Operator: Good day and welcome to the Oswal Pumps Ltd. earnings call hosted by Arihant Capital. On the management team, we have Mr. Vivek Gupta, Chairman and Managing Director; Mr. Vijay Yadav, CFO; and Mr. A. K. Singh, CEO of the company. I am also requesting everyone from the management team to raise their hands so that I can add them as panelists. Ayush, are you from the management team?

Ayush – IR Team: I am from the IR team.

Operator: Okay, fair enough. The management team must have joined. Vivek Gupta, if you could check. Okay, we will do that. Vivek sir is joining through Mr. Vijay Yadav. Vivek sir and Vijay Yadav are together. And Mr. A. K. Singh?

Ayush – IR Team: Mr. A. K. Singh will not be joining us.

Operator: Okay, fair enough. Without taking much more time, I am handing over to Vivek sir. Vivek sir, please take it forward. Before we start, one last point: we will take questions until 3:55. You can raise your hands or put your questions in the chat box. I have also received a few questions from clients who, for some reason, have not joined but sent their questions. We will take care of all three categories. We will start with Vivek sir. Vivek sir, please take it forward. Your voice is not audible, sir.

Ayush – IR Team: Ayush, can you check it on their end?

Vivek Gupta – Chairman & Managing Director: Hello?

Operator: Yes, sir.

Ayush – IR Team: Yes, sir. It is audible now.

Vivek Gupta – Chairman & Managing Director: Okay, fine. Please give me just 1 minute. I am sorry, everyone. Shall we start, sir? First of all, I would like to tell you and brief you about the company right from the beginning. After that, we will have the Q&A session.

This journey started in 1970. My father was involved in the pumps trading business, whereas we started manufacturing in 2003. We started manufacturing in 2003 after beginning with the trading business, and from there our journey started as a regional player. Gradually, we established ourselves in Haryana and Punjab, and slowly and steadily, by 2017-18 and 2018-19, we established ourselves across India as well as globally.

During this period, there were some major developments. In 2011-12, we introduced certain products into our company. These were international-level products and were meant only for export, because at that time there was no market for those products in India. However, we knew that those products would become very futuristic in the coming years. When we introduced those products, in 2016-17 we received information that the Indian Government was aggressively promoting solar pumping in the Indian market. The technology that the government made mandatory for this purpose was the same technology that we had brought into our product basket in 2011-12.

Report is AI-generated and may contain inaccuracies.

We then fine-tuned that technology and the pumps. Subsequently, at the end of 2018 and around the beginning of 2019, we introduced the product in solar pumping. We received a very warm welcome for that product in the market. We entered into tie-ups with large companies, including Tata Power Solar, L&T and Tata. We had exclusive supply agreements with them. Until 2023-24, the company supplied to these companies and other EPC players, and built a complete service team to support them. This helped a company such as Tata Power achieve very good growth in pumps in the market, and Oswal also achieved growth in that segment.

Today, Oswal Pumps Ltd. operates 3 units in India. One is Oswal Pumps Ltd., our parent company, where we manufacture pumps, motors and controllers. We manufacture all the parts used in pumps, all the parts used in motors and all the parts used in controllers in-house. These include a foundry, cast-iron foundry, steel foundry, investment casting, stamping unit, M-lamination, aluminium die-casting, thrust bearings, plastic moulding, rubber moulding, SS pipes, packaging, SS fasteners, cables, enamel winding wire, submersible winding wire, DC wire, DC cable, MS boxes, SS boxes, a fabrication unit, the entire press division, the entire welding division and the entire CNC machining shop. The company manufactures all of these in-house. We also manufacture all the fabrication parts used in pumps and conduct all testing in-house. Investment casting is also done in-house.

Moving further to the controller segment, the electronic parts used in our controllers, the remote monitoring system and its software are proprietary items that we make ourselves. In addition, we manufacture the electronic assemblies and every part used in the assembly of solar controllers in-house.

