



“Shakti Pumps (India) Limited Q4 & FY24 Earnings
Conference Call”

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

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

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY24 and Full Year FY24 Earnings Conference Call of 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rohit Anand from Ernst & Young LLP. Thank you and over to you Mr. Rohit.

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 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 the “Key Developments” 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 and full year FY24 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. Hello friends and thank you everyone for joining this call today.

It is with immense pride and a sense of accomplishment that I stand before you today to share the triumphant financial narrative of Shakti Pumps in Q4 FY24 and the entire financial year of 2024. Our journey this year has been nothing short of remarkable, and I am thrilled to report that we have achieved the highest revenue of Rs. 1,371 crores and profitability of Rs. 142 crores in our company's history. Our Q4 FY24 performance was also the highest ever in company history, with a revenue of Rs. 609 crores and PAT of Rs. 90 crores. The government business revenue has significantly grown by about 52% YoY to Rs 945.1 crores in FY24, up from Rs. 623.2 crores in FY23, contributing to 67% to the overall revenues. Our export sales, which made up about 21% of our revenues, also did really well, increasing by around 23% YoY to Rs. 286.1 crores in FY24 from Rs. 232.5 crores in last financial year. Undoubtedly, superior execution and better economies of scale resulted in the EBITDA margins of 16.4%

this financial year and we expect the EBITDA margins to be stable at around 14-15% range going ahead.

Our robust order book of around Rs. 2,400 crores extends revenue visibility for a robust 18 months – promises continuity and stability. The anticipate order inflow, fortifying our position for the next 3 to 4 years, stands as a testament to our unwavering commitment to growth and excellence. The recent order accumulation of approximately Rs 243 crores under the esteemed PM Kusum scheme during the fourth quarter of FY24 signals not just business progression but also a deep trust in our capabilities.

Our horizon brightens further with the government's focus on the deployment of solar pumps, targeting an installation of 14 lakh off-grid and 35 lakh on-grid units. This initiative opens vast avenues for us, as we endeavour to empower the agricultural sector with sustainable, cost-effective solutions. We would also like to highlight how the installation of solar pumps benefits both the DISCOMS and the farmers. Usually, DISCOMS have to provide farmers a basic infrastructure which has a cost involved plus the electricity also has to be provided at an extremely subsidized rates which is a further dent on the DISCOMS financials. Despite this, many farmers are deprived with the electricity connections and their needs remain unmet. A shift to subsidized solar pumps, with ~60-70% of costs absorbed through state and central schemes, offers a viable solution for government. This initiative helps to balance the subsidies with savings in just 2-3 years while providing reliable power to farmers, steering towards sustainability and contentment. Shakti Pumps stands at the forefront of this revolution.

Innovation is deeply ingrained in our DNA, a narrative endorsed by the two new patents we received this quarter, contributing to a robust portfolio of 13 patents out of 29 filed. Our relentless pursuit of technological advancements consistently propels us ahead. Venturing beyond, Shakti Pumps is harnessing its expertise in the manufacture of energy-efficient motors and controllers to OEMs, innovatively transitioning into the electric vehicle space. We have invested an additional Rs. 5.08 crores in the current quarter in our Wholly Owned Subsidiary, Shakti EV Mobility Private Limited, consolidating the total investment to Rs. 32 crores as on date.

We are not just preparing for the future; we are shaping it. With plans set to double our existing capacity of pumps/motors, inverters/VFDs and structures, the Company successfully raised Rs. 200 crores through QIP which was subscribed by two leading Mutual Funds. The company has already acquired 46 acres of land in Pithampur, Madhya Pradesh for this expansion.

Our foundational pillars – a strong credit profile, pure brand recognition, and a robust distribution network – coupled with our technological prowess, position us favourably to harness the abundant opportunities that lie ahead. As we embrace the new financial year with optimism and strategy, I am confident that Shakti Pumps will continue to deliver substantial growth and value, not just to our esteemed shareholders but to the society at large.

Thank you for your continued faith in Shakti Pumps. With this, I would now hand over the call to our CFO, Dinesh Patel, to take you through the financial highlights. Thank You.

Dinesh Patel:

Thank you, sir. Good afternoon everyone.

