

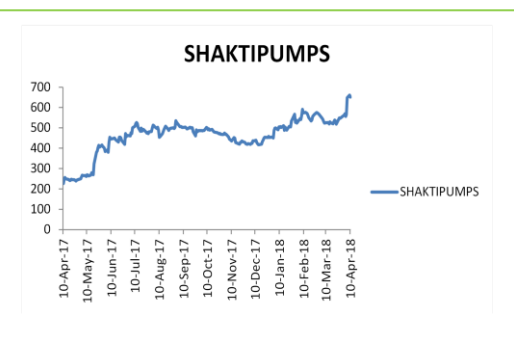
April 11, 2018

Rating:	BUY
Ticker:	SHAKTIPUMP
CMP:	Rs.673
Target:	Rs.900
Upside:	34%

Key Stock Data	
Sector	Industrial Machinery
No. of shares	1.83 Crs
FV (Rs)	10
MCAP (Rs)	1237 Crs
MCAP (\$)	18 Crs

Key Financials (Rs. in Crs)			
Y/E March	FY17 A	FY18 E	FY19 E
Revenue	425	531	637
EBITDA	54	96	121
PAT	21	48	64
EPS /sh.	11.28	25.99	34.65
BV /sh.	119	130	156
P/BV (x)	3.59	3.28	2.73
PE (x)	56.91	24.70	18.52
ROE (%)	9%	20%	22%

Shareholding Pattern	
Promoters	47.59
FIIIs	0.38%
DIIIs	0%
Others	52.03%



Research Analyst
 Foram Parekh
Foram.parekh@indiabulls.com

Shakti Pumps (India) Ltd. – SHAKTIPUMPS.

3QFY18 Result Update

The Company reported stupendous set of 3QFY18 numbers on all counts both on a yearly as well as on a quarterly basis. The topline of the company grew by 42% Y-o-Y and 120% Q-o-Q to Rs. 148 Crs in 3QFY18 as against Rs.104 Crs in 3QFY17. EBITDA for the quarter grew by 120% Y-o-Y and 194% Q-o-Q to Rs.30 Crs in 3QFY18 as against Rs.14 Crs in 3QFY17 and Rs. 10 Crs in 2QFY18. PAT for the quarter grew by 307% Y-o-Y and 454% Q-o-Q to Rs. 17 Crs in 3QFY18 against Rs.4 Crs in 3QFY17 and Rs. 3 Crs in 2QFY18. EBITDA Margin increased by 521 bps Q-o-Q and 732 bps Y-o-Y to 20.63% in 3QFY18 as against 13.31% in 3QFY17 and 15.42% in 2QFY18. PAT Margin increased by 681 bps Q-o-Q and 735 bps Y-o-Y to 11.29% in 3QFY18 as against 3.94% in 3QFY17 and 4.48% in 2QFY18.

Management guided for 20-25% Top-line growth.

