

## Week Gone

- ⇒ In the week ended on Friday, 16 February 2024, the S&P BSE Sensex gained 831.15 points or 1.16% to settle at 72,426.64. The Nifty 50 Index added 258.2 points or 1.19% to close at 22,040.70
- ⇒ The BSE Mid-Cap index rose at 0.91% to 39,390.08
- ⇒ The BSE Small-Cap shed 0.02% to end at 45,659.30

## Week Ahead

- ⇒ Overseas, China will announce Loan Prime Rate for 1 year and 5 years on 20th February 2024
- ⇒ The minutes of the US Federal Open Market Committee's (FOMC) most recent policy meeting will be released on 22nd February 2024.

## Technical Overview

The benchmark index commenced the week in red; however, after managing to escape a distribution day, the price action found positive momentum for the week and closed in the upper quartile of the weekly range. With most sectoral indices continuing to trend in a confirmed uptrend, the % of stocks trading above 20, 50 & 200 DMA saw an improving trajectory compared to the previous two weeks, indicating improving market breadth. This is a positive sign. The VIX cooled off 1.5% during the week. As we advance, the zone of 22050-22125 acts as immediate resistance and the index is anticipated to attract further bullish strength on decisively reclaiming the zone on a closing basis.

Supp: 21800-21700-21500

Res: 22125-22200-22350



Source: TradingView, BP Equities Research

## DOMESTIC INDICES

Index	16-Feb-24	09-Feb-24	Weekly % Chg
Nifty 50	22,040.7	21,782.5	1.2
Nifty Next 50	58,586.2	57,432.9	2.0
Nifty 100	22,540.9	22,247.6	1.3
Nifty 500	20,164.9	19,961.5	1.0
NIFTY MIDCAP 100	49,132.0	48,889.1	0.5
S&P BSE SENSEX	72,426.6	71,595.5	1.2
S&P BSE 100	22,980.7	22,693.7	1.3
S&P BSE 200	9,978.7	9,857.3	1.2
S&P BSE 500	31,881.0	31,540.0	1.1
S&P BSE MidCap	39,930.1	39,569.6	0.9
S&P BSE SmallCap	45,659.3	45,650.3	0.0

## WORLD INDICES

Index	16-Feb-24	09-Feb-24	Weekly % Chg
Nikkei Index	38,875.0	37,285.0	4.3
Hang Seng Index	16,394.2	15,754.0	4.1
Kospi Index	2,648.8	2,629.5	0.7
Shanghai SE Composite	2,867.5	2,867.5	0.0
Strait Times Index	3,221.9	3,138.3	2.7
Dow Jones	38,784.9	38,734.3	0.1
NASDAQ	15,917.4	16,007.3	-0.6
FTSE	7,720.7	7,608.7	1.5

## FOREX

Currency	16-Feb-24	09-Feb-24	Weekly % Chg
US\$ (Rs.)	83.0	83.0	0.0
GBP (Rs.)	104.4	104.8	-0.4
Euro (Rs.)	89.3	89.5	-0.2
Yen (Rs.) 100 Units	55.3	55.6	-0.5

## NIFTY TOP GAINERS (WEEKLY)

Scrip	16-Feb-24	09-Feb-24	Weekly % Chg
Mahindra & Mahindra	1,835.6	1,646.3	11.5
Wipro Ltd	543.0	490.5	10.7
UPL Ltd	490.9	457.9	7.2
Bajaj Auto Ltd	8,325.1	7,787.7	6.9
BPCL	654.6	614.1	6.6

## NIFTY TOP LOSERS (WEEKLY)

Scrip	16-Feb-24	09-Feb-24	Weekly % Chg
Hindalco Industries Ltd	515.7	591.4	12.8
Grasim Industries Ltd	2,105.7	2,168.6	2.9
ITC Ltd	404.6	415.4	2.6
HUL	2,375.3	2,423.8	2.0
Sun Pharmaceuticals Ltd	1,510.0	1,534.6	1.6

