



“Shakti Pumps (India) Limited
Q3 and 9M FY25 Earnings Conference Call”
January 27, 2025



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



Shakti Pumps (India) Limited
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Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9M FY25 Earnings Conference Call, hosted by Shakti Pumps (India) Limited. 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.

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 this discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

Today, from the senior management of Shakti Pumps (India) Limited, we have with us Mr. Dinesh Patidar, Chairman; Mr. Ramesh Patidar, Managing Director; Mr. Dinesh Patel, Chief Financial Officer; and Mr. Ravi Patidar, Company Secretary and Compliance Officer. Before I hand over the call to Mr. Dinesh Patidar for his remarks, I would like to give a brief overview about Shakti Pumps (India) Limited for those who might be joining for the first time in our call.

Shakti Pumps (India) Limited is one of the leading integrated manufacturers of pumps, motors, controllers, VFDs, and inverters in India. The company currently manufactures most of the critical components of the pump in-house and provides end-to-end solution in solar pumps.

The company has three state-of-the-art manufacturing facilities in Pithampur, Madhya Pradesh. With a rich legacy of over four decades, the company is led by Mr. Dinesh Patidar. The company has made a strong presence in the domestic market with a strong foothold in 100 countries globally.

Shakti Pumps also has a strong focus and commitment to technology and R&D, which is evident by the 15 patents it has received so far. The company's ability to manufacture high-quality products on the back of its backward integrated manufacturing capabilities has translated into higher acceptance of its products by the farmer, thereby increasing the installation of solar pumps.

The company is one of the largest suppliers of the pump with approximately 25% market share under the PM-KUSUM scheme all over the India and also has a robust market share in the largest agriculture states in the country like Haryana, Rajasthan, Uttar Pradesh, Madhya Pradesh and Maharashtra.

The PM-KUSUM scheme is pivotal government initiative designed to promote irrigation efficiencies in India by replacing the conventional diesel or electrical pumps with solar pumps. This transition provides farmers with a reliable power supply, supports micro-irrigation and improve both crop yield and farmer's income. Additionally, farmers can also earn extra income by selling extra electricity back to the grid.

PM-KUSUM is the largest of the several government schemes encouraging solar pump adoption, benefits state governments and electricity boards by simplifying power supply management. It also reduces fossil fuel reliance and cuts greenhouse gas emissions contributing to a more sustainable economy. In addition to PM-KUSUM scheme, the company sells its products to governments through various other schemes and in the major export markets also.

The company has also diversified into manufacturing of electric controllers and motors for EV securing pilot orders from OEMs. In conclusion, Shakti Pumps (India) Limited stands at a testament to innovation, quality and sustainability in the pump manufacturing industry. As SPIL continues to invest in its growth and technology advancement, the company will continue to lead by example and ensure prosperity for farmers and all other stakeholders.

With that, I would like to hand over the call to Mr. Dinesh Patidar, Sir, for the quarterly and other business highlights. Thank you, and over to you, Sir.

Dinesh Patidar:

Thank you, Rohit. Greetings to all friends. Thank you very much for being a part of this call today. I am very happy to be sharing this with you that our company has been accredited with the Great Place to Work Certification. This is a very good achievement which is a proof of our team's strength and inspiration. This culture of innovation and cooperation and satisfaction of the employees reflects our commitment.

The results for this quarter are very good and I am very happy with the performance. The Company secured a revenue of INR 650 crores in this quarter, and we have broken our own record.

We have achieved an EBITDA of INR 154 crores in this quarter which is the highest number till date. If we look at the record of 9 months, then we have secured a revenue of INR 1,851 crores which has EBITDA of INR 439 crores. We have maintained strong orders from all the states and our order book now stands at INR 2,000 crores.

During the quarter, we received a major order worth INR 754 crores from Magel Tyala Saur Krushi Pump Yojana in Maharashtra. Additionally, we also received a major order from Haryana which is of INR 116 crores. We have been moving strongly under PM-KUSUM and other state-run schemes like Magel Tyala in the solar pump industry and confident to maintain dominance in this segment going ahead.



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We believe that we have a special ability in the design and construction of solar pumps. We have been able to serve our customers backed by our superior technology, strong product quality and backend services.

Our EV business is also moving forward, in which we are working with various companies for pilot orders. We foresee a good success because we have done a very good job in R&D where we manufacture motors and controllers for EVs.

In our exports business we have reported a robust growth. Earlier we were reporting the business of around INR 50 crores which is now at INR 106 crores. In the 9M FY25 also, we have done a 58% growth YoY in export business. We are confident and believe we will be able to maintain our strong position going ahead. This will create value for our shareholders in the years to come. For the rest of the financial segment, I will call our CFO, Dinesh Patel.

Dinesh Patel:

Thank you, sir. Good afternoon, everyone. We have continued to deliver a strong performance with Q3 FY25 revenue at INR 649 crores, up by 30.9% YoY from INR 496 crores. We have also delivered a solid performance in terms of profitability. EBITDA for the quarter was at INR 154 crores as compared to INR 71 crores with growth of 117% YoY.