During the Q4 FY24 our Company witnessed an impressive revenue growth of 233.6% compared to the same period in the previous year rocketing to Rs. 609.3 crores from Rs. 182.7 crores. EBITDA surged to Rs. 130.7 crores, a significant increase from Rs. 10.9 crores in the corresponding quarter of the previous year, multiplying 12-fold. We achieved an EBITDA margin of 21.5%, a notable rise from the previous year's 6.0%. Thanks to the benefit of scale an accelerated execution as we move forward we anticipate the EBITDA margin to stabilize at around 14% to 15% at an annual level in line with our ongoing strategy for sustained growth.

The Profit After Tax (PAT) for Q4 FY24 marked an extraordinary jump to Rs. 89.7 crores from Rs. 2.2 crores reported in Q4 FY23, showcasing a robust year-on-year basis increase. The PAT margin for Q4 FY24 stood at 14.7% a substantial improvement from 1.2% in Q4 FY23.

For the full year of FY24, the Company registered a 41.7% year-on-year growth in revenue reaching Rs. 1,371 crores up from Rs. 968 crores in FY23. Revenue from Government projects increased by 51.7% year-on-year basis to Rs. 945 crores while export revenue reached Rs. 286 crores up by 23% year-on-year basis.

Our EBITDA for the full year stood at an impressive Rs. 224.8 crores marking a significant improvement of 237.8% from Rs. 66.6 crores in FY23. Additionally, the EBITDA margin for the year was strengthened by 952 basis points to 16.4% compared to 6.9% in FY23. The Profit After Tax for FY24 increased significantly by 487.2% year-on-year basis to Rs. 141.7 crores up from Rs. 24.1 crores in FY23. Simultaneously, the PAT margin expanded by 784 basis points to 10.3% for FY24 from 2.5% in the previous year. These exceptional results are a testament to our commitment to driving sustainable growth and creating long-term value for our stakeholders.

In light of these performances, Company's net worth has enhanced to around Rs. 756 crores at the end of FY24 with an interest coverage ratio strengthening from 3.5 in FY23 to a robust 11.5 in FY24. Notably our working capital cycle has seen an elongation reflecting a substantial portion of our Q4 revenue still pending recognition in our books. Return on Capital Employed (ROCE) has risen to 24.5% from 9.8% in FY23 and Return on Equity has also improved moving up from 5.8% in FY23 to 18.8% in FY24.

With this now I 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 Deepak Purswani from Svan Investments. Please go ahead.

- Deepak Purswani:** Vishal here. Congratulations for a great set of numbers. Sir I have 3 questions, first on this margin improvement, we have seen some phenomenal improvement for this quarter. Sir can you bifurcate how much of this benefit has come from raw materials? How much has come from the scale? And how much has come from product mix if any?
- Dinesh Patidar:** Yes, I will send it to you in detail Vishal, but the biggest thing in this is that when you see you are going very high from your breakeven and your quarter is at the top then the manufacturing expenses also reduce. The raw material prices also decreased and as you see the margin is around 16%. The reason is that when we exceed our capacity, manufacturing expenses in that which come to around 7% to 7.5% that also impacts and our raw materials prices have also decreased around 1.5%, so its effect is also there.
- Deepak Purswani:** So, for example this quarter ours EBITDA margin is 21.5%, I am talking about the quarter not for the full year, so if this similar scenario is continued and raw material pricing is not increased and the scale will come because our order book is robust, so are you seeing the margin trajectory in the similar levels as you are guiding or will be in between these two?
- Dinesh Patidar:** The margin which we are planning should not be seen quarter-to-quarter but should be seen on year-on-year because in margin there are many other factors. So, let us assume that we will maintain a margin around 15%. This is what we are thinking and trying to do according to our planning of present raw material. If it exceeds this, then we will definitely inform you in the next quarter.
- Deepak Purswani:** Secondly, our raw material working capital cycle has been little bit elevated and Dineshji told that this quarter we have not received some revenue, so going forward what do you feel that like last year or in the first half the working capital cycle will be on the same run rate or are you seeing any changes in that?
- Dinesh Patel:** Roughly, if you see that our working capital cycle is of one quarter and secondly if you compare it from last year then definitely when you go towards high volume then cycle also moves towards that direction, but we have controlled it.
- Deepak Purswani:** So, more or less on sustainable basis if we see for the full year or even if we see for the next year then it will be around 1 quarter?
- Dinesh Patel:** On year-on-year basis our outstanding has been less than Rs. 100 crores, so there is not much stress on working capital. One temporary cycle comes which we have run on, so the revenue of Rs. 600 crores which we have touched this quarter in that our working capital cycle has already run and the realization will come in the next quarter this is what our belief.
- Deepak Purswani:** One last question is in terms of order book we have done order book of around Rs. 2,500 crores in FY24, so are you seeing a similar level or momentum for order book in FY25 going forward?

