

SHAKTI :
THE SOURCE OF HAPPINESS & PROSPERITY

ANNUAL REPORT
2013 - 2014

Disclosure

The disclosures of forward-looking information contained in this annual report are made to enable investors to comprehend the prospects and make informed investment decisions. This report and other statements – written or oral – may contain forward looking statements that set out anticipated results based on the management’s plans and assumptions. Maximum effort has been made to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. However, the entire realization of these forward looking statements cannot be guaranteed, although the assumptions have been prudent enough to rely upon. The achievement of results is subject to risks, uncertainties and unforeseen events. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. The management does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.

Important communication to members

The Ministry of Corporate Affairs has undertaken a ‘Green initiative in Corporate Governance’ by allowing paperless compliances by companies and has issued circulars stating that service of notice/documents including the annual report can be sent by e-mail to members. To support this green initiative of the Government of India, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses in respect of their holdings in demat form through their concerned depository participants. Members who hold shares in physical form are requested to fill in and forward the e-mail address registration form enclosed separately in this Annual Report to:

Adroit Corporate Services Pvt. Ltd

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Achievements over years

- 1983 -Manufacturing facility set up
- 1986 - Commencement of full - fledged manufacturing unit
- 1989 - Received BIS Certificate
- 1995 - Shakti Pumps becomes a Public Ltd. Company
- 1996 - Manufacturing of stainless steel Submersible Pumps
- 1997 - Export of stainless steel pumps
- 1998 - Received ISO 9001:2000 certification, focus on direct exports
- 2003 - Received the quality 'CE mark'. Exports extended to 20 countries
- 2006 - Received One-Star-Export House Status, Re-certification ISO 9001:2008
- 2007 - Started manufacturing facilities at SEZ Plant Pithampur
- 2008 - Widened pump range up to 250HP and Exports extended to 50 Countries
- 2009 -Received 5 Star Rating Certification from BEE, introduced Booster Pump mechanism
- 2010 - Introduced New Products Openwell Pumps & Resin Cooled Motors
- 2011 - Started trading in NSE
- 2012 - Completion of Booster Pump Unit, with installed capacity of 40,000 Pumps per annum
- 2013 - Launched solar pumping solutions
- 2013- Mr. Amitabh Bachchan, superstar of the millennium, becomes the face of our brand

Vision

To become a company that constantly strives for quality and customer satisfaction by providing best pumping solutions with global benchmarks. To excel with an emphasis on best business and ethical practices with strong organizational values justifying the interests of all stakeholders.

Mission

To work relentlessly towards coming closer to our vision statement by offering best working environment and training so as to focus on integrity and ethics. To empower the workforce to offer products and services that exceed customer expectations by providing value for money and ensuring handsome returns to our employees and shareholders thereby contributing to our mission to cross ₹ 5500 crore mark by 2021.

Quality Policy

Shakti Pumps India Ltd. is committed to achieve total customer satisfaction by manufacturing high quality pumps with global benchmark as also meeting customer expectations by providing timely supply and services to our customers. We shall strive to maintain a high degree of goodwill and brand image to emerge as a market leader in domestic and international markets. We shall strive by providing excellent services to our customers with the help of teamwork and continual improvement of Quality Management Systems-thereby achieving total customer delight.



Mr. Dinesh Patidar,
Chairman & Managing Director



**Board
of
Directors**



Mr. Ramesh Patidar,
Executive Director &
Head, International Marketing



Mr. Sunil Patidar,
Executive Director

Ms. Pooja Mahajan,
Nominee Director
(Chief Operating Officer,
IFCI Limited)



Mr. Navin Sunderlal Patwa,
Independent Director
(Corporate Law Expert)



Mr. Raj Kumar Jain,
Independent Director
(Information Technology Expert)



Mr. S.S. Raghuvanshi,
Independent Director
(Ex-Chairman M.P. Pollution Control Board)



Dear Shareholders,

We are truly proud that as always we have done better than the previous years. We attribute this success to our goal-oriented approach that helped us both in the domestic and international market.