Our second company is Oswal Solar Energy Private Limited, which is a 100% subsidiary of Oswal. It manufactures solar modules with a capacity of 600 MW. Our capacity at present has increased to 1.8 GW, of which 1.2 GW will become operational in October.

Before this, our capacity was 600 MW. Until now, we have used all of this mainly for captive consumption, which is also our backward integration.

Our third company is Walso Solar Solution Private Limited. This is also our subsidiary, where we manufacture solar structures and solar BOS, meaning balance of system.

Oswal is the only company in India that is almost 100% backward integrated. In addition, Oswal entered the solar EPC business in 2024. EPC means that we supplied directly to the government. We cannot exactly call it an EPC business because we manufacture all the parts used in the projects that we supply to the government. In other words, 70% of the parts used in our EPC business are manufactured completely in-house. Only the service and assembly components remain. The service component is also handled in-house, while the assembly work is carried out externally through our dealer and distributor network. Otherwise, although Oswal Pumps Ltd. is described as an EPC company, it is carrying out EPC work using products that it manufactures itself.

In India, we are currently the youngest company. If we talk about pumps, motors and controllers, we have a pan-India presence and a presence in approximately 20-25 countries globally. Our age is around 20 years. If we compare our age with that of our peer competitors, they are approximately 40-50 years old. Again, we are the youngest company in the solar pumping business. We have been in solar pumping for approximately 6-6.5 years. We entered the business in 2019, whereas our

Report is AI-generated and may contain inaccuracies.

peer competitors have been in the business for at least 12-15 years.

Again, we entered the solar EPC business in 2024, so our age in that business is still approximately 2 years. Our peer competitors in that business are approximately 10-12 years old.

At present, we have the largest market share in the solar pumping business, directly and indirectly. Directly means the supplies we have made directly to the government, including EPC and installation. Indirectly, it means the supplies we have made to EPC players such as Tata, L&T and other EPC players working on PM-Kusum. Overall, in terms of the number of pumps operating in the market, Oswal Pumps Ltd. has the strongest share.

Our product basket is also very large. We manufacture all types of grid-operated pumps, domestic pumps and industrial pumps, and we are gradually trying to enter additional segments.

We have also recently started selling wires and cables in the market and through our channels, initially on a trial basis. We are receiving a satisfactory response from that business as well. This is also in-house, and we did not need to make any capital investment to market it.

Oswal is already active in pumping under PM-Kusum. In addition, Oswal is now actively participating in rooftop projects under PM Surya Ghar. We have recently taken up projects in Bihar, Telangana and Rajasthan. We are doing this because our manufacturing is in-house. We manufacture solar modules in-house, as well as solar structures and BOS, and very soon we will also manufacture solar inverters in-house. This will again result in complete backward integration.

I have given you all a brief overview. If you have any queries or questions, I would be happy to answer them. Thank you.

Operator: The first question is from Digant Haria.

Vivev Gupta – Chairman & Managing Director: Yes, Digant.

Digant Haria: Hello, hello. Sir, you explained it very well. I have 2 questions. The first is about our solar pump business. Let us assume that the last 2 years were the golden years, when demand was very high and there were not many players, so everyone earned margins of 20-25%. How do you see the business going forward? Whether it is the Jal Jeevan Mission, PM-Kusum or state-level schemes, these schemes will continue to come at their own pace. However, structurally, we feel that supply in the system has also increased, so those margins may never return. Specifically, what margins can we expect in the solar pump business in the coming years?

Vivek Gupta – Chairman & Managing Director: Digant, there are 2 aspects here. First, we need to look at the future of solar pumps, and second, we need to look at how profitable solar pumps will remain.

If I talk about the future, I definitely see a future for solar pumps for an indefinite period. Why do I say this? According to the official reports available for India, there are approximately 15 crore farmers in India. Of these, the government has so far provided electrified pumping solutions to only approximately 3.25 crore farmers in India. Approximately 80 lakh to 1 crore farmers are still operating pumps using diesel or engines.

Report is AI-generated and may contain inaccuracies.