- Dinesh Patidar:** When KUSUM started, you saw that all the states had placed big orders now we are executing these orders. We have a big order from Maharashtra and Uganda and after that the running states like Haryana, Rajasthan and UP and from this we feel that we will continue to get some orders every month which we have already received. As we told that this quarter, we have received orders of around Rs. 240 crores.
- Deepak Purswani:** Do you feel that this project will sustain in the future also order inflow over and above Rs. 2,500 crores?
- Dinesh Patidar:** Yes, definitely it will be there because Government's target has increased and our target has also increased, hence we have gone for capacity expansion, raised funds and governments target is also high for solar. Secondly, the solar system has become so sustainable that Rs. 250,000 is spent for giving connection, but farmers work can be done on half of the subsidy amount and that pumps uses electricity of Rs. 1 lakh per year, so to increase profit of any DISCOM without putting this solar energy our country's DISCOM will not be saved, so agriculture sector will progress from this, and electricity board will be in profit from this only.
- Moderator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian:** Congratulations for good set of numbers. Sir this order book of Rs. 2,400 crores what will be the execution timeline? And are we getting any advance mobilization for this executing the orders?
- Dinesh Patidar:** Actually, in this for Maharashtra Government's order we have 18 months' time, we will complete it in 18 months and in the previous quarter we have done sale of around Rs. 110 crores. We don't get any mobilized fund; we get these orders only when we deposit our share of bank guarantee.
- Dinesh Patel:** Remaining order has timelines of 90 days to 120 days.
- Dinesh Patidar:** The remaining orders also has 90 days' to 120 days' time.
- Balasubramanian:** Second question is that we have raised around Rs. 200 crores through QIP, so what kind of incremental capacities we can expect on the pumps, motors and inverters side?
- Dinesh Patidar:** The total capacity will be 2x. In our previous calls, we have been telling that as soon as sale of Rs. 2,500 crores come then after that we will do further planning for production capacity, and we see more orders ahead. In 2 years, we will complete our investment and then our capacity will become Rs. 5,000 crores.

Balasubramanian: Any order pipelines are coming up? Are we facing any slowdown because of these elections? What kind of order pipelines we have? And on the export front, we are keeping around 20% exports side what kind of opportunities we can see over the next 2 years to 3 years?

Dinesh Patidar: Ramesh will reply to you on exports.

Ramesh Patidar: In exports we will continue the growth which we have been traditionally doing. We are doing well in our markets in US and this year we have line up in Uganda and last quarter also we have done quite well. Do in exports we will continue to do the growth which we used to do traditionally.

Balasubramanian: Sir on the orders pipelines, what kind of order pipeline we have in this year?

Dinesh Patel: The Uganda order of Rs. 250 crores, in that almost Rs. 35 crores sale has been done and besides this our orders for dealers and distributors in that around Rs. 20 crores to Rs. 25 crores orders are always in our pipeline on export side.

Moderator: Thank you. The next question is from the line of Aashish from InvesQ. Please go ahead.

Aashish: Sir in our presentation it has been written regarding opportunity size, so I had a few questions on that. Firstly, regarding 14 lakh pumps it is mentioned in component B and 35 lakhs for on grid, so our presence is little weak in on grid and still we are counting that in opportunity size, so need clarification on that like are we competent enough to gain that kind of market share that we have in the overall 25% which we say? Secondly, you have given that the opportunity size is Rs. 1.5 lakh that means if 60% is subsidy then is the government going to give around Rs. 90,000 crores of subsidy in these two to five years when this is executed? So, if you can give some light on this then it will help us and related to this if we are saying that 25% market share is in this then it will be around Rs. 35,000 crores in 3 years to 5 years, so annually Rs. 7,000 crores topline is there by doing reverse calculation, so are we running for this kind of number or am I miscalculating things here?