The financial result of our momentum building was solid performance in 2013-14, despite volatile currency and intense competition. Full-year EPS was ₹ 17.39, up over 38.01% compared to the prior year, while total revenue increased 41.4% to ₹ 306.7 Crore. We continue to reward our share-holders with regular dividend and for this year, we have proposed ₹ 2 per share. We will continue to efficiently deploy capital as we seek growth in coming years.

The year 2013-14 was particularly significant as we launched promising products, repositioned our go to market strategy and strengthened our brand. The last couple of years' efforts to expand our product portfolio resulted in launching Shakti Solar Pumps this year. The initial response across various markets has been very encouraging. Our sales also increased manifold in the industrial and household segment. We believe this continued momentum reflects the strategic evolution of our business.

By bringing in Amitabh Bachchan and investing in our Brand Campaign, "Annadata ki Shakti", we have succeeded in achieving higher sales growth in our core area of agriculture sector. We continue to be a leader in exports market of pump industry and increased our presence over 100 countries this year.

Without question, the key to our success in the year 2013-14 was our most valuable asset: Team Shakti. Our momentum of revenue and innovative products is maintained thanks to the dedicated, focused efforts of our more than 1100 employees. We are certainly proud of the stringent quality & innovation methods of our research & development team, which is over & above industry standard worldwide and has helped us attain great heights in the pumps market all over the world.

As we look ahead, our business projections - including plans for 25% growth rate in the top-line - further add to our excitement about the future as we continue momentum. This optimism, above all else, is founded on our unwavering confidence in the expertise and dedication of Shakti's employees around the world.

I wish to thank all the Shakti stakeholders for your ongoing trust and support and motivating us to do better in all the circumstances.

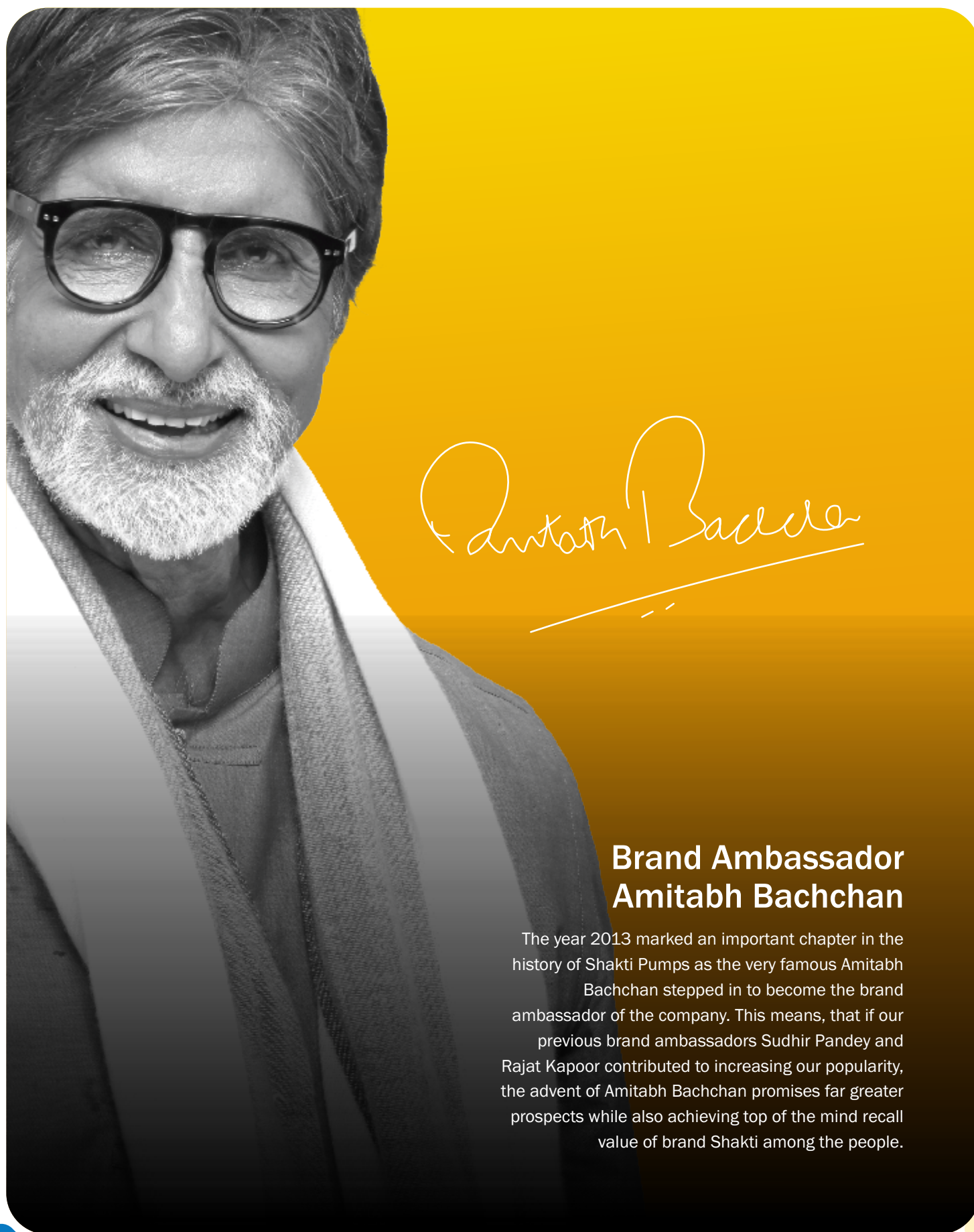
Warm regards,
Dinesh Patidar
Chairman and Managing Director



