November 20, 2025

Listing Department
BSE Limited
Floor 25, P.J. Towers
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Mumbai – 400 001

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400051

Scrip Code: 544418

Name of Scrip: OSWALPUMPS

Sub: Transcript of the Earnings Conference Call for Q2 FY 2026 held on November 14, 2025

Dear Sir/ Madam,

Please find enclosed the transcript of Earnings Conference Call conducted by the Company for Q2 FY 2026 on Friday, November 14, 2025.

This is for your information and records.

Thanking you,

Yours faithfully

For **Oswal Pumps Limited**

ANISH KUMAR

Digitally signed by ANISH KUMAR
Date: 2025.11.20 11:05:58 +05'30'

Anish Kumar
Company Secretary and Compliance Officer

Encl: As above

"Oswal Pumps Limited

Q2 FY '26 Earnings Conference Call"

November 14, 2025

MANAGEMENT: **MR. VIVEK GUPTA – CHAIRMAN AND MANAGING DIRECTOR – OSWAL PUMPS LIMITED**
MR. SHIVAM GUPTA – WHOLE-TIME DIRECTOR – OSWAL PUMPS LIMITED
MR. SUBODH KUMAR – CHIEF FINANCIAL OFFICER – OSWAL PUMPS LIMITED
MR. SANJEEV SANCHETI – INVESTOR RELATION ADVISOR – UIRTUS ADVISORS LLP

MODERATOR: **MR. ACHAL LOHADE – NUVAMA INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Oswal Pumps Q2 FY '26 Earnings Conference Call hosted by Nuvama Institutional Equities. 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 call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Achal Lohade from Nuvama Institutional Equities. Thank you and over to you, sir.

Achal Lohade: Thank you, Rayo. Good afternoon, everyone. On behalf of Nuvama Institutional Equities, we welcome you all for the earnings call of Oswal Pumps Limited. The management is represented by Mr. Vivek Gupta, Chairman and Managing Director, Mr. Shivam Gupta, Whole-Time Director, Mr. Subodh Kumar, Chief Financial Officer and Mr. Sanjeev Sancheti, IR Advisor, Uirtus Advisors LLP. Without further delay, I hand over the call to Mr. Sanjeevji for opening remarks, followed by Mr. Vivek Gupta, and then we'll take the Q&A. Over to you, Sanjeevji.

Sanjeev Sancheti: Thank you, Achal. Good afternoon to all the participants on the call. It is my pleasure to welcome you to the Oswal Pumps Limited Q2 FY '26 Earnings Call. Joining me today are the members of the senior management team of the Oswal Pumps, Mr. Vivek Gupta, Chairman and Managing Director, Mr. Shivam Gupta, Whole-Time Director, and Mr. Subodh Kumar, CFO.

Before we begin, I would like to draw your attention to the Safe Harbour statement included in the earnings presentation. This has also been uploaded on the BSE and NSE website for your reference.

With that, I will now hand over the call to Mr. Vivek Gupta for his opening remarks. Over to you, Vivekji.

Vivek Gupta: Thank you, Sanjeevji, and very good afternoon, everyone. On behalf of Oswal Pumps Limited, I warmly welcome all of you to our quarter 2 FY '26 earnings call. We are pleased to report operating revenue of around INR540 crores, reflecting a strong 73.9% year-on-year growth and 5% growth over the subsequential quarter.

This sustained momentum was primarily driven by the continued execution of our PM KUSUM and Magel Tyala orders. Our EBITDA margin for the quarter stood at 24.7% and our operating EBITDA margin stood at 23.7%, reflecting a quarter-on-quarter decline of 3.68%. The primary reason was the L1 price in PM KUSUM and Magel Tyala tenders, which fell by an average of 7.5%, impacting the margin of over 80% of our core revenue.

In addition, certain one-time factors contributed to margin pressure, including approximately INR40 crores of module sales of significantly lower margins compared to complete pumping systems and a one-time expense of INR2.5 crores related to increasing the authorized capital of our subsidiary. These factors together caused an estimated 1.8% decline in operating EBITDA margins, which we expect to recover in Q3 FY '26. Overall, the above-mentioned elements resulted in an operating EBITDA margin compression of over 6.5%.

However, how proactive value engineering initiatives and operational excellence is, we are able to mitigate the impact of 2.85%. These actions reinforce our ability to navigate pricing pressures and protect profitability, while positioning the business for a stronger margin profile going forward.

While the rate revision contributes to put pressure on margins, we are progressing toward the completion of several key backward integration and value engineering projects, which will positively impact our operating profitability by another 1% from quarter 4 FY '26. Operationally, we continue to deepen our leadership in the solar pumping ecosystem.

As of October 31, 2025, we have successfully executed over 80,000 solar pumping systems under various government programs, further solidifying our position as one of the largest integrated solar pump providers in the country.

