surya: Got it sir. All the best for future.



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- Moderator:** Thank you very much. The next question is from the line of Venkatesh Akula from Wells Fargo. Please go ahead.
- Venkatesh Akula:** Hi sir. First of all congratulations for the stellar results and I have gone through the investor presentation and I see a decrease in the cash flow from operations maybe due to the change in the working capital like what impact will it have on the ongoing operations?
- Dinesh Patel:** Can you repeat your question the question actually I am not getting what you want to say.
- Venkatesh Akula:** Just asking about the cash flow from operations like I see there is a reduction in the cash flow generated I mean there is a decrease in the working capital compared to the previous year. So will there be any impact for the execution of orders our upcoming orders?
- Dinesh Patel:** No, there is not any impact. We have sufficient working capital facility available from our multiple banking partners so that is not a constant and recently also there is a INR1,000 crores outstanding in our debtors book, but still we are executing very well in our pending orders.
- Venkatesh Akula:** So is it like any new chances of adding any new debts from banks?
- Dinesh Patel:** No, nothing. We have sufficient sanction limits we can use that.
- Venkatesh Akula:** Sure sir. Thank you. That's it.
- Moderator:** Okay. So the next question is from the line of Jainam from Salto Investment. Please go ahead.
- Jainam:** You have a very good result so really want to thank for that and I wanted to get an understanding of Shakti EV business I think factory started recently in the month of September, so if you could throw some light and what will be vision of management in terms of where can we see the EV business going in the next 2 years to 3 years?
- Dinesh Patidar:** Yes. So in our Shakti EV business for that 100% subsidiary company we have started in which EV motors we are making and for some manufactures we have started the sale and we are testing the motors of motor cycles and in EV Scotties motors already we have given for testing and EV motors with Eicher, Tata Ashok Leyland and their designing we are moving forward it is a little slow because in automobile approval and designing takes time.
- So we are moving forward in JBM we have sold about 3,000 motors which is going on in the market. We have developed some more and first phase of our plant is going to start in December and after that its sale will start from there in the coming 2 years we will take it completely forward and Indian manufacturers in automobile in EV which is in India we will try to be a leader in that.



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- Jainam:** So what kind of revenues are we expecting and margins compared to our Kusum business what is the management thinking what range we can understand and go forward, if you can provide – throw some light on that, that would be great?
- Dinesh Patidar:** Definitely. The plant is in development phase, the motor which we have sold out the amount is not so big, but we can say that we have established our things. And in terms of pricing we will see in the coming time in our competition who is strong player in EV motors and controllers coming with Made in India theme because till March the EV controller and motors anti-dumping duty could be effected. So yes we have established ourselves and we will continue. So in the coming time we will see who is in our competition and at what price we have to work. Yes the margin you are talking about we have set a margin around 15% to 17% we are giving our pricing to our new vendors we are giving them a guideline. So yes definitely once the plant starts in the next 3-5 years we will work on it
- Jainam:** Thank you very much and wishing you a very Happy Diwali
- Dinesh Patidar:** Thank you and wishing you all a Happy Diwali
- Moderator:** Thank you very much. The next question is from the line of Harshil Solanki from Equitree Capital. Please go ahead.
- Harshil Solanki:** Hi team, good afternoon. Sir I have a few questions sir I need a reconciliation of the order book because we...
- Dinesh Patel:** Yes I will send it to you separately you can call me I gave it to you.
- Harshil Solanki:** And sir the INR300 crores that we have blocked in working capital, how did we fund it because our short term debt is more than INR30 crores and we had some cash, but how did we fund the rest of the working capital
- Dinesh Patel:** Sir if you study it closely, then you will see that the creditors have given us extended credit. So according to that it matches with the working capital and our internal equity has been generated to support our working capital. So there are too many factors you will have to do a complete analysis then you will understand the reason. So there is not any external debt we have taken from anyone.
- Dinesh Patidar:** Our company is cash rich company
- Harshil Solanki:** Yes sir, need one clarification. You said that our entire cycle we got the money we invested and sold it and we collected the money and the cycle has already gone around.
- Dinesh Patel:** You can see that the cash flow before working capital is positive.