Due to the higher execution of orders and our consistent efforts towards operational efficiency, EBITDA margin has expanded to 23.8% in Q3 FY25 from 14.3% in Q3 FY24. PAT in Q3 FY25 has increased by 130% to reach INR 104 crores. PAT margin has expanded to 16% from 9.1% in Q3 FY24 with an expansion of 692 bps. EPS for the quarter stood at INR 8.7 per share as compared to INR 4.1 per share.

Now moving on to 9M FY25, revenue from operations stood at INR 1,851 crores, up by 143% from INR 762 crores in 9M FY24. EBITDA for the 9M FY25 increased to INR 439 crores from INR 94 crores in 9M FY24. EBITDA margin for 9M FY25 was at 23.7% as compared to 12.4% in the corresponding period of last year.

PAT was reported at INR 298 crores as against INR 52 crores in 9M FY24. PAT margin also expanded significantly to 16.1% as compared to 6.8% in 9M FY24. EPS reached to INR 24.8 per share in 9M FY25 from INR 4.7 per share in 9M FY24. Our robust financial position and strong key metrics bolster our confidence in the timely execution of orders, further reinforcing our market share.

With this, I may request the moderator to open the floor for question and answer.

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Nirav from ASK Investment Managers. Please go ahead.

Nirav: Hello sir and thank you for giving me the opportunity. First of all, I want to know sir, the order backlog after Q3 which is of approximately INR 2,070 crores, how much will be the GST from that? Will it be about 18%?

Dinesh Patel: 13.5% somewhere.

Nirav: You are saying this on a blended basis, right?

Dinesh Patel: Yes.

Nirav: Sir, I was seeing that the order of Ajmer Discom, there is not much movement in it because Q2's PPT is practically same amount and Q3 is also same amount, is there no execution in that order or we are facing any technical issue in that order?

Dinesh Patidar: Nirav, this is a pilot project by Rajasthan Government and by the help of this product the farmers can also become an energy producer apart from food producer. Till now, being a KUSUM-C grid connected pump scheme and a pilot project, we are moving forward slowly. We are expecting this to complete in the next quarter.

This INR 150 crores is a totally new project for us and for the department. Along with this Ajmer area has its own challenges. As the things become clearer, we will be able to complete this project.

Nirav: Sir, will it be executed in Q4 or not? How do you feel, will you be able to handle the whole thing in Q4?

Dinesh Patidar: We have installed around 350-400 pump on it. We are planning to progress further on this.

Nirav: Sir, my second question is that we were expecting a revenue of approximately INR 2,500 crores revenue for this year, and we have booked a revenue of around INR 1,850 crores in 9 months. That means we can target a revenue of approximately INR 650 crores in Q4 if we follow that assumption. So, in front of Q3, there is no big growth in Q4. That means it will be practically flat. Would you like to comment on this?

Dinesh Patidar: Nirav, we achieved our 12-month revenue target within 9 months of this financial year.. So, this is a good achievement of our team. And for the coming years also, we have always said in every call that we will continue to grow 20-25%, do not look at the quarter on quarter, but look at us on a year on year basis.

So, as you will see that last year, we had a sales of around INR 1,400 crores, you are seeing that we have bettered that in 9 months. We will continue to do so in the future too. With us, we have no issues with the production and productivity of our company and the market.

Now we are facing some issues with the DCR cell and panel availability. In the last quarter, we have installed 70-75 megawatts and executed the solar pump orders. Want to bring to your notice, that some new DCR cell companies have started production in India, and we are further expecting new entrants in this space. This will help us to meet our solar panel requirements. We have order book, we have capacity, we have quantity and as we think that in the coming time, the DCR cells quantity may increase, and we will do much better.

Nirav: Sir, my next question is, the way it is in solar pumps – because in the KUSUM scheme the State government also has to make provisions. According to you, which are the states in India that are increasing provision in their annual budgets? And how big does its impact look like in the fiscal year 2026?

Dinesh Patidar: This is a good project for the state government that we have to understand the reason behind installing solar pumps. I have already told many people that if they do not buy solar pumps and give connections then the state government will have to spend more than they will spend for solar pumps.

Now all the government has started to admit the situation and as they are opening the tenders we are supplying to them.

Dinesh Patel: Nirav, I would like to tell you one more thing. The state budget for next month and subsequent months is under process. So let their budget finalize, then we will comment who is increasing and who is decreasing. We should wait a little, I think.

Nirav: Understood. Sir, in the issue of DCR panel, had you spoken to the government that we are facing these problems. Let us import so that we can increase its execution. Did the industry ask for any relaxation or anything for a temporary period?

Dinesh Patidar: Nirav, it is Atma Nirbhar Bharat, the country of Modi Ji. Rest assured.

Nirav: Sir, you are right, but let's see, it may be due to technical problems. Thank you very much.