Looking ahead, we have a strong order book exceeding 18,800 pumps consisting of direct PM KUSUM, Magel Tyala, indirect PM KUSUM and export orders, and a near-term pipeline of over 30,000 pumps across major states including Maharashtra, Haryana, Karnataka, Madhya Pradesh. These orders, along with the robust near-term pipeline position, ask well to achieve our financial year 26 targets.

Additionally, we anticipate the launch of PM KUSUM 2 before the end of this fiscal, given our integrated business model and strong execution capabilities, we are extremely well placed as well as confident to leverage the opportunities that will arise from the upcoming program.

Separately, we proposed shifting the solar module expansion project to a land parcel located adjacent to our existing plant. This proposed change is driven by several practical and strategic considerations as outlined below. The proposed land parcel is situated immediately adjacent to the existing facility of Oswal Solar Structure Private Limited.

This proximity offers significant logistic benefits, including seamless coordination, reduced transportation, time and cost, and overall operational efficiencies. The proposed land is a vacant industrial parcel leased under an agreement for a period of 15 years, commencing June 25-24, with the provision of extension upon mutual agreement.

Given the accession to the existing facility, the current skilled workforce can be leveraged more effectively for the expanded operations. Moreover, existing R&D, laboratory and administrative infrastructure can be shared, resulting in meaningful cost savings. The proposed land parcel offers a substantially larger area of 28,000 square meters compared to 13,983 square meter area available at the earlier location.

This enhanced space allows for optimized plant layout and design efficiency, ample storage of raw materials and finished goods, scope for future scalability and expansion. The proposed land is already classified as industrial land, since it is adjacent to the existing OSSPL facility. The project will be treated as an extension of the current event. As a result, only amendments or updates to the existing regulatory approvals and licenses will be required. No new approvals are necessary, thereby minimizing administrative processes and associated costs.

Existing Oswal Solar Structure Private Limited facility has an independent electricity feeder that can be shared with the new unit, resulting in cost optimization. Members may also note that no funds have been deployed on the initially proposed project land, although the land located has changed.

The intended utilization of funds remains exactly as disclosed in the prospectus. The expansion is being executed in phases, the first of which has already commenced, and this change will not impact the overall project timeline. This proposed relocation is expected to significantly enhance operational efficiency, reduce costs and deliver superior long-term value. All other elements of the object clause remain unchanged. Overall, this will be a value accretive to all the stakeholders and for which we will seek shareholders' approval.

With that, I will now hand it over to our CFO, Mr. Subodh Kumar, who will walk you through the financials in more detail. Over to Subodh.

Subodh Kumar: Thank you, Vivek Sir. And good afternoon, everyone. I will now take a few minutes to walk you through the financial highlights for the quarter. As mentioned earlier, I hope you have had a chance to review our earnings presentation and press release. So, let's begin with the top line. So, operating income for quarter 2, financial year '26, stood at INR540 crores, which represents a 73.9% growth year-on-year basis and a 5% increase quarter-on-quarter basis.

Operating EBITDA for the quarter stood at INR128 crores, reflecting a 26.5% year-on-year growth and 9.1% quarter-on-quarter degrowth. This translates into an EBITDA margin of 23.7%, while EBITDA margin for H1 financial year '26 remained healthy at 25.5%. Profit after tax was INR98 crores, up 48.3% year-on-year and 3% Q-on-Q basis, with a PAT margin of 17.8%. H1 financial year 26 PAT margin stood at 18.1%.

Now, on to the return ratios and balance sheet metrics. Despite the capital infusions, our returns ratio remained strong. Return on net worth stood at 40%. Return on capital employed was 45.9%. Our receivable days stood at 138 days as of September 2025, compared to 126 days at the end of June 2025. This increase was primarily driven by two reasons.

First and foremost reason was under PM KUSUM and the Magel Tyala Payment Terms. Under this program, disbursements are linked to the RMS data, which require pumps to operate for at least 90 days before payments are released. So, due to extended monsoon across the country, pumps used by farmers during the quarter was lower than expected.

This delayed the generation of RMS data, consequently lengthening the receivable cycle. With the monsoon season now over, we expect the situation to improve in the current quarter. And the second reason was delay in disbursement of bank loans to the Magel Tyala. The disbursement process experienced temporary delays. However, it is expected to be completed within the next 10 to 15 days, which will help improve the receivable cycle going forward. So, we reported a net debt position of INR38 crores as on quarter end.

Coming to IPO fund utilization, as you are aware, the primary objectives were to fund capacity expansion and reduce debt. Out of the total cash issue proceeds of INR842 crores, we have already deployed approximately INR478 crores towards these goals. Looking ahead, backed by our strong order backlog and supportive industrial tailwinds, we are confident in sustaining our growth momentum.