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Harshil Solanki: And sir this was a question on retail business. You have posted a video on youtube where we have set up a store through a dealer. So can you talk in detail what is the strategy, what model will you follow and how will you take it forward?

Dinesh Patel: The video that you want to tell me send it to me separately. Then I will be able to answer you. Right now I don't have that video so I won't be able to comment.

Harshil Solanki: Okay sir. This video is on our youtube page.

Dinesh Patel: Okay sir we will update you with the marketing team.

Harshil Solanki: Okay, this was it thank you very much.

Moderator: Thank you very much. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Hello sir, thank you for taking my question. Sir I wanted to ask you are giving guidance of INR500 crores in the next quarter but this quarter we did 600 crores and this quarter was a little monsoon so any reason that we are talking conservatively for the next quarter?

Dinesh Patidar: INR500 crores is a good figure we did INR640 crores in monsoon this is a good thing but if we had given a guideline of INR500 crores and we did INR640 crores then you would have liked it.

Dinesh Patel: Sir this is a minimum guideline, not a maximum one

Ankur Kumar: Because our order book is of INR1,800 crores when are we expecting new orders?

Dinesh Patidar: As soon as this order gets over you will see new orders in the next quarter

Ankur Kumar: And sir in INR1,800 crores what is the execution time can we expect 9 months or is it longer

Dinesh Patel: 12 months

Ankur Kumar: Got it thank you and all the best.

Moderator: The next question is from the line of Ayush Agarwal from MAPL Value Investing Fund. Please go ahead

Ayush Agarwal: First of all congratulations for such good numbers second sir what you explained to Ajay you explained it very well that in the individual pump replacement what will be our role but sir in that FLS component feeder level solarization where DISCOMS is solarizing the feeder so there is a good allocation of pumps what will be the role of Shakti in that please talk about that



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Dinesh Patidar:

Ayush you are monitoring it very well. Your question is also very good. We believe that the work that can be done at the level of the individual farmer which can increase the income of the farmers is more sustainable. And can be done in a better way at the level of the feeder you are doing it. At the level of the feeder if you are growing from coal, solar or nuclear, it doesn't matter. Because the farmer has no future ultimately his responsibility will be on the feeder.

If you have put a grid connected pump if the grid is not available then in that case also our pump as a generator will keep giving water to the farmers. This is the beauty of our product this is our product which will keep the farmer happy. Whatever the challenge we are facing today grid availability is not there in many rural areas but for the farmers we are fulfilling the need of giving water.

We are fulfilling the need of giving water, this is a unique effort of Shakti Pumps. And this is only with Shakti Pumps no one in the world has. This we have got a patent. In other pumps if the grid is not available and you are not giving electricity to the grid then your pump will not give water. The rest of the people do this, but Shakti Pumps respects the farmers, respects their requirements and for that we have already thought that the grid is not available. So the farmer's pump should give water on time. So that is the future of Shakti Pumps and that is why it has a bright future.

Ayush Agarwal:

This was very clear. Due to the pilot project in Ajmer it becomes very important can you elaborate on that what stage are we in what difficulties are we facing and what are we doing to succeed the feeder?

Dinesh Patidar:

We have a tribal feeder and in Ajmer where we are working the feeder is a place where there is no electricity. There are many rural areas where there is very little electricity. So there are some challenges because the line is not updated. There are no transformers, if there is electricity once in 15 days then the farmer can do the farming and wait for 15 days. So our solar grid pump has a challenge that it has to be connected to the grid every day, so that it can be exported to the feeder. So that is the challenge but I believe that in the future there will be improvements and we are also looking for an improved version of the feeder

Ayush Agarwal:

So when we started the pilot it was very important, that the transmission line has electricity so we didn't see this?

Dinesh Patidar:

No, the line was there and it is still there, but we don't know if there is electricity. We have to repair the transformer at some places and on some feeder there is no connectivity. So these are all challenges, in the future I think this will overcome when there is motivation from both sides because the farmer will also see that if there is a loss of INR200 then he will also go and get the line connected.

Ayush Agarwal:

That's all I have to say, I wish you a very Happy Diwali.