Growth our sole aim

As we look back on our glorious journey that began in 1982, the one thing that strikes instantly is our sincere efforts at bringing about growth for our customers, be it India or overseas. We have also ensured that this happiness passes on to all in the country, various communities, suppliers, dealers, employees, financial institutions, stakeholders & well-wishers.

We feel proud that our efforts and hard work have led to such commendable results.



Amitabh Bachchan

Brand Ambassador Amitabh Bachchan

The year 2013 marked an important chapter in the history of Shakti Pumps as the very famous Amitabh Bachchan stepped in to become the brand ambassador of the company. This means, that if our previous brand ambassadors Sudhir Pandey and Rajat Kapoor contributed to increasing our popularity, the advent of Amitabh Bachchan promises far greater prospects while also achieving top of the mind recall value of brand Shakti among the people.



Extensive Brand Promotion

"If the pumps are good, they have to reach far & wide," has been the company's policy right since inception.

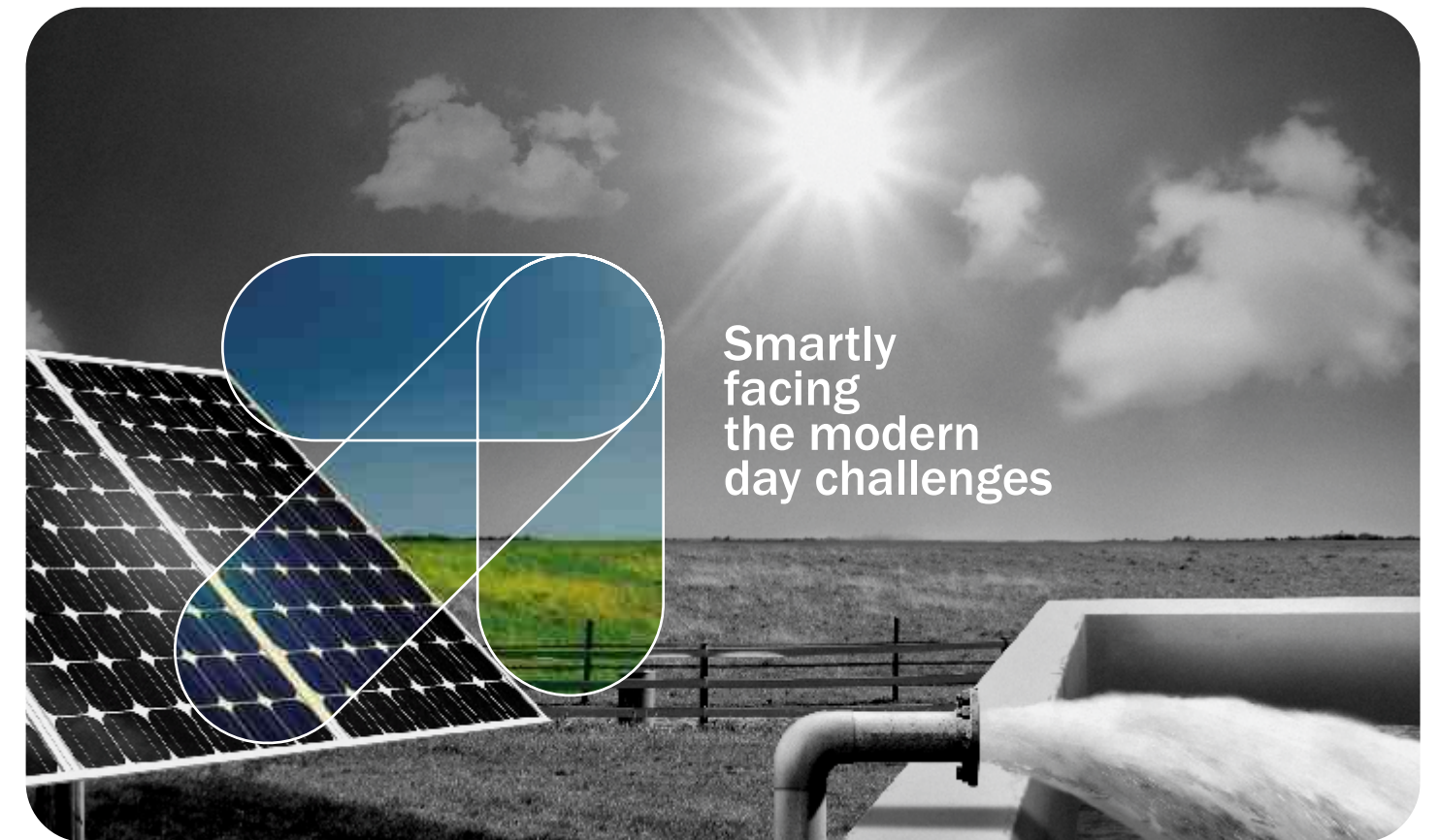