For financial '26, we are targeting revenue growth in the range of 50% to 60% with a medium-term goal of maintaining a CAGR of 30% to 35%. The one-time margin impact witnessed during the quarter is not expected to reoccur in the remainder of the financial year, and further cost saving for at least 100 basis points we are expecting by Q4 financial '26.

We believe we should end Q3 with an operating EBITDA margin in the range of 25.5% to 26%. And Q4 with an operating EBITDA margin in the range of 26.25% to 26.75%. We expect PAT margins to be in the range of 17.5% to 19%. We remain committed to discipline, execution, financial prudence, performance, and sustainable growth.

So, with that, now we open the floor for questions. Thank you.

Moderator: Thank you very much. First question is from Prit Nagersheth from Wealth Finvisors. Please go ahead.

Prit Nagersheth: So, the question I have is regarding KUSUM. I'm reading some reports where there is some indication that KUSUM itself might get extended because they are running behind their targets for both B and C components. Now, my question is this, that in the scenario they get extended into next year and KUSUM 2 gets further delayed, what becomes of our growth outlook for the subsequent years?

Vivek Gupta: Pritji, first of all, regarding KUSUM 2, we have received a guideline from the government and MNRE. There has been a discussion that in the month of Jan is expected to come and in KUSUM 2, all of us, the entire industry is very bullish. And even the entire department, the MNRE he is very keen to introduce.

That's why, judging the problems in KUSUM 2, he is launching it easily. Number one. But let's assume for a minute that the scheme of KUSUM 2 for some reason, there is a slight delay. Right. Even then, in today's date, the state governments like for instance, if we talk about Maharashtra, in Maharashtra, Magel Tyala state government has continued its orders and tenders. So there, because of PM KUSUM 2, the orders are not going to be delayed nor are they happening.

Presently, all states are doing like MP is also working in the same direction. Karnataka is also working in the same direction. Because till 31st March '25, till this calendar year, the total scheme of PM KUSUM 1 will be stopped by the government. It will not be continued. This is clear.

But in the meantime, all the state agencies are not waiting for PM KUSUM 2. They are continuing their schemes as per understanding by Central Government and State Government. They are continuing their schemes subject to prices. Meaning, the prices of PM KUSUM 1, if the prices are equal or minus of the State Governments, then the State Governments have no issue. That's why, I don't think that any person in any industry has any concern regarding this volume, regarding this growth.

Prit Nagersheth: Sir, the question is that in the scenario, KUSUM 1 runs for a long time, and state schemes come up, this year, 50%-60% is already cancelled because of your pipeline. But for next year, the 35% that you are thinking of, will you keep it at 25%? I am just trying to understand the impact. I agree that it won't happen, but still?

Vivek Gupta: Look, I would like to tell you one thing. This scheme is a compounding scheme. Compounding means if due to any reason, the government's PM KUSUM 2 gets delayed, then it will impact the entire solar cell. In which the government has given very big TLI schemes and is trying to bring solar cells under ALCM as well. So that the Indian cell industry gets promoted. So, in today's date, the biggest consumer of DCR cell is TM KUSUM. Right? So, PM KUSUM getting delayed due to any reason means that the entire solar cell industry is put in uncertainty. That's the number one point.

There, the government has no such intention. Because, no matter how deeply the Central Ministry has discussed with the entire industry during the meeting, they are very bullish. And they are coming with a very good volume.

And what is their problem? They want that all the problems that have come to your implementation, they should not come in the future. That's why they are taking a little more time to launch it. So that in a more aggressive way, in PM KUSUM 2, this solar pump installation is very aggressive. This is the only reason. So, volume growth and CAGR, I don't think there is any gap or concern.

Because every department, every state is very bullish. And definitely we are very much bullish. So, I don't see any concern here. In the coming years as well. Right.

Prit Nagersheth: Thank you, sir. The second question was on the EBITDA margin. Your last call, it was asked that what is coming that might put you in stress or tension. And your answer was good that you thought a lot, but nothing was coming. Now, in this contract, suddenly there is one time EBITDA margin. Okay, fine. Full year, half year, still 25% came. So, in the next half year, what is your guidance for EBITDA margin?

Vivek Gupta: Okay. See, if we talk here, now I will divide it like this, from quarter 3. So, in quarter 3, we are expecting around 25.5% EBITDA margin. We are expecting 25.5% or 26% EBITDA margin in lower side. We are very much confident that we will achieve it. And in quarter 4, again, we are expecting around 27% EBITDA margin. Around 26.75% max. We are expecting. What is the reason for this?

See, if you see, 1.8% EBITDA margin, our one time cost has been incurred which is not going to happen in the future. So, this is going to be the biggest benefit. Second, our company has worked a lot on value engineering whose impact, if we see, the tender of Magel Tyala, that tender, compared to the previous PM KUSUM 1, has gone very low.

Its impact is 7.5% in the total tender prices. But, because the company had already planned that it will go down, we have been working on value engineering for a long time. We have minimized its impact.