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

Amit Kumar: Sir, I have two questions. First, update on your Uganda project. How far have we reached in that? Second is the order of INR 750 crores from the Maharashtra government. I guess we had two months to fulfill it. So, I thought that the number should have been highlighted in quarter 3 or will it be highlighted in quarter 4. Do you have any guidance on this?

Dinesh Patidar: I will give it to our Export Director-Ramesh to update you about Uganda.

- Ramesh Patidar:** Yes, Amit ji. We are doing a quarterly growth in the Uganda project. Around 52% of the project has been completed so far. We are working continuously on it. Everything is going well.
- Dinesh Patidar:** All the payment for the completion has received.
- Amit Kumar:** Okay, sir. Sir, on the side of the order from the Maharashtra government?
- Dinesh Patel:** Actually, sir, I will explain it a little more. The 60-day timeline is from the order date. We have got LOE. The extended period of LOE is one year. From the day we start getting orders through the portal, we have to install it in 4-7 days.
- Dinesh Patidar:** Thank you, Amit ji.
- Amit Kumar:** Thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Praful from Shravas Capital. Please go ahead.
- Praful:** Congrats on a good set of numbers. I just wanted to check on how much is the receivables on the books, as of the end of December?
- Dinesh Patel:** At the end of December, it is around INR 1,175 crores.
- Praful:** Okay. Got it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Pratik, is an individual investor. Please go ahead.
- Pratik:** Good afternoon, sir. First of all, thank you very much for giving me this opportunity. And congratulations on posting such good numbers. Sir, I am a long-term investor. So, my question is that in the next 5 years, where can we see Shakti Pumps? How big a company can it be? Do we have any such vision? Have we made any roadmap for the next 5 years?
- Dinesh Patel:** Yes, sir. Projections are there. And we update it regularly basis the progress. And the management has always told that we will achieve 25-30% growth year-on-year. So, we are looking to achieve the same in the next year.
- Pratik:** So, sir, at what size can we take this company in electric motors, in the next 5 years?
- Dinesh Patidar:** Yes, as an electrical motor company, we would like to see that how many EV OEM companies can we tie up. So, once their plants are set up we can talk about financial in detail then. But I will assure you that in the coming time, EV market is going to be very good in the country.



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We have the technology to make electric motors as well as controllers and getting good support in the automobile market, which has its own standards and systems. We believe Shakti Pumps will do a good job in this market on the back of our technology.

So, we are talking about 25-30% growth in Shakti Pumps only instead of Shakti EV. Shakti EV is at the initial stage.

We can discuss Shakti EV separately and are optimistic of commanding good position in future. That's why we have ventured in it. But if we talk about the figure, then once 2-3 companies start production, then we will be in a better position to discuss this. Right now, we are investing in it. And the biggest investment in it is of Shakti Pumps only.

Pratik: So, sir, approximately by when will the revenue of the electric motors start?

Dinesh Patidar: In the coming time, it will take another 6-9 months.

Pratik: Okay. And sir, when you talked about the Maharashtra order of INR 750 crores, you said that it is a letter of intent. Can I know when this order can actually be made?

Dinesh Patidar: The letter of intent that the Maharashtra government has given us, they have started applications on a portal. We have to complete these installations within a year and once the farmers, who is the decision maker, select pumps we supply them within 7 days. We are very much confident to install even one lakh pumps as per government requirement.

But the constraint today is DCR cells and for that we are focusing on partnering with new and upcoming DCR cell manufacturers which will help us to grow at 25-30% rate easily.

There are few other manufacturers who are setting up production facilities for DCR cells. We will partner with them. We will not lose any opportunity in the market and grow at the suggested growth of 25%-30%.

Pratik: Okay sir, my last question is on the account receivables side. We have around INR1,100-1,200 crores receivables? Is this affecting our working capital that we don't have cash crunch because of high receivables?

Dinesh Patidar: No, actually, you will have to see that this money is all secured with state government. The terms and condition of this tender which has been decided by the government of India is that 90% of the money should be received in 30 days according to the tender condition, which we usually receive in 90 to 100 days.

The remaining 10% should be received in 90 days post RMS. RMS is the mobile technology in which we provide data from the remote monitoring system to the Indian government and the

state government. They should have the data of the pump running due to which they keep 10% of the money in the department. This 10% takes 180-200 days sometimes 250 days to reach us.

The delay is because the operation of pumps is not in our hands, and is in the hands of the customers. The Indian government has deliberately put these terms, so that whenever the pump start running, they can release the balance payment. So that's why you see high receivables.

According to us, we have no money stuck with in any state. Everything is coming on time. There is no issue. Government of India is also giving money on time and the state government is also giving.

Pratik: So, it means that our working capital is not impacting.

Dinesh Patel: I will tell you this way that in the last one year i.e. last four quarters, more than INR 2000 crores of orders have been executed. So, these are the debtors due within 180 days. Talking about working capital, we have almost 9 to 10 leading banks to which we have relationship. And as of today, the working capital utilization is around INR 200 crores.