Of the remaining 11 crore farmers, if we drill down further, approximately 32% have more than 1 hectare of land. In other words, they are large farmers among those 11 crore farmers. This means that there are approximately 3.5-4 crore such farmers. These are potential farmers who apply to the government every year for electricity connections.

Since independence and until today, whenever the government has had to provide electricity to a farmer, it has had to provide it free of cost. The government does not earn any revenue there. Solar pumping is the only model where the government can provide a one-time subsidy without having to provide that power to farmers again, while selling that power to industry, commercial customers and residential customers at Rs.8-12 per unit.

This is the original plan, and the government's ROI from the power it saves is approximately 2.5-3 years. The government is recovering its ROI from the electricity it sells to other sectors.

This project is very large for the government. So far, out of 15 crore farmers, solarisation has been completed for approximately 10-15 lakh, or fewer than 15 lakh, farmers.

Therefore, assume that as the government moves forward, it is modifying and simplifying the scheme. This will continue for an indefinite period because, against 15 crore farmers, even if I assume that 8 crore farmers are potential farmers in India, only 15 lakh farmers have been covered so far. If we can electrify even 10-20 lakh farmers every year, there is still a long way to go.

The second point is pricing competition. When the quantum increases and demand increases, there is a great deal of attraction in the market. The same thing has happened in this scheme. As demand and the potential of the business increased, a great deal of attraction emerged among participants, and it continues to emerge. As a result, competition arose in tender pricing.

There are 2 reasons for the competition in tenders and the decline in price profitability. First, some raw material costs have increased because of geopolitical disturbances. However, I believe that this is temporary. Once our geopolitical position becomes comfortable, that position should automatically return to normal.

Second, the price competition in tenders has occurred because, after PM-Kusum One ended, the only continuing scheme was the Maharashtra Government's Magel Tila scheme. The small and local participants in Maharashtra participated aggressively and desperately and reduced the prices. This was also a reason, because the participants had limited options.

When PM-Kusum Two is introduced across India, I cannot say that tender pricing will return to its previous levels, but it will be somewhat better than where it is now. In addition, profitability will increase as geopolitical conditions improve somewhat.

Overall, in terms of profit, Oswal Pumps Ltd. should have the best profitability because our backward integration is end-to-end. Compared with other peer competitors, our team is also working extensively on value engineering to determine how we can protect our bottom line to the greatest possible extent. That is what I believe. Thank you, {? Digansh ?}.

Digant Haria: Sir, when do you see a revival? At what point do you expect to see the revival, considering the current situation? You mentioned PM-Kusum Two. By when is it expected? You

Report is AI-generated and may contain inaccuracies.

must have had discussions with the government as well, so can you shed some light on this?

Management: Okay, sir. PM-Kusum Two should have been introduced by now, as expected. However, the government is becoming very aggressive with this scheme. By aggressive, I mean that it is bringing a number of facilities and upcoming benefits for farmers under the scheme. Because of this, the scheme is repeatedly going to the technical department for certain updates.

We recently spoke with the ministry and the department. Every department's entire team is saying the same thing: the PM-Kusum Two scheme will be introduced in October.

However, {? Digansh ?}, the government is saying very effectively in its meetings that all preparations have been made for October, the scheme will be announced in October, and tenders will be issued in November. The government plans to start tender pre-bid meetings in November and officially launch the tender by December.

Operator: Sir, are you there? Your video appears to be frozen. I will just check. Please give us a minute.

Management: Sorry, there was a disturbance with the electricity here, which caused a brief interruption. I am continuing on my mobile phone. Returning to my earlier point, the government is also very active in the PM-Kusum Two scheme and is taking a very good initiative.

Based on all the discussions we have had with the ministry and other sources, the feedback for the entire industry is very positive for October. Even so, we are taking a conservative view and assuming that the scheme will be introduced by November. We expect the scheme to become meaningfully active in the fourth quarter.

Overall, next year looks very good to us. FY28, sorry, FY28, looks very strong because the government is equally active in the scheme. The positive aspect this time is that the government is adding certain features and benefits that will increase the revenue of the entire industry.