Dinesh Patidar: You are perfectly right, sir. Aashishji you have understood it very well. Here I want to clear one more thing that you are talking about on-grid pumps, in India we are the only Company which in Ajmer DISCOM is executing an order of Rs. 150 crores as a pilot project. As soon as our pilot project is completed, these are on-grid pumps, this project is based on the theme of our Prime Minister's dream of transforming Anna Daata into Urja Daata. As soon as our DISCOM is finalized then it doesn't matter from wherever subsidy comes. I want to say that if a pump of Rs. 5 lakhs are there then the entire money invested in DISCOM for 3 years, 100% of the entire money can be recovered even if the pump is given free to the farmers and if the farmer is installing the pump, then he will be earning a yearly income of Rs. 50,000 additionally, that means he will earn by selling electricity and not by farming, such is the dream project of our Prime Minister on which we have worked and completed it. Also, the pump will automatically supply electricity to the grid while it is running and for this Shakti

Pumps has patent. So, the patent is such a valid patent which confirms that it will save electricity as well as water also. If the farmer does not require a 1,000 liter, he requires only 500 liters then he can set his quantity up to 500 liters through his mobile app because all our pumps are operated through mobile app and through which the speed will be reduced and water will be saved and the remaining electricity will go to the grid and when the remaining electricity goes to the grid then DISCOM will sell it out after taking the profit and in this the DISCOM and the farmer both will be in profit.

Aashish: The logic which you stated is very solid. All the problems of Government and DISCOM are solved in this, but allocation of subsidy is it a contentious matter or it will happen because the intent is very strong and should be done and secondly, the demand for replacement of diesel and electric pumps which is somewhat a figure like 3 crores pumps which is out of this opportunity as you said, so is the opportunity size bigger than this 1.5 lakh crores for us?

Dinesh Patidar: Yes, the opportunity size is very big, sky is the limit and it is so big that 4.5 crores pumps are grid connected in our country and same numbers of more pumps are required by the farmers, so if 4.5 crores are grid connected then 4.5 crores have to be changed from grid connected to solar connected pumps, so everyone is wining. Secondly the 4.5 crores farmers in their field and no matter if one farmer has 2 fields where in 1 field he has taken a solar pump and in another field he needs to take solar pump, currently he is not able to join that field with micro irrigation, he is able to do irrigation with the help of rain.

Aashish: Will this top line of 5,000 crores capacity be possible? It seems that if ordering happens properly in 2, 3 years it is possible for us to achieve the top line in 3 years, 4 years.

Dinesh Patidar: Yes, it is correct, but our commitment to our shareholders is that we will keep on growing at 25% to 30% on year-on-year basis.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir I just wanted to know our order book; our current order book is around Rs. 2,400 crores, so over FY25 and FY26 what kind of order book we are targeting given the opportunity size that we have been talking about, so in FY25 and FY26 which type of order book we are targeting by FY25 end?

Dinesh Patidar: Deepak, I think this will be everyone's question, you have asked a very good question. I feel delighted to tell you that already we have an order of Rs. 1,500 crores from Maharashtra in which we have done a sale of Rs. 110 crores in the previous quarter. We have an order from MEDA in Maharashtra worth Rs. 100 crores, UP's order is of Rs. 240 crores, one order from Haryana worth Rs. 420 crores and as I talked about Rajasthan Ajmer DISCOM in which installation has to be done this quarter which is around Rs. 150 crores. These are the orders which we already have with us, we will inform you as soon as the rest of the orders come in

the next quarter and in between if any big orders come to us we will inform you immediately without waiting for 24 hours.

Deepak Poddar: Will there be any target in this like this Rs. 2,400 crores we can target it to be at Rs. 3,000 crores – Rs. 3,500 crores or something by FY25 end?

Dinesh Patidar: Yes, definitely we are going to increase our capacity and along with it we always provide a guideline to our shareholders that we will definitely grow on 25% to 30% on year-on-year basis.

Deepak Poddar: Is there any timeline for this Rs. 2,400 crores like within this timeline we have to execute it?

Dinesh Patidar: Yes, we have 18 months' time for Rs. 1,500 crores and rest we have to complete within 90 days to 120 days.

Deepak Poddar: 18 months for 1,500 crores and for rest?