Dinesh Patidar: Shakti Pumps is a cash-rich company, and we don't have any term loans.

Dinesh Patel: Working capital is not stressed.

Moderator: The next question is from the line of Pranav from ThinkWealth.

Pranav: First of all, sir, congratulations for the great set of numbers. I had a question, sir. what will be the sustainable margins in terms of EBITDA and PAT?

Dinesh Patidar: It will depend on the price of raw material and dollar rupee rate. Our margins depends on pricing of solar panel and the DCR panel. If price of DCR panel decrease our margin will increase and if it increase a little more, then our margin will be less by 1%-2%. During the quarter, we have maintained our margins and will continue to maintain the margins going ahead. Panel price depends mainly on price of dollar, copper and steel.

Pranav: should we take 2 medians like 20%-25% margin or not, I mean is there any range?

Dinesh Patidar: I was telling you that the 24% margin that we are maintaining is a very good margin according to us. We will try to maintain this margin but sometimes the situation is not in our control like price of dollar and price of solar panel so because of dollar price our pricing is affected but in future we can increase our sales price but it takes time so we have to take care of those things. We look to maintain the EBITDA margin.

Dinesh Patel: If you talk about minimum guidance, then management has already given its guidance of 16-18%. And on the maximum side we are guiding to exceed it as is evident in last 2-3 quarters.

- Pranav:** Okay, and sir in EV motor which is our second line of business if we have to onboard any OEM as a client then how much time it takes to onboard an OEM as a customer?
- Dinesh Patidar:** It takes 6-8 months. Sometimes it takes a year.
- Moderator:** The next question is from the line of Soumil from Lucky Investments.
- Soumil:** I wanted to know when the replacement demand for pumps will come out of the 3-lakh average cost of a pump. Roughly if I am correct 50% are module, and 50% are motor, pump etc. So, in this 50% which is on motor, pump and all, we manufacture that in house right?
- Dinesh Patidar:** Correct.
- Soumil:** So, the life of the module will be roughly 20 years, 15-20 years, 25 years, whatever. And how long is the life of the pump controller? When can you expect their replacement demand?
- Dinesh Patidar:** See, for pump it depends on pH water level. A normal pump has a life of about 10-15 years. But if the pH level is bad, then the pump runs for 2 years or 1 year. VFDs has a life of 3-5 years. But it also depends on the atmosphere the pump is in. So, the resale market has just started developing. And it will increase in the coming time.
- Soumil:** Has the secondary market started to come? I mean, have you started to see the replacement demand now?
- Dinesh Patidar:** Yes, demand from replacement has started and the sale is also on.
- Soumil:** Okay, okay. And the last question, sir. There was another order from the Maharashtra government that got delayed. I'm sorry I joined the call late, so you might have talked about it. But are there any updates on that? It is getting delayed again and again. Are there any updates?
- Dinesh Patidar:** No, no, we have already received an order of INR 750 crores from Maharashtra. We have also mentioned the same in presentation.
- Soumil:** One more tender, if I'm not wrong. Its bids had gone and its results were yet to come. Is that correct?
- Dinesh Patidar:** Correct, correct. That is another tender. The result is yet to come. I think it should be in the coming 15-20 days.
- Soumil:** That will be in the 15-20 days?
- Dinesh Patidar:** There is no shortage of orders under the Pradhan Mantri KUSUM Yojana. We can take more order if the supply situation of DCR cell panel improves for which we are partnering with new and upcoming DCR cell manufacturers.

- Soumil:** Right. And now we are taking DCR cells from Adani and Premier, correct?
- Dinesh Patidar:** Right, correct.
- Soumil:** And are there any other players in this that can supply DCR cells?
- Dinesh Patidar:** New companies are in the pipeline. Now we are negotiating with these new suppliers. So, in the future, we will be able to do 25-30% growth.
- Soumil:** Okay. And one final question, sir. In the last 2-3 months, the prices of modules have increased because of the anti-dump clause on the solar glass module. Due to that, did you feel any pressure on the margin?
- Dinesh Patidar:** You keep very good news. You are a better judge. It has increased because of that and also because of the dollar rupee rate. As we increased our utilization and other operational efficiencies, we have maintained our EBITDA level and will continue to do so in future.
- We will make margin a little more sustainable going forward. We have 150 engineers working in R&D. We treat ourself as an R&D company. So, in the coming future we will roll out more R&D developed products.
- Soumil:** Okay. So just to sum it up. Due to the increase in the cost of the solar module, the pressure that must have come, due to the control of your cost, capacity, utilization, it has been negated and your margins have increased despite that? Correct?
- Dinesh Patidar:** Right. Despite that, our margins are maintained.
- Soumil:** Right. Okay. Thank you so much, sir.
- Dinesh Patidar:** Thank you.
- Moderator:** The next question is from the line of Kapil. He is an individual investor. Please go ahead.
- Kapil:** Sir, first of all, congratulations. Very good numbers have come from Shakti Pumps. Sir, what I understood from the call is that there is a problem with the DCR cell panel. The company's growth is dependent on it. It is growing well and can grow well if the DCR cell panel problem is sorted out. So, sir, what is the timeline? How long do you think this issue will be resolved and you will get uninterrupted supply?
- Dinesh Patidar:** Look, the solar market will also increase at the same speed of industries are being established. in the coming time. So, I will tell you first that the two big companies have started the production here. We have started a partnership with them and they will start giving us in a good quantity.