## FII - ACTIVITY

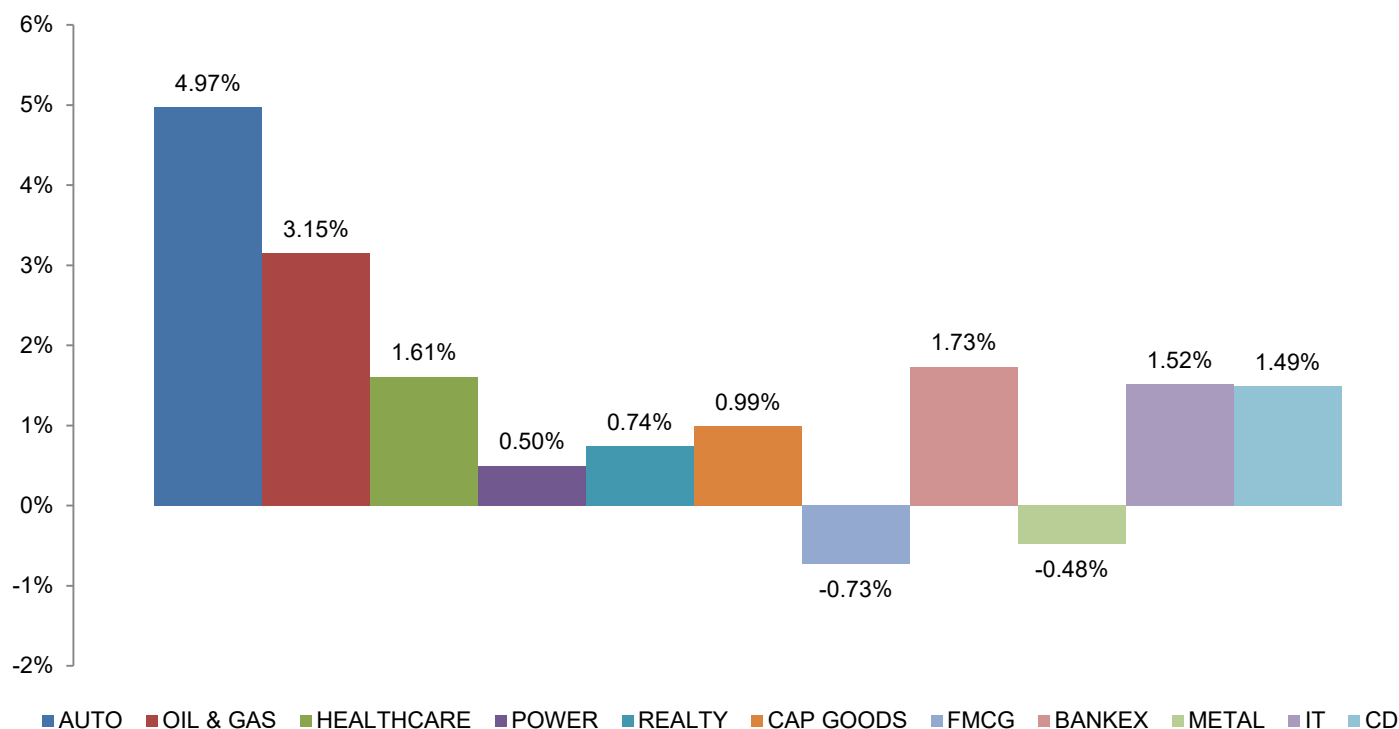
(INR. Cr.)

Date	Purchases	Sales	Net
16-Feb-24	13,802.0	13,548.8	253.3
15-Feb-24	13,657.9	16,722.0	-3,064.2
14-Feb-24	18,323.1	22,252.7	-3,929.6
13-Feb-24	13,404.4	13,028.1	376.3
12-Feb-24	9,157.0	9,030.4	126.6
<u>MTD</u>	179,059.1	192,977.0	-13,917.9

## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
16-Feb-24	12,165.9	10,594.9	1,571.0
15-Feb-24	11,891.9	9,615.0	2,276.9
14-Feb-24	12,110.3	9,212.3	2,898.0
13-Feb-24	9,167.7	8,893.8	273.9
12-Feb-24	11,183.9	9,472.2	1,711.8
<u>MTD</u>	150,694.5	133,301.5	17,393.0