Dinesh Patel: 90 days to 120 days.

Deepak Poddar: I understood, and do you see any impact of election on us in coming quarters?

Dinesh Patidar: No, it is not much, but yes little bit is there as the officers are engaged in election duty, so not much big impact is there as not much work can be done in new orders. Old orders are not stopped, but other things like payments are delayed as officers are not there, but we are moving forward understanding all that. Not much problems are there for us.

Deepak Poddar: Seasonally wise our second half is best, right?

Dinesh Patidar: Yes, first quarter is low, rest you have seen that everything is same.

Moderator: Thank you. The next question is from the lines of Khushbu Gandhi from Share India Securities. Please go ahead.

Khushbu Gandhi: Sir my one question is like as you said we have an order book of Rs. 2,400 crores and from that Rs. 1,500 crores execution is for 18 months and the balance Rs. 900 crores we will execute it in 3 months to 4 months, right?

Dinesh Patidar: Right.

Khushbu Gandhi: So, if I look from this years' revenue front then our growth in revenue will be 30% to 40%?

Dinesh Patel: 25% to 30% is our commitment.

Khushbu Gandhi: And now when new orders come its execution will also be there in it?

- Dinesh Patidar:** Definitely, if it comes in next quarter then will tell you in next quarter.
- Khushbu Gandhi:** We are conservatively thinking of 25% to 30%, but can be more than this also, right?
- Dinesh Patel:** This is minimum quote.
- Dinesh Patidar:** This is minimum quote and can be more than this.
- Khushbu Gandhi:** Secondly if we have this much orders then in this quarter we have improved our margins because of better capacity and raw material improvement, so this capacity improvement is going to improve quarter-on-quarter, so if raw material is stable at least not 21%, but we can reach up to 18% - 19%?
- Dinesh Patidar:** Same question was asked to me in the previous quarters call and at that time I was saying that we will work on 12% - 13% margin and today I am saying that we will work on 15% margin and if it is showing 16% then you will feel happy that the Company has done a good job.
- Dinesh Patel:** Our minimum commitment is that we want to work on 15% margin, so the guideline which was 12% is being revised to 3% and made it 15%.
- Moderator:** Thank you. The next question is from the line of Harshil Solanki from Equitree Capital. Please go ahead.
- Harshil Solanki:** Sir I have 2 questions, sir it will be helpful if you can breakup this topline of Rs. 600 crores like how much in KUSUM and how much in non-KUSUM and how much in exports?
- Dinesh Patidar:** Solar was of Rs. 473 crores, Export was Rs. 90 crores and Rs. 48 crores were "Others".
- Harshil Solanki:** For solar under KUSUM in which states you did this Rs. 473 crores? And how much you did?
- Dinesh Patidar:** Good question. In UP we did Rs. 60 crores, in Haryana we did Rs. 257 crores, in Odisha we did Rs. 7 crores, in Maharashtra Rs. 112 crores and in Rajasthan we did Rs. 37 crores.
- Harshil Solanki:** If we look at our order book then our closing order book is of Rs. 2,400 crores and our opening order book was Rs. 2,250 crores in which we got extra Rs. 250 crores order, so the total is Rs. 2,500 crores and our closing order book is Rs. 2,400 crores which means we have done execution of Rs. 100 crores, but in that closing order book you have mentioned about Haryana which is of Rs. 419 crores, but you told that we have done execution of Rs. 257 crores in Haryana, so in closing order book the numbers are little bit high which should be low because we have done execution of Rs. 600 crores?
- Dinesh Patel:** Harshil I will mail its detailed version separately to you.
- Dinesh Patidar:** Dinesh Patel will mail you.