So, in the coming time, we will also start working with them. And we ourselves are also planning to install a solar module manufacturing plant and move forward with it. Because we think that this will also be a problem in the coming time.

We have already planned a QIP of raising INR 400 crores and which will be used mainly for installation of our solar module plant.

Kapil: So, sir, how much time can we talk while looking at the internal and external sourcing that this problem will not remain an issue? Sir, can you define a time period for that?

Dinesh Patidar: Yes, look, we will installed a unit to make a DCR cell. If there is any other problem, we will do something else. We will keep moving forward. We want to make KUSUM a success in the country and take the country forward in solar energy. Our target is very clear. We are focusing on development of solar energy and will stand to solve any problem that arises in the progress.

Kapil: Sir, the second question was that in the next three to six months, let's see how your order book grows. Currently, it is INR 2,000 crores. So, how much will it reach in the next three to six months?

Dinesh Patidar: We do not have any problem with the order book as of today. We already have an order book of INR 2,000 crores and we can take another orders of INR 2,000 crores. At present we are partnering with the DCR cell manufacturers for better control over the supply chain..

Kapil: Okay, sir. Got it.

Dinesh Patidar: Thank you.

Moderator: Thank you. The next question is from the line of Alisha from Envision Capital. Please go ahead.

Alisha: Hello, sir. Good afternoon. Sir, my question was also on the same line that was asked earlier. Our order book is of INR 2,000 crores. You are saying that there is no shortage of orders. We are not taking it after thinking about it because we can see that there is a supply chain problem in the DCR cell. But if we have to grow this 20-25% next year and if our execution is of one year, then we will have to take a lot of orders in the next quarter or three to four months. So, is our DCR tie-up enough to go above INR 2,000 crores?

Dinesh Patidar: It is already there, ma'am. You can see that we have achieved our 12-month target in nine months. So, after considering the DCR cell tie-up situation only, we are providing you a guidance of 25% year on year growth.

Alisha: No, sir. Then we will have to increase our order book to at least INR 3,000 to INR 3,500. And now we are saying that we are not taking above INR 2,000 because we are seeing a little

problem in the cell and panel. So how long will we get the capacity of the incremental DCR cell to take the rest?

Dinesh Patel: From the last quarter to this quarter about INR 800 crores of orders have been built up. So, every quarter some new orders are getting build up. So as on date we can't take order, execution is done and then the remaining capacity then according to that we take the new order. So that will get updated on quarter-on-quarters every time. Now also INR 2,000 crores you should take in hand that next three-quarter order you have already available so there is no problem of execution, that is what sir is saying.

Alisha: Okay, so you are saying that this order of INR 2,000 crores is executable in three quarters. And the order that we will take in the next 5 months, 6 months, we will be able to execute it in the next year, in the year 2026 and that is why there is a growth of 20%, 25%?

Dinesh Patel: So, you are looking at a run rate of INR 600 crores. According to that, the order book of INR 2,000 Crores for three quarters it is sufficient and we are talking about growth over that.

Alisha: No, but sir the point is the same. This order book of INR 2,000 crores will still take you to the quarterly run rate of INR 600, INR 650 crores which we are doing now. So, if we want to see more growth on a Q-o-Q basis, then the order book will have to increase more for that. My question is like that?

Dinesh Patel: No, the order will come there is no problem with that.

Dinesh Patidar: Now, we have told you that the planning that we have done year-on-year, we will do a minimum of 25% growth. If we have any other DCR cell arrangement from somewhere then further orders will be executed. But the guideline that you are seeing for the next quarter is that we will take it to 25% growth year-on-year.

Dinesh Patel: So, we are giving you a minimum guideline of INR 600 crores.

Alisha: Okay sir, understood. Thank you.

Moderator: Thank you. The next question is from the line of Piyush from Dhunseri Investments. Please go ahead.

Piyush: Congratulations, sir, for a very good Q3. Sir, I wanted to know what is happening in your current capacity utilization?

Dinesh Patel: Sir, the current capacity utilization is at 62%.

Piyush: Sir, are you telling about 9 months or the average of the year?

Dinesh Patel: 9 months.