In the same way, if due to some reason, the tenders that are coming up, our company has assumed that if due to some reason, 2%, 3%, 4% price of the tender goes down, then how to recover it? Moreover, the proposal that our team has given, the production team, R&D team, has given that even if 3%, 3.5%, 4% prices go down, then the maximum impact on the company will be from 0.5% to 1%.

So, and that too, will it go down or not, this is a very big question. But, if it goes down, how much can we minimize? So, on every front, we are working very aggressively. We are assuming that we are equipping all the facilities that we have. And, we are definitely doing R&D very strongly. Thank you.

Moderator: Thank you. The next question is from Raman KV from Sequent Investments. Please go ahead.

Raman KV: Sir, I just have one question. In this quarter, how many pumps have we executed? And, in comparison to the previous quarter and in comparison to the previous year's same quarter, can I have the figures?

Vivek Gupta: Okay. I need one minute. In this quarter, we have executed 48,000 pumps. In quarter 2. Raman Ji, are you talking about solar pump or total pump?

Raman KV: Solar plus normal?

Vivek Gupta: Okay. So, in quarter 2, we have supplied 48,000 pumps. And, in quarter 1, we have supplied 51,000 pumps. Both solar and non-solar.

Raman KV: And, in the previous year's same quarter also. Q2 FY '25.

Vivek Gupta: Sir, I don't have the immediate data, but I will give it to you. Around 35%-40% of quantum last quarter 1 and last quarter 2. Approximately. I will give you the exact figure.

Raman KV: Sir, in 48,000 pumps, how many solar pumps were there?

Vivek Gupta: How many solar pumps were there in 48,000? In 48,000 solar, there were 23,000.

Raman KV: Okay, I understand. Hello. Sir, my second question is how long will the solar module be operationalized? And, when will the impact be on EBITDA margins?

Vivek Gupta: Yes. On EBITDA margins, definitely there will be no effect. Because, we are already working at a capacity of 600 MW. So, in the future, we will get more orders of pumps. These are our big plans. So, definitely, we have the capacity, supply chain and profitability intact.

So, the timeline that we have in solar project is within the timeline. So, in this financial year, we will get 0.75 MW in operation. And, in the next financial year, we will get 0.75 MW in operation. So, our need, our expectation of quantum and business growth, simultaneously, this project will fulfill our need.

Raman KV: Understood. Sir, in the 23,000 solar pumps that you have installed, how many MW of solar module have you used?

Vivek Gupta: Approximately, in 23,000, approximately, 100 MW, Approximately, 100 MW.

Raman KV: Okay. So, around 20,000 solar pumps usually around 100 MW of solar module? This is unit economics?

Vivek Gupta: Generally, in 5 KW, we get an average, not exactly average, 5.5, 5.8, but practically, 5 KW average, so 20,000 means 23,000 means 100 MW, around 110 MW.

Raman KV: Okay, understood. Thank you, sir.

Vivek Gupta: Thank you, Raman Ji.

Moderator: Thank you. Next question is from Gaurav Agarwal from VA Capital. Please go ahead.

Gaurav Agarwal: Sir, I have a few questions. Firstly, the price of a 7.5 HP pump is 3,30,000?

Vivek Gupta: Right.

Gaurav Agarwal: And in the PM KUSUM scheme, does it require 7.5 HP pumps or less?

Vivek Gupta: Okay. Gaurav Ji, in every state, every farmer has a requirement. If the quantity comes from Haryana or Punjab, then here, more or less, 7.5 HP and 10 HP pumps are required. But if the same requirement comes from Maharashtra, then 3 HP and 5 HP pumps are required. But if the same requirement comes from Rajasthan, then 5 HP and 7.5 HP pumps are required. So, it depends on the need of the farmer.

But more or less, every state has a different rating requirement. So, broadly, if we tell Raman Ji, that our average is 5 KW because somewhere it is 7.5 KW, somewhere it is 3 KW, somewhere it is 10 KW, then broadly, it is 5 KW, 5.5 KW, 5.25 KW.

Gaurav Agarwal: So, what is the approximate value of 5 HP?

Vivek Gupta: 5 HP, I will approximate it to you. It varies from state to state. But more or less, the cost is around 2.5 Lakhs. 2.65 Lakhs, 2.60 Lakhs.

Gaurav Agarwal: So, now, in the second quarter, you have done 23,000 solar pumps and 25,000 other pumps. What will be the average cost of 25,000 other pumps?

Vivek Gupta: The 25,000 pumps, while we are selling 23,000 pumps, this is a complete combo. That means, in this, we are supplying pump, motor, controller, solar module, solar structure, solar BOS, cable, and services. We are supplying all these combos.

But, if we talk about other pumps which are in the export market or in our Pan India Network, there are a lot of variety of pumps. For example, the value of domestic pumps is around 2,500 to 3,000. But if we talk about agriculture pumps, the value varies from 20,000 to 40,000. If we talk about the export market, it varies from 10,000 to 20,000. So, it depends on the demand in which region. Approximately, maybe, the average will be around 8,000-10,000. Yes.