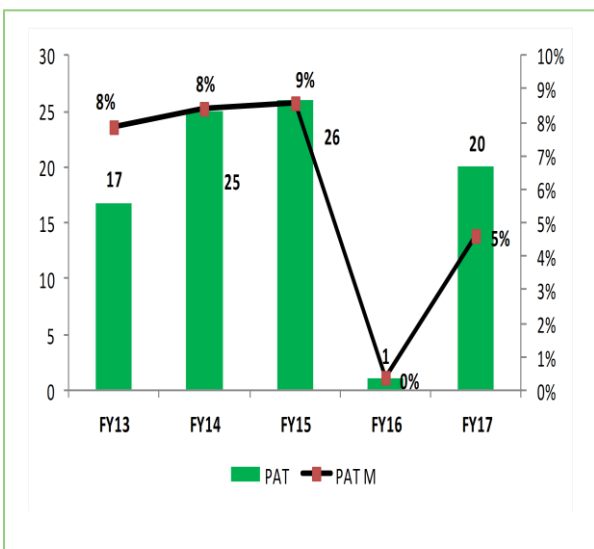
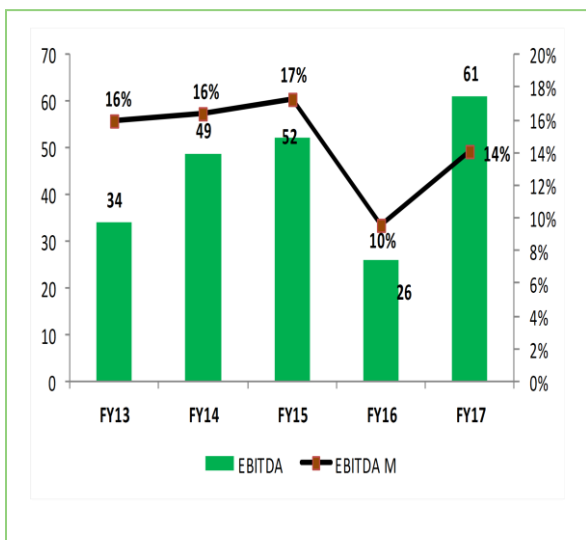
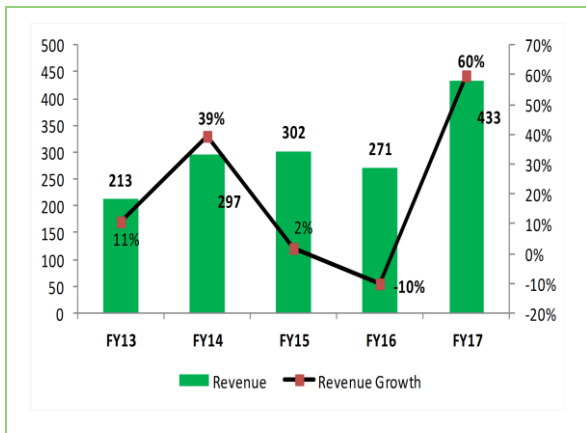
Shakti Pumps reported a good set of 3QFY18 numbers and the management claims that it has orders worth Rs. 300-350 Crs in hand and expects more Rs. 150 – 180 Crs orders from the OEMs. As a result the management has guided for 20-25% topline order growth in FY18.

Outlook & Valuations

SHAKTIPUMP's Topline and Bottom-line is expected to grow at a CAGR of 15%-20% respectively. We expect that the company surplus scenario is likely to continue for the next three years, will keep its growth story in the coming quarters also. With the government's focus to boost the solar energy, this augurs very well for the company as a result we recommend a BUY on the stock. The company is also looking to increase its exports which will further boost the topline of the company. The company is currently trading at 18.53x FY19 PE. We would like to allot a PE multiple of 26x on an FY19 E EPS of Rs.34.65 to arrive at a Target Price of Rs. 900 per share.

Quarterly Financial Highlight Table (Rs. In Crs)

Particulars	3QFY18	2QFY18	3QFY17	Q/Q	Y/Y	FY2017
Revenue	148	67	104	120%	42%	425
EBITDA	30	10	14	194%	120%	54
PAT	17	3	4	454%	307%	21
EPS	9.07	1.64	2.23	453%	307%	11.28
EBITDA M	20.63%	15.42%	13.31%	572 bps	1028 bps	12.72
PAT M	11.29%	4.48%	3.94%	330 bps	885 bps	4.84%



Investment Rationale

1. Solar Power Pumps to be the next leg of growth

Most of the states government is adopting solar pumps specifically. The company has an order of 20,000 pumps. These pumps will be installed in three phases which includes pumps, installations and solar panel. As a channel partner with the Ministry of New and Renewable Energy (MNRE), the company will be eligible to sell its products directly to customers and claim subsidy from the Ministry and also Participate in State government promoted solar projects. The government of India is much focused to give boost to the solar energy and SHAKTIPUMPS can be a direct beneficiary of the same. As a result the revenue from India's operations has increased significantly by 41% Y-o-Y to Rs. 142 Crs in 3QFY18 as against Rs. 101 Crs in 3QFY17.

2. The company is targeting to a good growth in both topline and bottom-line

The company has been growing stupendously at a CAGR of 20-25% p.a and we feel given the sector the company is operating into, the company is poised to grow at a CAGR of 20% both in its top-line and bottom-line.

3. Aims to increase Exports.

The company aims to increase exports in the upcoming years and expects agriculture exports will recover in the upcoming time. The management is positive given the good budgetary allocations and the good monsoon and after post demonetization and GST impact, the management feels next year exports of the company shall increase on a yearly basis.