- Piyush:** And sir when will our new capacity come?
- Dinesh Patel:** It will come till FY27.
- Piyush:** So, sir, how are you going to bring growth in FY26?
- Dinesh Patel:** Actually, we have done some internal arrangements, some internal expansion with which we can build up some capacity here. We have been pursuing the debottlenecking exercise and with this we can we can easily do INR 3,000 crores to INR 3,200 crores.
- Piyush:** INR 3,000 crores, INR 3,200 crores can we assume for the next FY26?
- Dinesh Patel:** Yes, we can easily do it with our existing plans. Yes, some expansion has been done internally.
- Piyush:** And it is a matter of bringing new capacity in FY26?
- Dinesh Patel:** New capacity is coming in FY27.
- Moderator:** Thank you. The next question is from the line of Deepak from Kotak Equities. Please go ahead.
- Deepak:** Hi, sir. I just wanted to understand. You were saying that DCR this time there is a shortage, so any change in pricing that we have seen over the last 3 months 4 months any hint of the current pricing of DCR cell?
- Dinesh Patidar:** Yes, pricing is a bit confidential. There are different tie-ups with different companies. So, that will not be possible. We will not be able to discuss it, but yes, the pricing has definitely increased. And we are seeing the effect of it. We will be able to tell you about it in the next quarter.
- Now, the situation is that the DCR cells we have available, we have booked it. So, the tie-up that we have done with Premier and Adani, we are moving ahead in the quantity that we are able to give. So, in future, as I have told you in the last call, we are planning for 1.2 giga watts and reduce our dependency on anyone.
- Today, we are making 24% margin, but if we negate INR 250 Crores of solar panels purchase which is a pure trading product for us, we are making 40% margin. So, our own product is considered good in the eye of your consumer.
- Deepak:** Sure sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Bharat Shah from Ask Investment Manager. Please go ahead.

Bharat Shah: Dinesh see two things. Today how is the breakup of our order book state-wise?

Dinesh Patidar: I have put it in my presentation on the website. You will get everything there as well. So, the whole presentation is there that the breakup of state-wise is also there. Everything is there.

Bharat Shah: I will check that, but can you quickly guide me about that?

Dinesh Patel: Sir, actually the order we have today is of INR 2,070 crores.

Dinesh Patidar: INR 750 crores orders which is there are from the Maharashtra government. INR 116 crores is from the Haryana government. We also have orders from Rajasthan.

Dinesh Patel: The overall order book from Maharashtra is INR 1,200 crores. And in the remaining it is from UP, Haryana and Rajasthan.

Bharat Shah: So, in four states the total is INR 2,000 crores?

Dinesh Patel: Correct.

Bharat Shah: And in all the four states, payments are happening within the guidelines that you suggested. 90% of payment within 90 days?

Dinesh Patel: Yes sir.

Bharat Shah: And the remaining 10% can take anywhere from 150 days to 240 days?

Dinesh Patel: Yes sir.

Bharat Shah: So, in all the states, the payment...

Dinesh Patidar: There is no issue, Mr. Bharat. There is no issue of payment in any state and there is no issue of installation. We have tied up with our vendors supplying solar panels and were able to sell whatever we can make. Now, in the coming future the quantity of panels is increasing backed with partnership with new and upcoming manufacturers. So, we are targeting to increase our panel by 25% to 30% which will help us to sustain our overall growth target. Further, we will also install that solar panel capacities.

Bharat Shah: And the growth of 25% to 30% that you were talking about, for how long is your estimation that this 25%-30%?

Dinesh Patidar: Look, I am telling you that Shakti Pumps and our team is so capable that we will work day and night to complete all the orders in time frame. There is no issue with our own capacity. We have already taken a project to double the capacity of the pump, planned its QIP, all those things have been done.

We were facing some problem in sourcing the required panel for which we have already in discussion with new and upcoming manufactures to fulfill our requirement. Also, we are going to install a solar panel plant for that as well which will help us to additionally solve our problem.

So, in the next 2-2.5 years, our solar panel plant for cell will also start. So, this is the situation that we are moving ahead in Shakti Pumps in any case. So, you have seen that the whole team is moving ahead with full courage.

Bharat Shah: Yes. So, can we say even though the cell constraint is still material today, and it will remain for a while, but if we grow from 25%, then in the next 3 years, even with that constraint, our business will double?

Dinesh Patidar: It will definitely happen. That's why we are installing a 1.2 Giga watt plant. That's why we are installing a solar cell plant.

Bharat Shah: Yes, but it will take time. In the meanwhile, keeping in mind our existing problem, if we grow from 25% in 3 years, then our volume should double. You don't see any big problems in that?

Dinesh Patidar: There are no problems in that. We will definitely do it.

Bharat Shah: And in order to reduce the risk of depending on just a limited number of states, what are we trying to do and what opportunities are we seeing?

Dinesh Patidar: If our capacity is announced, then we will definitely open other states as well. Secondly, I am telling you the best thing which we underestimate. Our export business is growing very well on its own. All the companies in India do not export as much as Shakti Pumps does.

So, we are doing well in the export market as well along with our domestic market.

Bharat Shah: And how much has been exported today?

Dinesh Patidar: In this quarter, we exported INR 106 crores, which was INR 53 crores in the previous quarter. So, in 9 months, we exported INR 312 crores.

Bharat Shah: And our realization and margins there are better than here?

Dinesh Patidar: Margins are better than here.