Gaurav Agarwal: 8,000 will be the average?

Vivek Gupta: Right.

Gaurav Agarwal: You had given a guidance of 2,25,000 pumps. This year, you will be able to execute it. 50% will be solar?

Vivek Gupta: We had given around 65,000 to 75,000 pumps will be installed this year. We had given around 75,000. We are quite very much confident. We do not see any gap or concern in those numbers. We are fully equipped. So, there is no gap.

Gaurav Agarwal: So, in the first half, you have done 23,000 pumps?

Vivek Gupta: No, we did not do it in the first half. We did 23,000 in the quarter 2.

Gaurav Agarwal: Yes, total 23,000 plus 40,000 pumps you have done in H1. So, you are expecting H2 to be only with 35,000 to 40,000 pumps?

Vivek Gupta: We are expecting more than this. But as you asked what guidance we had given last time, we had given 65,000 to 75,000. So, we do not see any gap there. In fact, the numbers, if any company is growing, we should definitely look at more numbers.

Gaurav Agarwal: So, according to me, if you do calculations, if you do another 50,000 pumps in the second half, I think you should be able to cross your revenue guidance of 60%?

Vivek Gupta: Sir, this will be very early, but I will say what you have said. So, definitely your best receipts have reached us. So, we hope that the words you have said will be fulfilled very well.

Gaurav Agarwal: Yes, sure. I also want the same. Definitely, sir.

Vivek Gupta: We will definitely say one thing that we are very well equipped to take any kind of quantum in the market and our team is very aggressively and with a lot of enthusiasm.

Gaurav Agarwal: Currently, I think your order book is of 18,000 pumps, right?

Vivek Gupta: Yes, we have 18,800 pumps and our upcoming projects where we are getting visibility of around 30,000 pumps, we are getting very clear visibility, so that is also there.

Gaurav Agarwal: Okay. And another company, I think Shakti Pumps had mentioned in their con call that the prices of the raw materials have gone up because of their contraction. So, is that true or you are not able to affect it?

Vivek Gupta: No, definitely. See, the prices of raw materials are also increasing and the prices of tenders are also decreasing. But, as we have said, our team has worked a lot on value engineering and is still working.

So, all those things, the EBIDTA margin that you just saw, this is practically 1.8% impact at one time. We are in a position to recover this by Q3. So, I don't think that the impact that was supposed to come with the prices has already come. If the prices of tenders go further down, that is a different matter.

Or if the prices of raw materials increase further, then that is a big thing. There is not much to say about it today. But there is a lot of clear visibility that in the coming time, the prices of raw materials are going to increase a lot. The increase that was supposed to come has already come.

Sanjeev Sancheti: Can I intervene, Sanjeev here? I think one thing we have to understand that on the sales side, I think the prices are not expected to go down and I think we are only seeing some softening on sales prices. But that apart, I think by DNA, the company is very backward integration oriented and very frugal.

So, on every quarter to quarter, they work on value-inducing to reduce the cost. And I think that's the DNA why we are 3%-4% ahead in margins from the competition in the market. So, that I think is very important for us to understand.

Gaurav Agarwal: Okay, last question. The complete capacity for the next year will be 5 lakh pumps. So, how much are we targeting to utilize the capacity next year?

Vivek Gupta: See, as we have seen in the prospectus about the IPO fund utilization, the company is working very aggressively on it. And we are quite very much confident that next year, I think in the first quarter of next year in FY '26 or maximum in the second quarter, we will achieve our capacities of 5 lakhs. And by March, our capacities will be very good.

So, the quantum that we are expecting in FY '27, I don't see any gap in terms of capacity. And accordingly, from where we are getting information that the ECs range requirement is coming, we are planning to enhance that capacity first. So, that is not an issue. It is going on in a proper plan.

Gaurav Agarwal: Okay, sir. Thank you very much.

Vivek Gupta: Thank you, Gaurav ji. Thank you.

Moderator: Thank you. The next question is from Surendra, who is an Individual Investor. Please go ahead.

Surendra: Good afternoon, and first of all, the guidance you gave has given better results. So, congratulations on that. Your nearest competitor, which has recently become public, is growing more than 100%. Now, your execution capacity is very good. You have value engineering as well. So, can you grow faster or is it not possible?

Vivek Gupta: Look, Surendra ji, definitely, we will grow very well. But, one thing that we are very conscious about is our brand value. Plus, our strategy is to grow at the level of the whole of India. I mean, we should bring our presence in every state and execute our team there. If we focus more on one state or grow there, then our internal team does not feel comfortable. So, today, we have more work in one or two states.