From a technical perspective, good companies that are doing good work will benefit more because the government is bringing in certain benefits that will give larger companies and companies doing good work more opportunities and a greater chance to participate. Thank you, {? Digansh ?}.

Digant Haria: Sir, I have one more question. If we compare ourselves with Shakti Pumps or other players, where do we have an advantage, and where do we need to improve?

Management: I would definitely say that Shakti Pumps is also a very good company. I cannot say that there is no legacy in that company or that it does not have the facilities and other aspects that a good company should have.

I would like to say that Oswal Pumps Ltd. has worked very rapidly in a short period of time. The company's team has also worked very rapidly. Since entering the business in 2019, the company has proved that it does not leave anything lacking when taking on any type of service challenge, carrying out any type of installation or participating in any type of project.

Report is AI-generated and may contain inaccuracies.

Look at it this way: companies that have been in the solar pumping system for 10-15 years or have EPC experience—we have completed very large EPC work within 2 years. We have carried out significant work and have been among the top 3, despite there being 50-60 participants, of whom 20-25 are established, older participants.

Again, in just 6 years, among the total 15 lakh pumps operating in the market, the largest number of pumps are Oswal Pumps Ltd. pumps. Again, if you compare profitability with peer competitors, Oswal Pumps Ltd.'s profit is somewhat better than that of peer competitors.

The company and its team have made these efforts to ensure that the work is carried out properly. I can assure you that the company is making continuous efforts to do the best possible work and to ensure that our stakeholders and shareholders, who have placed their trust in us, receive the maximum benefit, while the company also benefits. I can assure you of this. Thank you.

Digant Haria: Okay. Thank you, sir. There is one follow-up question. What is the situation regarding receivables from the government?

Management: Currently, the entire industry, including us, depends on the Magel Tila scheme in Maharashtra. As of today, we cannot say that the receivables position has become very good, but it is not deteriorating either. It is more or less stagnant.

I believe that improvement, and more than marginal improvement, will begin from the third quarter, and by the fourth quarter the situation will be managed properly. This is the information coming through the ministry and the department.

We hope that from the third quarter onward we will become much more comfortable, and in the fourth quarter we will overcome all the challenges. After that, in the next year, the company will not face any significant challenge regarding receivables, and we will be able to operate very aggressively.

Digant Haria: Sir, if we are discussing the drought situation in Maharashtra, what impact will it have on our business? My second question is: if PM-Kusum is delayed for any reason, where would our revenue target for this year stand without PM-Kusum? What would our margins be in that situation?

Management: We are assuming that the company will not receive significant revenue from PM-Kusum Two in the current year. The company is proceeding on that basis, which is why we have diversified into certain areas.

As I mentioned, we have taken projects in Bihar, Telangana and Rajasthan. These are rooftop projects. We are also working very actively in the private and channel markets, where our team is operating extensively.

Our target for next year is to increase non-government business. Currently, non-government business accounts for approximately 15% of our total business. We have a target for FY28 of increasing non-government business to approximately 30-35%. Our team is working very rapidly toward this objective.

Report is AI-generated and may contain inaccuracies.

For the current year, I believe we will almost reach last year's revenue, or we may see growth of approximately 10-15%, and possibly somewhat more. However, in terms of profitability, as I mentioned, there are 2-3 pressures. The entire country and the entire industry are significantly affected by geopolitical conditions. Raw materials have become highly uncertain and volatile because of crude oil prices and supply-chain issues. This impact has also reached Oswal, but it is not limited to Oswal; it affects the entire industry.

There is also the impact of tender pricing in the Magel Tila scheme. We cannot say that the profitability of the diversified projects we have taken will be the same as the profitability of the pumping business. It will definitely be lower than the pumping business.

Overall, I believe that the profitability we saw in the first quarter is approximately the level of profitability we will see this year. This will remain the case unless geopolitical conditions deteriorate in the future and create further pressure on raw materials, which is not within anyone's control.

Based on the visibility we currently have, we should be able to maintain, to a significant extent, the EBITDA margin that we achieved in the first quarter.