- Harshil Solanki:** Second question is as you quantified that in India such big opportunity is there, so in Uganda can you give some color like how big is the opportunity in terms of numbers?
- Ramesh Patidar:** In this Uganda project we have to work in 60 states, it is scheme wise, so the numbers are different it is divided scheme wise. It all depends on scheme.
- Harshil Solanki:** Any ballpark number, any idea?
- Ramesh Patidar:** It is a project of total Rs. 250 crores.
- Harshil Solanki:** This is regarding one project, but work has to be done beyond this, isn't it? What number that could be?
- Ramesh Patidar:** Definitely, a high level of delegation from ministry also visited us and they have discussed the future plan with us.
- Harshil Solanki:** What would be the ballpark number Rs. 1,000 crores, Rs. 2,000 crores or Rs. 5,000 crores?
- Ramesh Patidar:** I can't tell anything regarding that because I don't have any detailed forecasting with me, but yes we are talking about that.
- Dinesh Patidar:** Will inform you within 24 hours as soon as it comes.
- Moderator:** Thank you. The next question is from the line of AjayKumar Surya from Niveshaay. Please go ahead.
- AjayKumar Surya:** Congratulations for good set of numbers. Sir my question was on margin, sir as in previous call you said that you have hedged your raw material like we have contracted with premier for sale on fixed prices after fixing the process cost, but sir if I see in the last 3 months, 4 months prices for cells and modules have dropped significantly and ours was a fixed contract, but still our margins have expanded. So, can you tell how our margin expansion on gross level and EBITDA level is? Can you give such clarifications?
- Dinesh Patel:** In this the margin impact is due to 2 reasons one is due to the downfall in price of raw material and second is the marginal operational efficiency which we got due to this large order, so impact of these 2 things was there in our EBITDA margin. Secondly, the first question which you asked like we did a tie up with premier or our remaining vendors, so there price fixation is not done actually it is a MoU "Memorandum of Understanding" that this much of quantity should be given in a given time period and second thing is that a minimum rate is fixed which you directly cannot link with it.
- Dinesh Patidar:** One more thing is that which effects the rate is wafer and the price which has come down in wafer we got its effect in raw material if you think like this, due to the decrease in the price of solar panel whether you have got profit or not, yes definitely you have, and it is reflected in

your raw material prices. Rest all the expenses of making solar panels in India are fixed and we have fixed them, and we have done a MoU with them that you will not increase the prices of other things we have hedged wafer prices and kept with us and if wafer prices are decreased then we will get its benefit and if wafer prices is increased then we will only get the hit.

AjayKumar Surya: Under component B you have to use DCR cells and DCR module, so, sir in component C also DCR cell requirement is there?

Dinesh Patidar: Yes, long live Modiji, it is due to Indian Government's Atmanirbhar Bharat.

AjayKumar Surya: Like in component C nothing has happened yet in its execution, so what are the difficulties we are facing there? When will this execution happen?

Dinesh Patidar: We will execute one big order of Rs. 150 crores, then will take Chairman of every DISCOM there and will show them and explain them and next year will start booking its order. A new project has been developed and we would also like to see after installing 2,000, 4,000 pumps will take big projects because it is a very unique thing. We have a patent for this, so we are also wanting to give some time.

AjayKumar Surya: Is anyone else working on component C? Any player who has become successful so far?

Dinesh Patidar: We have patent in this grid connected pumps and to my knowledge I haven't seen anyone else yet. It is a huge market people should come, should work in technology, should make investment people will get employment.

AjayKumar Surya: Last question is if we see our order book then much is concentrated towards Maharashtra Government, so, sir going forward which are the new states that we are targeting from where we can get good order inflow?

Dinesh Patidar: You are absolutely correct. We will inform you within 24 hours as soon as the order is received.

AjayKumar Surya: Which new states are we targeting like Odisha or?

Dinesh Patidar: I cannot disclose this in this call like where and what work we are doing, but as soon as a confirmed order is in our hands within 24 hours we will inform you.

AjayKumar Surya: Last question, sir our raw material contract with premier and other vendors how long is that contract?

Dinesh Patidar: In that we have planned around 1.5 giga.

AjayKumar Surya: If I talk in terms of number of pumps how many pumps we have to do?