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- Moderator:** Thank you very much. The next question is from the line of Harshit Saini from Summer Wealth Advisors. Please go ahead.
- Harshit Saini:** Good afternoon everyone. My name is Harshit Saini from Summer Wealth Advisors. First of all, congratulations on such wonderful results, but considering the current growth INR3000 crores is the range for FY26 considering 30% growth rate. But what if our revenue is more than INR3000 crores, can we have capacity to work more than INR3000 crores when required?
- Dinesh Patidar:** Yes, this line already company is working and that is why we have done expansion work some machines are working some are getting ahead and we have given the reply to your earlier questions that slowly our capacity is increasing further and as the order will be booked we will utilize our capacity in the same way, we are becoming experts in exhibitions and in the coming time we will increase our own speed.
- Harshit Saini:** Okay sir. Also in the last con call 30% growth was in guidance. Was it a CAGR growth?
- Dinesh Patidar:** In the next quarter we are giving a guideline that we will do a minimum of INR500 crores as we said in the last quarter we will do a minimum of INR500 crores and we did INR640 crores. So you must have liked it and we will do a minimum of INR500 crores.
- Dinesh Patel:** Sir, we always give a minimum guideline.
- Harshit Saini:** Thank you.
- Moderator:** Thank you. The next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory. Please go ahead.
- CA Garvit Goyal:** Congratulations for a good set of numbers sir. Our execution is going well, my question is about the capacity constraint when will our new capacity be commenced?
- Dinesh Patidar:** It will take 2 years. In 2 years we will be able to commence it completely. But our bottlenecks, wherever we could have doubled our machine and increased productivity, those orders have been placed. In the coming quarters, you will see that our capacity will also look a little big. And as you can see, we have broken our previous record. We will not allow any capacity concern. We have already planned something for that
- CA Garvit Goyal:** So, the growth that will be in 2026 will come comfortably with existing capacity, right?
- Dinesh Patidar:** Yes, it will definitely come.
- CA Garvit Goyal:** Sir, how much will be our peak revenue from the new capacity?
- Dinesh Patel:** INR5,000 crores.



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- CA Garvit Goyal:** Will it be incremental revenue or total revenue?
- Dinesh Patel:** Total revenue. Actually, our existing revenue is for INR2,500 crores and the new capacity is also for INR2,500 crores. So, our total capacity will be for INR5,000 crores.
- CA Garvit Goyal:** Understood. You had explained the trade receivables, I missed that. So, can you please explain again how the recovery is happening now for that particular amount?
- Dinesh Patel:** The recovery is still going on this is our historical trend, every time we close a quarter we have outstanding of around 1.5 quarters, so if you see in the last two quarters we have around INR1200 crores. So, if we talk about the execution of INR1200 crores, then in today's date, only INR900 crores to INR1000 crores are outstanding.
- CA Garvit Goyal:** Understood sir. And sir, as you said in the next quarter, the growth margin will be in the range of 35% to 40%. So, sir, is there any guidance for EBITDA margin on this?
- Dinesh Patel:** The EBITDA have given the minimum guideline of 16%, 18% range. We say that something better will happen than that. But our minimum guideline is 16%, 18% which the management board has decided that we will not do below this.
- CA Garvit Goyal:** And lastly, sir, big orders are expected in this quarter because INR1800 crores and TTM revenue is INR2400 crores. So, almost the existing order book is much less than that. So, is there any big expectation in this quarter of order inflow, sir? Which will give us revenue difficulty for the next 1, 2 years?
- Dinesh Patel:** See, sir, the order of INR1,800 crores is also for the next 1 year. And in the last quarter also, the order of INR500 crores something has been received from UP. I am getting around INR100 crores orders from Rajasthan every quarter, so orders are coming so the order book is maintained and we will keep you informed.
- CA Garvit Goyal:** Thank you very much for that, all the best for the future.
- Dinesh Patel:** Thank you.
- Moderator:** Thank you very much. The next question is from Pranav Shrimal from PINC Wealth Advisory. Please go ahead.
- Pranav Shrimal:** I have a repeat question Sir, you said that we can expand the capacity to INR3000 crores and what is the installation for the next 3 months? What is that installation exactly? Will we change our product mix or will we install some machinery?
- Dinesh Patel:** Some machinery will remain, some product specific tools and dies will remain.