Operator: Thank you, sir. The next question is from Mr. Ankit Shah. Ankit, you can unmute yourself and ask the question.

Ankit Shah: Hello. Can you hear me?

Management: Yes, Ankit, please go ahead.

Ankit Shah: You just said that our revenue would remain around financial year {? 26 ?}, but in the first quarter you gave guidance of 20-25% revenue growth, correct?

Management: I still see 20-25% growth. That is what I currently see. However, some projects that we have taken up, such as the Bihar projects, may affect the presentation of revenue.

I have received information from the finance department that, for example, if we have to supply goods worth Rs.250-300 crores for the Bihar Government, that revenue may have to be taken into the asset block rather than recorded as sales. That could be one reason why the sales may be diverted.

Otherwise, based on the financial plan prepared by our experts, and if I plan according to the order book and the related supplies, we are fully on track with the statement I gave in the first quarter. The only difference could be whether the sale is recorded in the asset block or in our sales book. That discussion is still ongoing. This is the only difference.

Ankit Shah: What kind of order inflow can we expect this year? If PM-Kusum Two is delayed and does not arrive by October-November, how will order inflows look? Will orders continue to come from PM-Kusum One, or are we currently receiving only orders from state governments under Magel Tila and similar schemes?

Management: PM-Kusum One has officially ended. If, by chance, a company is not working in certain states, or if 500-1,000 units are diverted intermittently, that may be the only quantity

Report is AI-generated and may contain inaccuracies.

available. Otherwise, there is no major quantity under PM-Kusum One anywhere.

At present, the only major pumping order is under the Maharashtra Government's Magel Tila scheme. The other states are not currently active. Every state is waiting for—

Ankit Shah: What will the order book be at this stage?

Management: The revenue we see for this year, FY27, is approximately 20-25% higher than FY26, as I mentioned. However, there is one issue: some of the projects we have diversified into, such as the Bihar project, involve supplies worth approximately Rs.250-300 crores. The financial experts and the CFO are discussing whether those sales will be recorded in our sales book or in the asset block. Otherwise, on the supply side, the company will achieve approximately 20-25% growth over last year this year as well.

Ankit Shah: What is our current order book?

Management: Our current order book is approximately Rs.1,700-1,800 crores.

Ankit Shah: How long will it take to execute this order book?

Management: Some projects have to be executed before March, while for some projects we have time until September or October of next year. Some other projects have a 3-month execution period. Therefore, these are multiple types of projects.

Overall, we are very sure about the sales figures we discussed because we have calculated and reviewed everything. We have visibility on the sales we will be able to achieve by March.

Ankit Shah: How are our receivable days? Are payments currently coming in? Our operating cash flow has been very weak because of receivable days. How is the situation there?

Management: In FY25, our cash flow was negative by Rs.153 crores. In FY26, it was negative by Rs.77 crores. In other words, we improved our cash flow by approximately Rs.90 crores, or Rs.85-90 crores, in FY26.

If I look at it quarter by quarter, there may be some fluctuation. However, at the end of this quarter, I do not expect our cash flow to be more negative than Rs.77 crores. It should remain approximately at the same level.

By the end of FY27, I see our cash flow becoming clearly positive, and meaningfully positive. I can see substantial receivables in the third quarter, and in the fourth quarter I expect activity to move forward very well and very quickly. Therefore, I do not think cash flow will be a significant challenge in the coming period.

Ankit Shah: One last question. Our share price has declined from approximately Rs.800 to around Rs.260. Is this decline due to business challenges, or what could be the reason? There has been an almost 60-70% decline.

Management: Ankit, fundamentally, the company has not weakened in any area, on any matter or at any level. Whether we look at our ability to conduct business or our profitability, the impact on

Report is AI-generated and may contain inaccuracies.

Oswal Pumps has been lower than the impact on peer competitors. The entire industry has been affected in terms of profitability, so we cannot say that this has affected only Oswal Pumps.

There is also no issue regarding corporate governance. Corporate governance remains completely intact, and the company is working very well in every area.