**BSE WEEKLY SECTORAL PERFORMANCE**

Source: BSE, BP Equities Research

**TOP OPEN INTEREST GAINERS (WEEKLY)**

SCRIP NAME	16/02/24	09/02/24	Weekly % Chg	16/02/24	09/02/24	Weekly % Chg
	Share Price (Rs.)			Open Interest		
HINDALCO	517.3	592.6	-12.7	40345200	28252000	42.8
VEDL	267.1	275.1	-2.9	133153900	96901300	37.4
COFORGE	6,691.6	6,533.7	2.4	1383000	1101750	25.5
GLENMARK	875.2	846.7	3.4	14928475	11958875	24.8
POLYCAB	4,672.4	4,328.0	8.0	2704100	2263900	19.4

**TOP OPEN INTEREST LOSERS (WEEKLY)**

SCRIP NAME	16/02/24	09/02/24	Weekly % Chg	16/02/24	09/02/24	Weekly % Chg
	Share Price (Rs.)			Open Interest		
DIVISLAB	3,743.6	3,660.9	2.3	3292400	3968800	-17.0
AARTIIND	696.8	666.2	4.6	9212000	11038000	-16.5
PIIND	3,640.3	3,495.8	4.1	2500750	2980750	-16.1
ESCORTS	2,938.9	2,812.0	4.5	2422200	2884750	-16.0
SAIL	126.6	132.5	-4.5	122424000	145432000	-15.8

## Company Overview

Buoyed by over 30 years of proven prowess in manufacturing electric motors and five years of manufacturing power electronics equipment, Shakti Pumps India Ltd. has been a pioneer in the manufacturing of energy-efficient pumps and motors since 1982. Having a product portfolio of over 1,200 indigenously developed products, the company is at the forefront of providing a variety of renewable energy solutions, primarily for the agricultural sector. Shakti Pumps has been on a steady growth trajectory over the years and has now become one of the leading pump exporters in India by exporting its products to over 120 countries. The products of the company find their application largely in agriculture, irrigation, industrial applications, and processes, pressure boosting in high-rise buildings, rural/urban community water supply schemes, waste and sewage water treatments, fire-fighting, and so on. Having decades of experience in the pumping industry and fetching a dominant position in the domestic solar pumping industry, the company also holds a 40% market share in the PM-KUSUM scheme, the Government of India's visionary program to embrace solar power for the agriculture sector. In its commitment to the visionary project of the Government of India, the company has committed itself to various research and development programs, leading to the development and creation of new-age energy-efficient pumping products and solutions.

## Investment Rationale

### Healthy order book and increasing revenues ensure robust growth in the near future

Shakti Pumps (India) Ltd. has an outstanding order book of Rs. 22.5 billion. Out of such orders, the company has a major order of Rs. 15.5 billion from the Maharashtra State Electricity Distribution Company Limited which is estimated to be completed within two years. Other remaining order book consists of Off-Grid Solar Photovoltaic Water Pumping Systems and Grid Connected Solar Water Pumping Systems which have an execution timeline of three months to nine months. Also, the management expects an order growth of a minimum 25% in the coming financial year. Due to such optimistic macro conditions and a growing order book, the company expects to record a revenue of around Rs. 900 crores for H2FY24 compared to Rs. 497 crores in H2FY23. Therefore, with over 69,000 pumps to be installed over the next two year period and healthy revenue guidance, the top line and order book of the company looks promising for the coming period.

### PM KUSUM Scheme - a potential for earnings and growth

Under the PM KUSUM Scheme, it is estimated that there are over 20 lakh solar pumps to be installed under Component B (Off-grid pumps) till FY28. Additionally, under Component C (on grid pumps), a total of 15 lakh solar pumps are to be installed. With an average minimum rate of around Rs. 3 lakh per pump, the total opportunity amounts to around Rs. 1,050 billion. Out of such targets notified by the government, the total sanctioned capacity of pumps as of January 2024 stands at 12.9 lakh units, of which only 2.9 lakh units have been successfully installed. Hence, a larger opportunity exists for solar pump manufacturers in the coming period. Therefore, as a market leader in the industry, Shakti Pumps India Ltd. is poised for substantial growth in the upcoming period.