But, we are very much optimistic, and our visibility is very clear that there is a very long range of requirements in different states. Similarly, in multiple states, you will see that Oswal is going to grow the most. Because, today, we have presence in Ladakh, Goa, Assam, Meghalaya, Sikkim, Karnataka, Himachal Pradesh, Haryana, Uttarakhand, Bihar, Jharkhand, West Bengal.

So, tomorrow, we will try to reach as many states as possible so that we have an idea of the geographical challenges there, our team is habituated, and we can build up our team there. So that we can do education and training there. These are the reasons.

Surendra: So, you are building infrastructure so that in the future, you become the biggest player, which is highly appreciated. My second question is that what is the entry barrier because there is a concern that if the industry is very attractive, then many new players come in it. And then the tender rates decrease because there are too many people. What do you think, is there an entry barrier to more new players?

Vivek Gupta: Look, we can divide this into two parts, Mr. Surendra. Definitely, if I talk about the setup that we have, then definitely, there is a very strong entry barrier. Meaning, they cannot come easily. But if I talk from another angle, as an EPC player, who does not only do production, they do not have a team, they outsource everything, they only do EPC work.

So, definitely, the number of EPC players is increasing comparatively to the old tenders. There is no doubt about it. This is the reason, if you look at it, from the first tender, overall, it reduced the prices by 10% to 11%. In which we were mentally prepared. And the prices also had an impact.

And definitely, if the next tenders come, let's assume that when the number of EPC players come, then those people are initially very desperate, they are small-scale, so even in small quantities, they feel comfortable. So they destroy the prices somewhere. But, the way we are working backwards, the way we are doing it, the sustainability of business and the volume of different state businesses, will not be able to impact our profitability overall. But definitely, if there is a price competition, then it will have some effect.

Surendra: Okay. Thank you very much.

Vivek Gupta: Thank you, Mr. Surendra.

Moderator: Thank you. The next question is from Mahek Talati from Agility Advisors. Please go ahead.

Mahek Talati: Hi, sir. Thank you for the opportunity. Am I audible?

Vivek Gupta: Yes. Hello. Sir, I have not heard your full name. Please tell me your full name. I could not hear you.

Mahek Talati: Mahek Talati.

Vivek Gupta: Mahek. Okay, sir.

Mahek Talati: Sir, I wanted to understand that when we are saying that there is a price drop in the tender, but the execution we are doing now will have a fixed price. How does the pricing mechanism work? Okay.

Vivek Gupta: Sir, when PM KUSUM 1 came, the tender of PM KUSUM 1 had the same prices across India. cluster wise. The tender was divided into 4 or 5 clusters. The rate was different due to transportation. But in PM KUSUM, every state was allocated a quantum. After that quantum, automatically, if the state has supplied the quantity, then the quantity given to the other state could not be divided in PM-KUSUM.

What did the state government do? The maximum state government called their localised tender, like Magel Tyala, Maharashtra. They made their localised tender in which the condition of the central government was that if the price of PM-KUSUM 1 exceeds that, then the subsidy shared by the central government of 30%, we will share the maximum as per the old tender.

But when this tender was floated by the state government, definitely, as I said, the number of EPC players, who were regional players, also participated. Other people also participated. So in desperate, they reduced the price. So these are the tenders of the state government that I am telling you. And we supplied in those tenders in Magel Tyala.

Mahek Talati: Sir, so we get orders from Magel Tyala, or we get orders from Maharashtra on KUSUM. So there are two order patterns, right? For example, in Maharashtra, either PM-KUSUM or Magel Tyala, right?

Vivek Gupta: See, broadly, the scheme of Magel Tyala is the scheme of the state. And the state is only executing and planning. But broadly, if we see, because 30% subsidy is given by the central government, it is given by PM-KUSUM. So 30% subsidy is also given in Magel Tyala. So broadly, this scheme also comes under PM-KUSUM. But because it was not in the tender of direct PM-KUSUM 1. It has been given by an additional tender. But under the norms, under the terms and conditions of the central government. Hello?

Moderator: We seem to have lost the line for Mr. Mahek. We will move to the next question. The next question is from Janak from Wealth Finvisor. Please go ahead.

Janak: Okay. Sir, congratulations on good set of numbers. I had some questions. You are saying that from 2 lakh pumps, the 5 lakh pumps that are going to go, which year will that be exactly? Secondly, we are a debt-free company. So what will be the debt of this company in the next 2 years? What will be the debt-equity ratio? If we are doing so much expansion, then maybe we will have to take the debt also. What was the third question? Yes, sorry. You can go ahead.

Vivek Gupta: Okay. First of all, your question is that we have 2 lakh pumps capacity. So as we said that we will achieve this capacity up to 5 lakh by H1 '27. And this capacity is achieved so that the visibility that we are getting in FY '27, '28, '29, we do not miss any portion due to our capabilities and capacity. So as per our guidance, if we talk about FY '27, we have shown our visibility of 1 lakh, 1.10 lakh pumps in solar pump installation. Is this the proximity?