One possible reason is that the market may have some uncertainty regarding PM-Kusum Two. Another reason may be that the market does not fully understand the nature of our business. Our receivable days relate to the government, and the government scheme under which we are operating is a very large and aggressive scheme. The temporary pressure on receivables may have been viewed negatively by the market.

The third major point may be that the market is seeing that profitability has declined from earlier levels. As I mentioned, this is not limited to Oswal; the entire industry has been affected. If you look at the metal industry or any other industry, profitability has declined because of price pressure.

Oswal is fundamentally doing well in every respect and remains completely intact. We can assure you of that.

Ankit Shah: Okay. Thank you, sir. That is all from my side.

Management: Thank you, Ankit.

Operator: The next question is from Sahil Shah. Sahil, please ask your question.

Sahil Shah: I need clarification on one point. Hello?

Management: Hello? Yes, Sahil, please go ahead.

Sahil Shah: I need some clarity. You mentioned that our current order book is Rs.1,700-1,800 crores.

Management: Yes, that is correct.

Sahil Shah: Where did this large order inflow come from? If I remember correctly, in the Q1 presentation you mentioned an order for approximately 22,000 pumps.

Management: I was referring to the total order book. The total order book includes the Bihar projects, Telangana projects, other projects and pumping projects.

Sahil Shah: So, the 22,000 pumps you mentioned in Q1 were only for PM-Kusum?

Management: Correct. PM-Kusum One has already ended. The order book we had was for the Magel Tila scheme, correct? We may have a few PM-Kusum orders of very small quantities that were old orders and had not been executed by certain state governments or other participants. Some of those may have been transferred to us. However, they do not represent a major quantity.

Sahil Shah: Of the Rs.1,700-1,800 crore figure, how much would relate to the Magel Tila orders in value terms?

Report is AI-generated and may contain inaccuracies.

Management: How much is in the Magel Tila orders? [inaudible] In Magel Tila, we have approximately 10,000 pumps. As far as I understand, we have orders worth approximately Rs.250–300 crores.

Sahil Shah: So, Rs.250–300 crores would be from Magel Tila, and the remaining balance would be orders from rooftop solar and other sources?

Management: The remaining orders are from rooftop projects, the private market, exports and other such sources.

Sahil Shah: Okay, sir. Thank you for the clarity.

Operator: The next question is from Mr. Arjun Tambe. Arjun, you can unmute yourself and ask the question.

Management: Hello, Arjun.

Arjun Tambe: Hello?

Management: Hello, Arjun. Yes, please go ahead.

Arjun Tambe: I have only one question. What is your Vision 2030?

Management: What was that? I could not hear you.

Arjun Tambe: Vision 2030.

Management: What is Vision 2030? Arjun, if I discuss our vision, one thing is very clear: we want Oswal Pumps Ltd. to become a very large name in pumps. Pumps are our core area of expertise, and we are placing significant focus on the entire pump business.

However, since PM-Kusum Two has been delayed, we have received opportunities in solar and rooftop projects. These opportunities have also become a major part of our vision today.

Oswal definitely wants to do very significant work in pumps, solar pumps and solar by 2030. We want to establish all the capabilities through which the company can demonstrate its expertise and maintain and improve its bottom line. The company will take all the necessary steps and carry out all the required work toward this objective.

The company's vision is very clear: Oswal Pumps Ltd. should attain the number-one position in India in pumping and solar pumping. That is our overall vision. Thank you, Arjun.

Arjun Tambe: Okay, sir. All the best. Our FY26 revenue was Rs.2,064 crores, correct?

Management: What was that? Please speak a little louder.

Arjun Tambe: Rs.2,064 crores was our revenue for FY26.

Management: That is correct.

Report is AI-generated and may contain inaccuracies.

Arjun Tambe: How much would you like to scale this revenue to by FY30 or FY31?

Management: Arjun, I would like to say that FY27 is the only year that currently appears somewhat challenging to us. PM-Kusum Two has been delayed in this current year, and we have started diversifying in this current year. Therefore, this is the most challenging current year for us.