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- Pranav Shrimal:** If we are doing the capacity expansion, then how will it be mixed? What can we expect from it?
- Dinesh Patel:** If we talk about the mix then, I will say that the maximum order will be from KUSUM and in that the solar mix will be more.
- Pranav Shrimal:** Yes, if we can expand capacity by de-bottlenecking, can we reach around INR4000 crores, INR4500 crores, sir?
- Dinesh Patel:** Sir, we have already funded for that through QIP. Our good value investors have supported us. So we are planning for expansion. So we will expand and increase the revenue.
- Pranav Shrimal:** Sir, our record date for bonus shares? Has not been announced sir.
- Dinesh Patidar:** For this our Company Secretary will give you the answer.
- Ravi Patidar:** For that, we have a Postal Ballot on 9th November, Postal Ballot will be approved by the shareholders. Then we will call a board meeting for cut-off date and they will decide what will be the cut-off date.
- Pranav Shrimal:** Okay, got it. And lastly, sir, if our growth and revenue is in this year, sir, considering that H2 is usually heavy for us, historically speaking, and if we take H2 growth rate, then sir, the capacity constraint, because sir, 2 years to get our capacity sir?
- Dinesh Patel:** There are so many options, management is looking at it minutely and whatever remains, we will not let bottleneck come already Dinesh sir, has told you. So I think we will move forward with that.
- Pranav Shrimal:** Okay, thank you.
- Moderator:** Thank you very much. The next question is from the line of Hardik Patel, an Individual Investor. Please go ahead.
- Hardik Patel:** Hello, my question is Rajasthan has a big tender. There are two types USPC and without USPC. In USPC, we have more space. So what are we expecting in orders? More USPC or without USPC? Can you tell us the proposal?
- Dinesh Patel:** No, for all of this GST is include. Without GST with GST nothing like this.
- Hardik Patel:** No, with USPC and without USPC are the two types of segment of our Shakti Pumps assignment are there with USPC controller and without USPC controller?
- Dinesh Patidar:** You have explained very well USPC and without USPC, what is the question?



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- Hardik Patel:** Yes, so in that financial bid of which we are getting to see in that our, with USPC. that we are getting to see? In which USPC is the market? Is it in L1 or is it around L5? So, what is the order that we can expect in this category?
- Dinesh Patidar:** See, in this category, the market is a bit slow for USPC. Our project is ready and our is better than our competition. As soon as we get an order for USPC, we supply it. As soon as we get an order for without USPC, we supply it. I don't think we have any challenge in this. Wherever there is a requirement, we will definitely supply it.
- Hardik Patel:** Has the government specified how amount of USPC?
- Dinesh Patidar:** The market has a requirement of what the customer wants. The decision maker is the farmer here. The farmer gets what the farmer wants. He doesn't even get a subsidy on USPC. That's why we don't look at the USPC market.
- Hardik Patel:** Okay. The second question is that we are not in L1 bidding. So can it impact our order inflow? Or that is not the matter?
- Dinesh Patidar:** No, Where we are not in bidding.?
- Hardik Patel:** We are not in L1. We are not in lowest bidder.
- Dinesh Patidar:** Where? There is no requirement of L1 bidder in the country.
- Dinesh Patel:** There is no concept of L1 meter in existing system. Price is same for all.
- Dinesh Patidar:** We have good market share. We are leader in market. Shakti Pumps is leader in India.
- Hardik Patel:** Correct. Thank you sir.
- Moderator:** Thank you very much. Ladies and gentlemen due to time constraints, we will take this as a last question. I would now like to hand the conference over to Mr. Dinesh Patidar for closing comments.
- Dinesh Patel:** Thank you very much, friends. Thank you very much for coming. I wish you all a happy Diwali. You have given us confidence and motivated us in this conference. I would like to thank you all once again for coming. We will meet you in the next quarter. Thank you.
- Moderator:** Thank you. On behalf of Shakti Pumps India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.



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