## Valuation and Outlook

Shakti Pumps (India) Ltd. is primarily engaged in the manufacturing of pumps and motors of various kinds. The company also offers advanced water pumping solutions for a wide range of applications such as irrigation, horticulture, domestic water supply, and commercial and industrial applications. With over three decades of experience in the pumping industry, Shakti Pumps is one of the most quality-driven pump manufacturers in the world. Considering the long-term scenario, the high solar

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

## Stock

CMP (INR)	1,482
Target Price (INR)	1,753
NSE Symbol	SHAKTIPUMP
BSE Code	531431
Bloomberg	SKPI IN
Reuters	SHPU.BO

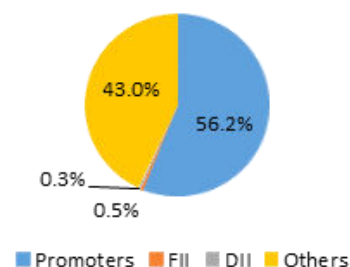
## Key Data

Nifty	22,040
52WeekH/L(INR)	1,599 / 389
O/s Shares (Mn)	18.4
Market Cap (INR bn)	27.57
Face Value (INR)	10

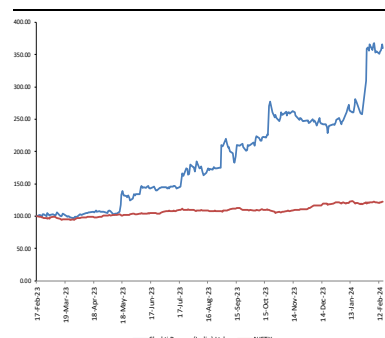
## Average volume

3 months	1,54,370
6 months	3,83,150
1 year	2,87,200

## Share Holding Pattern (%)



## Relative Price Chart



# Shakti Pumps (India) Ltd.

power targets set by the country coupled with the ease of installation of these products are expected to drive the market for the coming years. Also, the volatile diesel and petrol prices associated with fuel-based pumping systems create ample opportunities for the demand of solar-powered water pumps in the coming years. Taking advantage of the current macro situation, the company has shown an annual growth in its key metrics in the third-quarter earnings. Therefore, the current macro situation, a healthy order book, and rising government support towards the sector makes us constructive on the company and **assign a buy rating with an investment horizon of 12 months. On the valuation front, we have arrived at a target price of Rs 1,753 (16% upside from CMP) based on P/E of 43x of FY24E earnings.**

Key Financials						
YE March (Rs. millions)	FY19	FY20	FY21	FY22	FY23	FY24E
Revenue	5,440	3,830	9,300	11,790	9,680	14,440
Revenue Growth (Y-o-Y)	(86.5%)	(29.6%)	142.8%	26.8%	(17.9%)	49.2%
EBIDTA	890	120	1,420	1,110	670	1,412
EBIDTA Growth (Y-o-Y)	(74.9%)	(86.5%)	1083.3%	(21.8%)	(39.6%)	110.7%
Net Profit	450	(140)	760	650	240	750
Net Profit Growth (Y-o-Y)	(89.0%)	(131.1%)	(642.9%)	(14.5%)	(63.1%)	212.5%
Diluted EPS	24.5	(7.6)	41.3	35.3	13.1	40.8
Diluted EPS Growth (Y-o-Y)	29.3%	(131.0%)	(643.4%)	(14.5%)	(62.8%)	210.4%
Key Ratios						
EBIDTA margin (%)	16.4%	3.1%	15.3%	9.4%	6.9%	9.8%
NPM (%)	8.3%	(3.7)%	8.2%	5.5%	2.5%	5.0%
RoE (%)	1.1%	(0.3)%	1.7%	1.4%	0.5%	1.3%
RoCE (%)	2.2%	0.3%	3.2%	2.3%	1.3%	2.4%
Valuation Ratios						
P/E (x)	61.6x	(198.7x)	36.6x	42.8x	115.0x	38.5x
EV/EBITDA	35.7x	75.9x	7.2x	-3.8x	23.3x	20.4x
P/BV (x)	0.7x	0.7x	0.6x	0.6x	0.5x	0.5x
Market Cap. / Sales (x)	5.1x	7.3x	3.0x	2.4x	2.9x	1.9x

Source: Company, BP Equities Research



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