After this, I do not see any significant challenge in FY28, FY29 or FY30. I believe the company will move forward with continuous growth of approximately 25-30% every year. I do not currently see any significant obstacle to this.

Over the next 6 months, our company's team will gain additional experience in solar. We will have experience in solar as well as in other areas. We are also participating more actively in the private market so that, in the coming period, the company does not focus only on government business but also moves toward the private side.

Therefore, I believe growth will be at a very good level in the coming period. We can comfortably see growth of 25-30%.

Arjun Tambe: If we consider even 25% growth, can we assume that you are targeting approximately Rs.5,000 crores for FY30?

Management: Based on what I can see, you may assume a reduction of 10-15% from that figure. I also have visibility of approximately Rs.4,000-5,000 crores.

Arjun Tambe: How and when will we start reducing our debt?

Management: Even today, the company has no long-term debt. That is the first point. The company has zero long-term debt.

The short-term capital that the company has utilised is approximately 0.03% of our net worth, based on the company's ratio. In other words, on a ratio basis, we have used approximately 0.03% of our working capital.

This utilisation is due to some delay in receivables. We expect very good receivables in the third quarter, and from the fourth quarter onward we expect the receivables to be completely streamlined. Therefore, I do not think our working capital limits will be used significantly. Their use will be negligible.

Arjun Tambe: Hello?

Operator: The next question is from Mr. Taksh Gaur. Everyone, please limit your question to one question because we have only 10 minutes. Mr. Taksh Gaur, you can ask your question.

Management: What was the name you mentioned?

Operator: Taksh Gaur.

Management: Yes, Taksh.

Report is AI-generated and may contain inaccuracies.

Taksh Gaur: Our question is about the impact of El Niño. There has been a significant declaration of droughts and related conditions in Maharashtra, where we are doing considerable work. How do you see the impact on the industry this year?

Management: Regarding the drought, I would say that there has been no significant direct impact on our company. However, there has been one effect: during a drought, farmers require more water and immediate service. As some service issues have arisen there, the pressure on our service operations has increased.

Since our service team is very large and well established, the company understood these challenges well in advance. We have therefore deployed our team and are working even more aggressively.

Otherwise, I believe that on the sales side, and in terms of the government tenders being issued, everything is being executed properly and on time. There is no issue there.

The drought is certainly a difficult situation for the farmers because they are facing it directly. Our team and the company are providing all the support we can provide to the farmers. We are making every effort to support them during this period. If any farmer faces any difficulty, we are standing with them. That is how we are approaching the situation.

Operator: We are limiting everyone to one question so that everyone gets an opportunity. Chinmay Dhyani, please ask your question.

Management: Chinmay.

Chinmay Dhyani: Thank you for giving me this opportunity. I wanted to understand one thing. Our revenue run rate declined significantly in the last quarter, falling below Rs.500 crores. From the July-August-September quarter, have we reached a quarterly revenue run rate of Rs.500 crores? And going forward—

Operator: Chinmay, please avoid quarterly questions in accordance with compliance requirements. We do not want to get into those matters.

Chinmay Dhyani: What is your expectation regarding the numbers going forward? I understand that there are some challenges in the industry, but after having an order book of Rs.1,800 crores, do you want to maintain your FY27 guidance, or could it remain somewhat affected?

Vivek Gupta - Chairman & Managing Director: As I mentioned, there will be pressure from quarter to quarter. There was pressure in Quarter 1, and you could see it—

Vivek Gupta - Chairman & Managing Director: —in front of you. Second, we also cannot say that Quarter 2 is free from pressure. It is not under very significant pressure, but there is definitely some pressure.

However, some of our sales in Quarter 2 are currently under discussion on financial considerations, as I mentioned in the first meeting. If we have to record those sales in the asset block, we should consider that these are genuinely our sales: we manufactured the products, supplied the material and completed the supply.

Report is AI-generated and may contain inaccuracies.