- Dinesh Patidar:** There are small type and big type of pumps, so number of pumps cannot be known, but still, I will give you the details like how many pumps will be there in 1.5 giga. You come here and see, and you will know. I request everyone whoever is listening to the call to come to Shakti Pumps, inform our EY team and rest we will take care of here will show you the entire facility.
- Moderator:** Thank you. The next question is from the line of Mehul Mehta from Nuvama. Please go ahead.
- Mehul Mehta:** Chairman, sir the guidance which you gave for this quarter was Rs. 500 crores and you exceeded it so much, so should we expect that you believe in under promising and outperforming?
- Dinesh Patidar:** You understood it very well. The guidance which I gave for Rs. 500 crores were based on my capacity, but it has been a great quarter and in future also we will try to do the same and will tell you that will do Rs. 400 crores and if we do Rs. 450 crores then you will also like it.
- Mehul Mehta:** According to me the market share was 24% in quarter third end now it is 26%, so is it like that because we are gaining market share or others are moving out because we are the most integrated, so is that giving us an edge compared to others?
- Dinesh Patidar:** Yes, it will go on like this only, but we will increase little more because our quality is very good. We give 30% to 40% more discharge than our competitors, so in today's date farmers have the same requirement and he can see that also because in electric pump it is not shown that how much electricity is consumed and nobody knows because meter is not installed, but in solar pumps the panel is limited, so water shown is very less, so it is very easy for farmers to compare that is why people who buy our competitors pump come back to us only. If you see for the last 3 years, 4 years to make solar a success in our country we used to supply to Tata, L&T, Mahindra, Adani, Vikram all the big names.
- Mehul Mehta:** This VFD basically which we talk about drives kind of which is one of our strength, can we look at going forward from 26% we can reach to 30%, 35% because even states who are executing this may be with having confidence in you, can we think the market shares can go anywhere to 30%, 35% like we can increase it?
- Dinesh Patidar:** Yes, Mehul we are doing it because we have brought expansion for it and we are working further towards it, so work is in progress in that line.
- Dinesh Patel:** Mehulji if you see in our history once we have already achieved 30%, so it is not a very big achievement for us we would like to think beyond that.
- Mehul Mehta:** This was regarding PM KUSUM and in EV side when we are thinking because if you can update on that like what customers kind of if you can share anything like which we have added and how are we looking at on EV business?

- Dinesh Patidar:** We have experience of 40 years' in Shakti Pumps of making motors, have experience of 8 years to 10 years in making controller hence we will get benefit of this experience in EV and some bus manufactures are there, some are 2-wheelers and some are 3-wheelers everywhere their work is in progress and I think in EV it will take little more time because in our country until DC to DC charger and charging quantity like as many petrol pumps are there that many charging stations has to be made till then 2 years to 3 years more time will be required and we are also stabilizing our quality slowly because automobile quality is a different standard hence we are also working on that and we have registered ourselves in that. In some places we are doing well and there are offers from some other places also I will not disclose the name right now and in some places we have already been registered also. So, my request to you is that in the future we are going to do a great work in EV.
- Mehul Mehta:** For couple of years like KUSUM will bring growth and post that EV will take both the engines will start working can we expect that, sir?
- Dinesh Patidar:** Right.
- Moderator:** Thank you. The next question is from the line of Ketan from Robo Capital. Please go ahead.
- Ketan:** Sir how much volume of pumps did we execute in Q4?
- Dinesh Patel:** In this we have installed around 15,000 pumps under KUSUM.
- Ketan:** In FY25 and FY26 how much number of pumps we will execute?
- Dinesh Patidar:** We will move forward with a minimum guarantee of 25% to 30%. You don't look at the numbers, don't see on quarter-on-quarter basis, but we will definitely give you growth year-on-year and you will definitely see a minimum growth of 30%.
- Ketan:** And sir this time in EBITDA besides the decreased raw material price nothing was one off, right?
- Dinesh Patel:** Besides that, the operational efficiency was there. Actually, after one scale when you do production there only variable cost is hit, doesn't hit fixed cost, so that impact comes in margin that we both know.
- Ketan:** But this is not one off, this will be continued because we are going to do volumes going further, but as such there was no one off, right?
- Dinesh Patel:** Will update you in next quarter.
- Ketan:** Just needed 2 conformations, for this quarter we have told for KUSUM is Rs. 473 crores, right?