In compliance with this, Sudhir Pandey and Rajat Kapoor were our brand ambassadors in the initial years. The year 2013 was particularly significant as Amitabh Bachchan entered the scene as our new brand ambassador. The company is confident that the new ambassador & cine star who is famously known both in India & overseas will take the company to greater heights.

Besides this, we at Shakti Pumps have taken every opportunity to advertise in various media vehicles, for instance-

- **Television:** NDTV, Aaj Tak, CNBC Awaaz, Zee 24 Taas, ETV Rajasthan, IBN Lokmat, etc.
- **Radio:** Big FM, Red FM, Radio City, Radio Mirchi, My FM, etc.
- **Newspapers:** Dainik Bhaskar, Rajasthan Patrika, Lokmat, Nai duniya, Thanti, Sakshi, Sakaal, Indian Express, etc.
- **Magazines:** Air India, India Today, EPC Magazine, Water Today, World Pump India, Construction Buiness Today, Krishak Jagat, Gram Sanskriti, etc.
- **Press Releases:** All leading regional, national & international newspapers & channels
- **Online Promotion:** We have also been regularly advertising on You Tube, Facebook, Twitter & Linked in



Our very reliable Shakti Pumps at a glance



Shakti Solar Pump

Innovation is embedded in our DNA. We constantly challenge the limits, think beyond the ordinary and come up with innovative pumping solutions that satisfy the needs of customers in a better and an efficient manner. We have a world class R&D facility with ultra-modern equipment.