4. Stupendous Financials

The company has consistently been growing at a CAGR of – 19% from FY13-17 on its top-line and at a CAGR of 4% on its bottom-line from FY13-17. Going forward, the management expects to maintain a CAGR rate of 20% on both of its top-line and bottom-line

April 11, 2018

The company is principally engaged in the business of manufacturing various types of pumps & motors.

The company offers approximately 1500 pump products variants that find application in ground water supply, irrigation, pressure boosting.

Any technical fault in machinery may lead to capacity under utilization

The company is also looking to increase its exports which will further boost the top-line of the company.

Company Background

Shakti Pumps is an India based stainless steel pump manufacturer. The company is principally engaged in the business of manufacturing various types of pumps & motors. The company offers approximately 1500 pump products variants that find application in ground water supply, irrigation, pressure boosting, industrial application, as well as in fire-fighting systems and pumping applications for domestic and hospitality sectors.

The company's product portfolio includes solar pumps, submersible pumps, submersible motors, vertical multistage, centrifugal pumps, immersible pumps, pressure booster pumps etc. The company's manufacturing units are located at pithampur domestic tariff area (DTA) and Pithampur special economic Zone

Risk & Concerns

1. Slow growth might be detrimental for the Company.
2. Increased competition might affect the Company's margins.
3. Any technical fault in machinery may lead to capacity under utilization
4. The risk of not being able to sell an asset efficiently can affect liquidity.

Outlook & Valuations

SHAKTIPUMP's Topline and Bottom-line is expected to grow at a CAGR of 15%-20% respectively. We expect that the company surplus scenario is likely to continue for the next three years, will keep its growth story in the coming quarters also. With the government's focus to boost the solar energy, this augurs very well for the company as a result we recommend a BUY on the stock. The company is also looking to increase its exports which will further boost the top-line of the company. The company is currently trading at 18.53x FY19 PE. We would like to allot a PE multiple of 26x on an FY19 E EPS of Rs.34.65 to arrive at a Target Price of Rs. 900 per share.

April 11, 2018

Analyst Stock Rating	
Ratings	Expected absolute returns over 12 months
BUY	>15%
HOLD	10- 15%
REDUCE	<10%

Research Analyst:

Foram Parekh – Fundamental Analyst – Equity Email: foram.parekh@indiabulls.com

Indiabulls Ventures Limited is a SEBI Registered Research Analyst having registration number: INH100004906

Disclosure:

We /I,Foram Parekh author(s) hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. We/I, also certify that no part of our/my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or Indiabulls Ventures Limited does not have any financial interest in the subject company. Also Research Analyst or his relative or Indiabulls Ventures Limited or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative Indiabulls Ventures Limited or its associate does not have any material conflict of interest.

Disclaimer:

This document has been prepared by Indiabulls Ventures Limited (IVL), for use by the recipient as information only and is not for circulation or public distribution. This document is published in accordance with Regulation 18 of the SEBI (Research Analysts) Regulations, 2014 & IVL research analysts have adhered to the code of conduct under Regulation 24 (2) of the SEBI (Research Analysts) Regulations, 2014. IVL researches, aggregates and faithfully reproduces information available in public domain and other sources, considered to be reliable and makes them available for the recipient through this document. However, IVL make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability, error, omissions with respect to the information contained in this document. Recipients should be aware that past performance is not necessarily a guide for future performance & value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities/financial instruments. Nothing in this document constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to recipients' specific circumstances. Anything contained in, not contained in, assumed to be implied, warranted, excluded from being warranted or vaguely alluded to shall not be attributed to, blamed upon, or otherwise associated with IVL nor IVL shall be responsible, accountable, discountable, or in presence or absence thereof for any liability arising from the use of this document. IVL, its directors and/or employees doesn't accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

IVL directors/employees and its clients may have holdings in the stocks mentioned in the document. This report is based on technical, fundamental and derivative analysis on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

Indiabulls Ventures Limited : www.indiabulls.com

Corporate Office: Indiabulls Ventures Limited, Indiabulls Finance Center, Tower 1, 8th floor, SenapatiBapatMarg, Elphinstone Road (W), Mumbai – 400013.