Bharat Shah: And what are the payment terms there?

Dinesh Patidar: There are payment terms as well. Sometimes we give 60 days on the LC side, sometimes on the other side. It is different with different customers.

- Dinesh Patel:** We give some credit to the old dealers. And we pay them some advance on the LC side.
- Bharat Shah:** So, the 90% and 10% problem here is not there?
- Dinesh Patidar:** No, it is not there.
- Dinesh Patel:** It is the whole dealer distributor network.
- Moderator:** Thank you. The next question is from the line of Priyesh from Mahindra Mutual Fund. Please go ahead.
- Priyesh:** So, the capacity of, let say cell manufacturing, as far as I know, is around 7 gigawatts, 8 gigawatts. So, which is basically requirement of DCR modules and such. So, I wanted to know that this DCR module challenge, is it because of capacity constraint, because these OEM players are kind of focusing on exports or some other problem. I mean, just elaborate on this?
- Dinesh Patidar:** No, sir, people have done some MoU with us in a very good way, have contract some of our vendors. And in the coming time, the production capacity of big companies is also coming. So, we are also planning that in the next 2 years, 2.5 years, we will also have a plant of 1.2 gigawatt. So, our requirement will also be the same. So, we are planning in the same way so that there is no threat in the next 2 years, 2.5 years.
- And now, we think that the capacity that is coming, yes, there will be a little shortage in this segment. But we should not have any problem in completing it. That's why we are planning a 25% growth.
- If any company comes with us for DCR cell, then we will be ready to move forward with this 25%. Because our capacity to make a pump, to make a motor, to make a VFD, to make a structure is already there. And we have also increased that.
- Priyesh:** Okay. Just a related question. So, what will be our requirement? Let's say, for 20%, 25% growth, in terms of megawatts, what can be the requirement of our solar model?
- Dinesh Patidar:** For the next year, our requirement will be around 1 gigawatt.
- Priyesh:** 1 gigawatt. Then if there is a 25% growth on that, then 1.2 and then...
- Dinesh Patidar:** Right now, we have 600-700 megawatts. In the coming time, it will be 1 gigawatt. And as soon as our capacity, our capacity is already there, the pump set VFD is already there. As soon as the panel capacity increases, we will increase our production.
- Priyesh:** Understood. And sir, I was reading in a couple of media articles, in which it was written that in India, our cell capacity will be almost close to 110 gigawatts. In fact, in FY '27. So, if it is seen like this, then there will be a concern of overcapacity, right? I mean, according to that, why

should we also set up plant? Considering that our return ratio will also be less. Even though it will be for capital consumption, I understand. But still, that's just a secularity?

Dinesh Patidar:

See, you are absolutely right. You know that our capacity to make a solar panel is there in the country. The capacity to make a solar cell is still in doubt. Many people are paying attention to that. Our requirement for solar is that our country's requirement is 500 giga watts. And now you are seeing that the suryagruh/home has also started by the Prime Minister. The free electricity for the poor has also started. Its requirement will also be around 70-80 giga in the coming time.

So, the speed at which solar consumption is increasing in the country, the requirement is increasing at that speed. This has become sustainable at that speed. Today, if you install a solar panel in your house, you will be able to reduce your electricity bill to zero.

So, you will be able to recover your money in 3 years. So, in the coming time, the requirement will increase due to EV. So, the requirement of power has to remain in our country and move forward. So, I don't think I need to be afraid of anything in this.

Priyesh:

Okay, sir. Thank you.

Moderator:

Thank you. The next question is from the line of Ajay from Niveshaay. Please go ahead.

Ajay:

Sir, congratulations on the result. Sir, my question is regarding this. For example, you got a new order in the Magel Tyala scheme. So, what is the tendering process in that? And since there is an L1 tender there, will we be able to make the same margin in that order?

Dinesh Patidar:

No, actually, in this tender, the decision maker is a farmer. Decision will come from a farmer and people are selecting our pumps well in Maharashtra. Those who took the order from our competitors, their pumps are facing issues.

Ajay:

No, sir, my question is regarding the pricing. For example, in the KUSUM scheme, the rate card was already fixed, right? So, in this one, the pricing that has come in the Magel Tyala scheme, has it come according to L1 or how has that pricing come? And according to that pricing, will we be able to make the margin of 22%, 24% this is the question.

Dinesh Patidar:

I want to tell you that the tender of Magel Tyala that has come, in that, the concept of L1 is also a rate contract. In this too, the decision-making is in the hands of the farmer. In this, in some variety, there are some percentage rate cuts. I will send you the details of this separately.

Ajay:

Okay, sir. And sir, in the Magel Tyala scheme, there is a subsidy of almost 90%. And in the KUSUM scheme for Maharashtra state, there is a subsidy of 60%. So, what is the incentive for the farmer to continue KUSUM? So, the question is, sir, that in the future, will the execution of the KUSUM scheme in Maharashtra state slow down?