Janak: Right.

Vivek Gupta: But second, if we talk about debt, today the company is debt-free. But as per our guidance, the company, which is going to generate cash, due to that cash generation, automatically our money, our capacity and sale is increasing. We are not going to have any extra borrowing requirement. All that is calculated in our financial system. So I do not think there is any gap there. Still there is no gap.

Janak: One more thing I wanted to know, we are dependent on government projects. Are we also trying to do penetration in general market?

Vivek Gupta: Sir, now we have started our focus on that side very aggressively. The company is in export market and domestic market. After hiring at senior level, they are making many plans. There is a lot of discussion about this. Definitely in the coming time, you will see that our private network, export market and other than government network, you will see a lot of increment in FY '27.

Janak: Okay sir. One more thing I wanted to ask. In your solar module, adjacent land complex, how much benefit has the company got? Has the land parcel already been purchased or is it ready?

Vivek Gupta: See, our solar module is the land of promoter. The promoter has given the land on lease to the company and private limited. This is already the land. There is no problem here. The new project we are putting is also adjacent to the existing land. Our capacity which is not coming there, along with that, our transportation system and because our solar module is very close to our parent plant, this is also a benefit.

Janak: Okay sir. Can we assume that turnover for the full year can be around INR2,200 crores for FY '25-'26?

Vivek Gupta: Definitely sir. This is our viewpoint. In the first earning call, we gave the visibility that we can see 50%-60% growth this year. So, I feel that if I look at the viewpoints and achievements till now, there is no gap or concern regarding that. We are sitting at the end of November, so there is no concern.

Janak: Okay sir. Thank you so much and all the best for the remaining quarters.

Vivek Gupta: Thank you Janakji.

Janak: Thank you sir.

Moderator: Thank you. The next question is from Aman Goval who is an Individual Investor. Please go ahead.

Aman Goval: Sir, good afternoon. Most of my questions are answered. You are giving the right answers, and many things are clear. Thank you.

Vivek Gupta: Thank you sir.

Moderator: Thank you. The next question is from Punit Mittal from Ebisu Investment Advisors. Please go ahead.

Vivek Gupta: Hello Punitji.

Punit Mittal: Hello. Thank you for the opportunity. My first question is that -- if you can give some idea about KUSUM 2 which you have discussed with the government. What is the big difference between KUSUM 2 and KUSUM 1?

Vivek Gupta: Okay. Punitji, KUSUM 1 was launched 7-8 years ago. At that time, after studying a lot at the level of India, initially the government had made a very good program. But unfortunately, initially it went in a very slow way. If we look at FY '24 or '25 or '26, here it has started to speed up.

At that time, the government did not have much confidence that this scheme will be able to perform so well in the industry as it has done in the last 2-3 years. So now, the meeting with our central minister has discussed all the bugs in the central ministry that what challenges are you facing in the field. For example, we discussed the receivable cycle of RMS by reducing the days. That was our suggestion.

Second, the money that we have retained for 100-200 days is 10%. For that, we proposed a bank guarantee or security bond so that our cash is not involved. Plus, apart from this, the documentation related to installation has some problems. All these issues have been represented by the industry.

The best thing is that our joint secretary and minister are very cooperative and are patiently listening to us and are trying to rectify the situation. Our Joint Secretary has said in every meeting that we are looking at PM-KUSUM in a very big way and that the industry should install at least 1 million pumps every year.

If the industry installs 1 million pumps in a year, then we should be more aggressive in KUSUM 2 and 3. If we recall this discussion, we feel that the government is being more aggressive than us. They want to make KUSUM highly successful. All the bugs and vendors are attending KUSUM in a very good way. This is all.

Punit Mittal: My next question is that you mentioned that the cost-saving frugality in your DNA makes your margins better than competition. I am asking you this question because you are an industry veteran and leader and not to understand what the competition is doing. If you look at the gross margin level, there is an EPC player who is doing as much margin as you are and there is an integrated player who is doing much less margin than you.

I am talking about the gross level. Since the industry is very standardized and the raw materials are standardized, how can the difference in margin be at the gross level? If you can explain this to us, it will be very useful?

Vivek Gupta: If you look at Oswal Pumps Limited, the biggest thing is that Oswal Pumps Limited is a company which is almost 100% fully backward integrated. We make our own pumps and motors in-house. We make controller in-house and solar module in-house. In our associate company, we make solar structure and BOS.

Apart from this, all the parts in the pumps, all the parts in the motor, all the parts in the controller like foundries, plastic molding, rubber castings, rubber molding, stainless steel casting, SS pipe, cable industry, winding wire industry, normal winding wire, lots of plastic molding, even packaging. Lots of industries we do in-house captive consumption so that our supply chain, quality as well as R&D is controlled.

According to market competition, if our team has to change the design in the world market, a new innovation or technology is coming, then our R&D team studies it to see what's new in the market. We try to see how much that innovation can contribute to our cost.