If we consider those sales, we will be in a reasonably good position. Otherwise, there may be some quarter-to-quarter challenges, but visibility for sales for the entire year is very clear. We can see growth, and sales should improve from Quarter 3 and improve further in Quarter 4. That is what I can say.

Operator: One question has been asked in the chat window: what is the working capital cycle difference between Kusum projects and state government projects?

Vivek Gupta – Chairman & Managing Director: When the Kusum projects were active, the cycle time was definitely better. However, we cannot simply say that it was better because there were 2 reasons.

First, we were working across different states at that time, although ultimately the state governments were releasing the money then as well. Today, the work is only with the Maharashtra Government. The Maharashtra Government is doing very good work.

Earlier, the Maharashtra Government arranged 60% of the funds itself and received a 30% subsidy. At present, Maharashtra has to arrange the entire 90% of the funds itself. The Maharashtra Government has arranged the money through external funding.

The Maharashtra Government's team, including the senior MSEDCL team and the CMD, has done very good work and made very effective efforts for the benefit of all vendors.

The system is otherwise operating in the same manner. However, there has been some delay because of certain state-level challenges and the fact that several political elections took place this year. There has also been some delay because of the external funding that the state government was arranging. That is the main reason.

I believe that in Quarter 3 and Quarter 4, these challenges will be resolved. That is what I wanted to say.

Operator: The next question is from Mr. Santosh Singh. Santosh, you can ask your question.

Santosh Singh: Good evening, Vivek. My question is about capex. Most of my questions have been answered, and only this remains. Are we fully prepared to capitalise on the new opportunities coming our way, considering that tenders may restart from the next quarter? Is our capex sufficient to fulfil that opportunity? That was my first question. Also, what percentage of this capex is captive and what percentage is for external purposes? Can you give us some idea about that?

Operator: Please ask only one question, as there are 2 more people waiting.

Santosh Singh: It is all related to capex.

Vivek Gupta – Chairman & Managing Director: The company had planned its capex and had also received funds from the IPO proceeds. We have already infused approximately 75% of the total amount planned under the IPO.

Some money remains, which we are infusing according to the plan. The capex we have undertaken will provide the company with an immediate direct benefit as the opportunities arise, in line with

Report is AI-generated and may contain inaccuracies.

the original plan.

There is no deviation or disturbance regarding the capex. Nor do we currently have any plans for a major future capex after this capex. The company is not currently planning any capex for capacity enhancement or any similar purpose.

According to the original plan, we are fully aligned. If an opportunity arises that is very large and can benefit the company, we will certainly discuss it with everyone and then consider how to proceed. However, I believe we are fully in line with our capex plan, and there is no problem.

Operator: Himanshu, you can ask your question.

Himanshu: Sir, Chayan speaking. I have only one question. We are currently working on solar modules. The company has a capacity of 570 MW. What is the scope for further expansion?

Vivek Gupta – Chairman & Managing Director: You are asking how much it is being enhanced, correct?

Himanshu: No, sir. How much revenue will it add going forward?

Vivek Gupta – Chairman & Managing Director: Our 570 MW capacity is currently operational, and until now we have used almost all of it for captive consumption. Our plan going forward is also to use the maximum possible capacity for captive consumption.

However, our additional 1.2 GW plant is now starting operations. From October onward, our capacity will become 1.8 GW.

We will use this capacity for the diversified businesses we have started, including the rooftop projects we have taken up and certain initiatives in the private market. This will help increase and generate our revenue. As the projects are streamlined one by one, visibility will emerge accordingly.

Operator: Due to time constraints, that was the last question. We thank Vivek sir for providing insights into the industry and the company. There will be no closing comment—

Vivek Gupta – Chairman & Managing Director: Yes, thank you all. I was pleased that all of you joined and that we could speak. I would like to say that, given the confidence and trust you have placed in us, we assure you that the entire Oswal team is working with complete sincerity.

Based on what we can see, we expect the company to reach a very good and significantly larger level in the coming period. We assure you of that. Thank you very much, everyone.

Operator: Thank you very much. Thank you, everyone. We can close the call.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.