- Dinesh Patidar:** No, I don't think that in the future, KUSUM will decrease or increase. So, both the schemes are going on. Both have their allocated own funds. Both are doing their own work.
- Dinesh Patel:** Actually, sir, it should be understood in this way that the state has more requirements. That's why they had to bring two schemes. And Maharashtra has done good work before. If you see the execution now, then Maharashtra is in the leading position in KUSUM and other schemes.
- Ajay:** Next question, sir, is that, sir, like we are telling that our quarterly run rate is INR 600 crores to INR 700 crores. And the problem we are facing is due to this module. And because of this, we will be doing a QIP for installing a cell plant. So, sir, the question is, sir, like we have to install pumps at the end in the field. So, sir, is our EPC capability so much that we are doing INR 600 crores, INR 650 crores in a quarter...
- Dinesh Patidar:** Yes, we have our capacity. We can definitely do it. There is no issue in that.
- Moderator:** Thank you. The next question is from the line of Deepak. Please go ahead.
- Deepak:** Yes. Congratulations, sir, for good set of numbers. Sir, I just wanted to check that we had recently given an enabling resolution of INR 400 crores. So, can you share the details of that? What is the purpose of that fund? And maybe you had also said about it that we are looking at the capacity of the module. Are we planning the capacity of the cell in this? And how much capacity are we planning in this?
- Dinesh Patel:** Yes, we are planning the capacity of the wafer-to-cell with this because that is the requirement in the DCR cell. And the fund of INR 400 crores, we have told the solar plant, that the solar DCR cell, the 1.2 giga watts plant that is going on, that is the requirement to utilize it.
- Deepak:** So, sir, what is our total capex requirement in this? And will we use this for equity and are you planning to take any debt?
- Dinesh Patidar:** We will tell you that detail later.
- Moderator:** The next question is from the line of Rohan from Eleverse Capital.
- Rohan:** Sir, Namaste and congratulations for the good set of numbers.
- Dinesh Patidar:** Thank you.
- Rohan:** Sir, I just wanted to know that the government has approved 49 lakh pumps overall under the scheme. In which maximum pumps are in the component C and you have already given the answer to this. But sir, what is coming in the exact issue component C, because in Maharashtra, almost 16 GW feeder level solarization is happening. So, will there be no pumps

in it? And then how will the components move forward? I wanted to understand what the exact issues are?

Dinesh Patidar:

See that is why we have put a pilot project in Ajmer, and that is why we are going slow in it. We are working on this scheme to make individual farmers more energy efficient by using solarised pumps. It is important that the pumps are replaced. The scheme does not have a pump replacement requirement. This is the reason the scheme is not running successfully.

We have also given a presentation to the ministry, and we are also suggesting that if you change the pump in it, then only the scheme will be sustainable and then only it's payback will be done. One pump will generate income of INR 50,000 per year for the farmer and DISCOMS will make an income of INR1 lakh per year, and payback period of the DISCOMS will be before 3 years.

We have also installed our product in Ajmer, and we are monitoring it. And in the coming time, the projects of KUSUM C will also come in speed which will create further demand.

Rohan:

But in the future, do you think that if KUSUM C goes in a slow pace, then can the government increase the off-grid pumps in the future?

Dinesh Patidar:

Talking about numbers is not a big deal. The central government and state government are sanctioning the numbers. The solar pump costs much less than a new connection, which itself costs INR 2.5 lakhs plus the pump also consumes INR 50,000 per year of electricity.

So instead of new connection they should give solar pump, and the already given connection should be connected to grid. So, in our country's economy there will be a big change in this.

Moderator:

The next question is from the line of Shushrut from Caprize Investment.

Shushrut:

There is question that is a lineman or a POJSR reports and he goes to the circle office. We have to install the pump in 90 days, so the crunch in the availability of DCR cell, does our pump get installed in 90 days?

Dinesh Patidar:

Yes, it gets installed, we execute the order as much as we expect to get the supply of DCR cell.

Shushrut:

Sir, the second question was that the Rajasthan Horticulture tender which is in the financial evolution stage. It has been a long time since it has been in the UPSC has bid.

Dinesh Patidar:

Which tender are you talking about?

Shushrut:

Rajasthan Horticulture?



*Shakti Pumps (India) Limited
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Dinesh Patidar: Rajasthan Horticulture is already working on the second tender and we are supplying the orders. Every quarter we get some orders and we supply them.

Moderator: That was the last question for the day. Due to time constraint, we will close this call. I now hand the conference over to Mr. Dinesh for closing comment.

Dinesh Patidar: Thank you very much, friends. If you have any other questions, you can contact our IRteam at EY. We will try to answer all your questions. And for the plant visit, you can come to our factory, please let us know, tell EY team. Thank you very much.

Moderator: On behalf of Shakti Pumps Limited that conclude this conference. Thank you for joining us and you may now disconnect your lines.

Disclaimer: E&OE. This transcript has been edited for factual errors. In case of discrepancy, the audio recordings uploaded on stock exchange on 27th January 2025 will prevail.