Punit Mittal: I understand that but still, like there is a Shakti Pumps, which is integrated apart from the module and you have a 17% gross margin difference and on the other hand, there is a GK, whose Q2 results have not come yet but if you look at the last Q1, their gross margin is almost the same as yours which is just a EPC player…

Vivek Gupta: Sir, how can our gross margin be the same as GK?

Punit Mittal: In their data, last quarter's 34% gross margin is shown…

Sanjeev Sancheti: I don't think we can comment on the gross margin of the competitor but definitely if you compare us with Shakti, then we are also more integrated because at present, we are already making modules and obviously, we have very deep backward integration. Probably, we'll invite you to come to the plant to see the level of backward integration. GK, I don't think we can comment on how the gross margin is high. I think you need to ask…

Punit Mittal: We would love and I think we'll definitely have the analysts come to your plant to understand better. My last question is that in Q2, the 23,000 solar pump that you have done, out of that, how much is Magel Tyala and if you can give some clarification of the rest of the states?

Vivek Gupta: Just a second, Punit ji.

Punit Mittal: Magel Tyala is around 9,000. The rest is statewide?

Vivek Gupta: No, Magel Tyala is more. Out of 23,000. Around Magel Tyala, the quantity is around 11,000 to 12,000. That's Magel Tyala quantity. The rest is in different states. Hello.

Punit Mittal: Yes.

Vivek Gupta: In different states.

Punit Mittal: Okay. So, one thing you said is that the state-level policies, the new EPC players become aggressive. As far as I remember, in KUSUM 1, the problem that was there in the beginning, later in KUSUM 1, they made strict requirements for empanelment so that the new EPC players couldn't come. So, this difference is still there between the state-level and KUSUM 2. This difference will be there so that the new EPC players don't distort the price?

Vivek Gupta: Look, Punitji, some state governments wanted to run very aggressively and they did. Their primary purpose was that the quantity of tenders should be executed at the ground level. So, in terms of tenders, in terms of experience, in terms of financial credentials, they gave a lot of comfort to the bidder. A lot of people were initially attacked.

Especially, if we look at SMEs, they gave a lot of relief to them. So, this was one reason that the government wanted more and more participants to come. And if more and more participants come, our execution will be at a higher level, and our farmers will benefit more. So, that was the primary reason.

Punit Mittal: Okay. So, like Magel Tyala, apart from that, I think MP and the Chief Minister announced that they are launching 90% subsidy. Apart from these two states, what are the other states that are going to run aggressively at the state level?

Vivek Gupta: Look, there was a tender for Haryana as well. So, the entire process has been finished. The tender has been allocated. They haven't given the allowance yet due to some internal reasons. But, that was also a state tender. Magel Tyala is already there. MP has a state tender as well. PM-KUSUM has no tender yet. Until the PM-KUSUM's new scheme comes, the tenders can't be centralized. So, all the tenders that are coming, if we are talking about Karnataka or any state, like Goa recently, all those are state tenders.

Punit Mittal: Okay. Thank you so much for answering all the questions and all the very best.

Vivek Gupta: Thank you, Punit ji. Thank you very much.

Moderator: Thank you. We'll be able to take one last question. We'll take the last question from Raman KV from Sequent Investments. Please go ahead.

Raman KV: Hello, sir. Can you hear me?

Vivek Gupta: Yes, Ramanji.

Raman KV: Sir, I have only one question. Sir, in solar and non-solar pumps, what is the realization difference and whose margin is better?

Vivek Gupta: Definitely, today, I'll say that the complete set of solar that we supply to the government, definitely, our realization is better in that. And definitely, for many years, for the past few years, we have worked a lot on solar, and we have worked on solar backward integration, we have worked on solar technology. So, the margin of our Oswal's is comparatively more than that of non-solar pumps.

Raman KV: So, basically, your margin is also more than that of solar pumps?

Vivek Gupta: Definitely.

Raman KV: And sir, is your backward integration in solar pumps or non-solar pumps?

Vivek Gupta: No, it's in both. Our backward integration is in both solar pumps and non-solar pumps.

Raman KV: And the total revenue that you get, for example, in FY '25, how much revenue did you get from solar pumps?

Vivek Gupta: See, in FY '25, if we see, 70%-75% of our revenue is from solar pumps and 20%-25% is from non-solar pumps.

Raman KV: Understood. Thank you.

Vivek Gupta: Thank you, Raman ji.

Moderator: Thank you very much. We'll have to take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Vivek Gupta: Thank you very much, all of you.

Sanjeev Sancheti: Thanks a lot for taking your time in the evening on approaching the weekend. Really appreciate for the encouraging participation and have a great weekend, everybody. Thank you.

Vivek Gupta: Thank you very much.

Moderator: Thank you very much. With that, we conclude today's conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.