- Dinesh Patidar:** Right.
- Ketan:** The raw material price has reduced by 12%, right?
- Dinesh Patidar:** No. In raw material prices you assume that the 1.5% reduced is in our basic stainless steel and other materials and little bit reduced in solar panel and little is reduced due to the efficiency improvement which we have done by increasing our production and if you want separate detail then we will definitely provide you. Come to our place we can show you here also.
- Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.
- Arpit Shah:** Just wanted to understand that the revenue of Rs. 600 crores which we have done this quarter typically under pumps what will be the contribution of solar cell?
- Dinesh Patidar:** Assume that 50% of our business of Rs. 473 crores is solar cell.
- Arpit Shah:** Your solar cells sales will be around Rs. 240 crores, right?
- Dinesh Patidar:** Perfectly right.
- Arpit Shah:** So, their margins like you have guided 15% operating margin for FY25, how is it divided in between pumps and solar cells. What kind of margin are you going to do in solar cells?
- Dinesh Patidar:** We are not going to make margin in solar cells because for us solar cells is a bought out product because it is necessary for us to give it with the pumps, so we don't add any margin with it. Basically, margin comes on our product today if you are seeing a margin of 16% and I have done a government sale of Rs. 473 crores then in that the 16% margin which you are seeing in that if 50% solar is removed then you can see my margin as 30%.
- Arpit Shah:** Sir 30% margin is your products margin, broadly?
- Dinesh Patidar:** Right.
- Arpit Shah:** So, this Rs. 600 crores number which you have done in Q4, so this seasonality will continue, or momentum will go on under KUSUM? Q1, Q2 will be dip or the number will be on the higher end?
- Dinesh Patidar:** No, we are bringing expansion. We are seeing a huge and a better market ahead that is why we will do a minimum growth of 30% year-on-year.
- Arpit Shah:** If I see your market share in KUSUM website you have 26% overall market share, but if I see your incremental market share then it is around 43%, so will you be able to maintain this incremental market share around 40% to 50%?

- Dinesh Patidar:** No, this 43% which you are seeing is something else. Total 26% is showing in their website, but what I am telling you is that currently we are at 30% market share. That is more correct.
- Dinesh Patel:** Market share is 26% you have seen it wrong somewhere.
- Arpit Shah:** No, if incrementally I see then it is around 43%. What you show executed in your presentation that you have executed Rs. 81,754 in Q4. In Q3 presentation you have shown Rs. 68,779 you had an incremental?
- Dinesh Patel:** Actually, in this we don't see temporary impact we always say on year-on-year basis that is why we are talking with you on YTD level that in this total pumps have been executed and from that what was our market share is different that is the different study and if you want a different study then as Dinesh sir has welcomed you please come I will tell you 2, 3 more studies.
- Arpit Shah:** Broadly you are saying 30%, 15% is operating margin you are guiding for FY25 and could be better than that?
- Dinesh Patidar:** Yes, we will make market share and will increase slowly.
- Moderator:** Thank you. The next question is from the line of Pritesh Chedda from Lucky Investments. Please go ahead.
- Pritesh Chedda:** I just wanted to check how many players in the solar pump side have their own variable frequency drive?
- Dinesh Patidar:** Majorly we are the manufactures of frequency drive in India. We are the ones who is making in pump industry and haven't found anyone yet who has made pumps yet. Yes, there will be other small players as ours is a big country.
- Pritesh Chedda:** So, in the 75% market share that the other players have do they use imported frequency drive? Do they get it from India? How is it?
- Dinesh Patidar:** Basically screw assembly is going on these days that too will stop in few days, ISI has come in that too, so I don't think that Chinese product will be sold in our country in the future because if we have to make our country Atmanirbhar Bharat then in VFD also ISI mark has come and it will be compulsory in the future then will be able to know from where it is coming, where it is going, what is happening and who is buying.
- Pritesh Chedda:** So, as of now everyone is assembling imported or using imported, that is how it is, right other than you who is having your own frequency drive?
- Dinesh Patidar:** Right.

- Pritesh Chedda:** Do you sell frequency drive to any of the pump manufacturer?
- Dinesh Patidar:** We are not doing it yet. We have little capacity and as our capacity increases yes, definitely we will give to other pump industry.
- Dinesh Patel:** Currently we are not supplying to the OEM customers in pump industry market.
- Pritesh Chedda:** So, you don't supply pump neither you do you supply frequency drive to any of the other....
- Dinesh Patidar:** Right now, but in the future as the capacity increases we will definitely do.
- Moderator:** Thank you. Ladies and gentlemen due to the time constraint we will take this as the last question. I would now like to hand the conference over to Mr. Dinesh Patidar for closing comments.
- Dinesh Patidar:** Thank you everyone for attending this call. If any of your queries remained unanswered then you can contact with our EY IR team. Once again I invite you all to come and visit our plant. Thank you very much.
- 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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