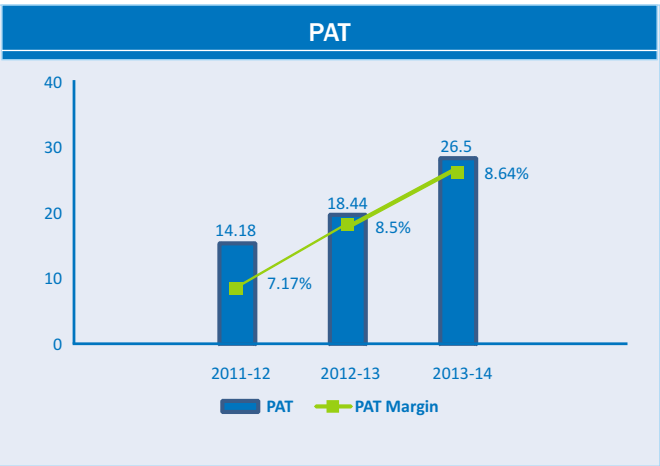
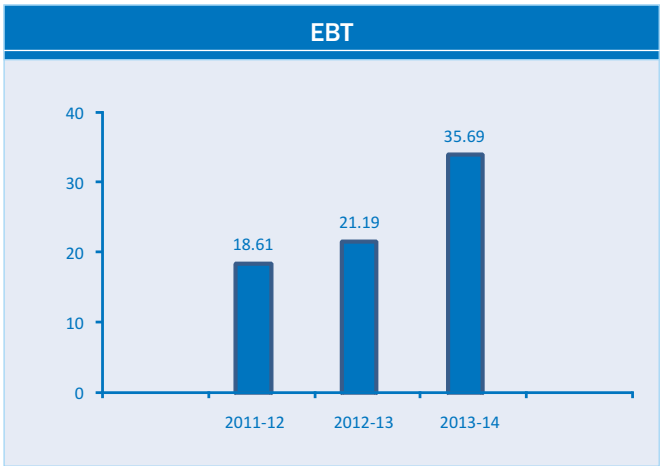
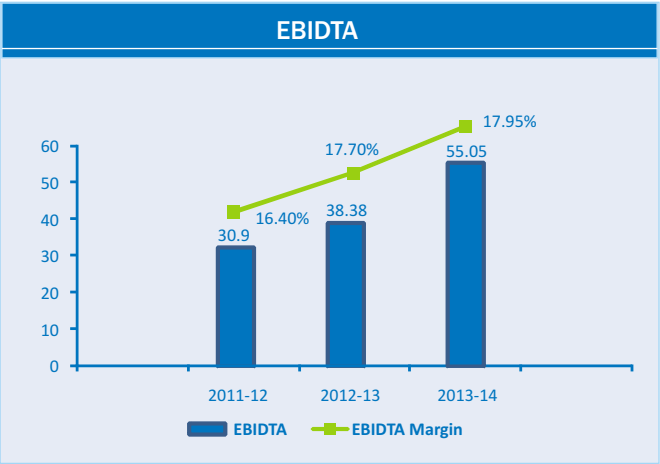
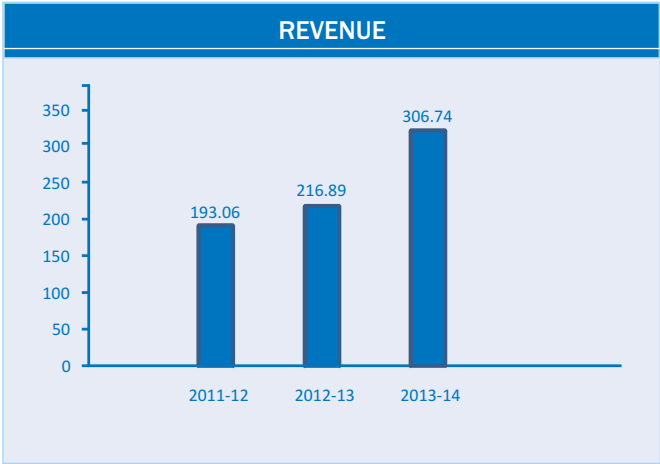
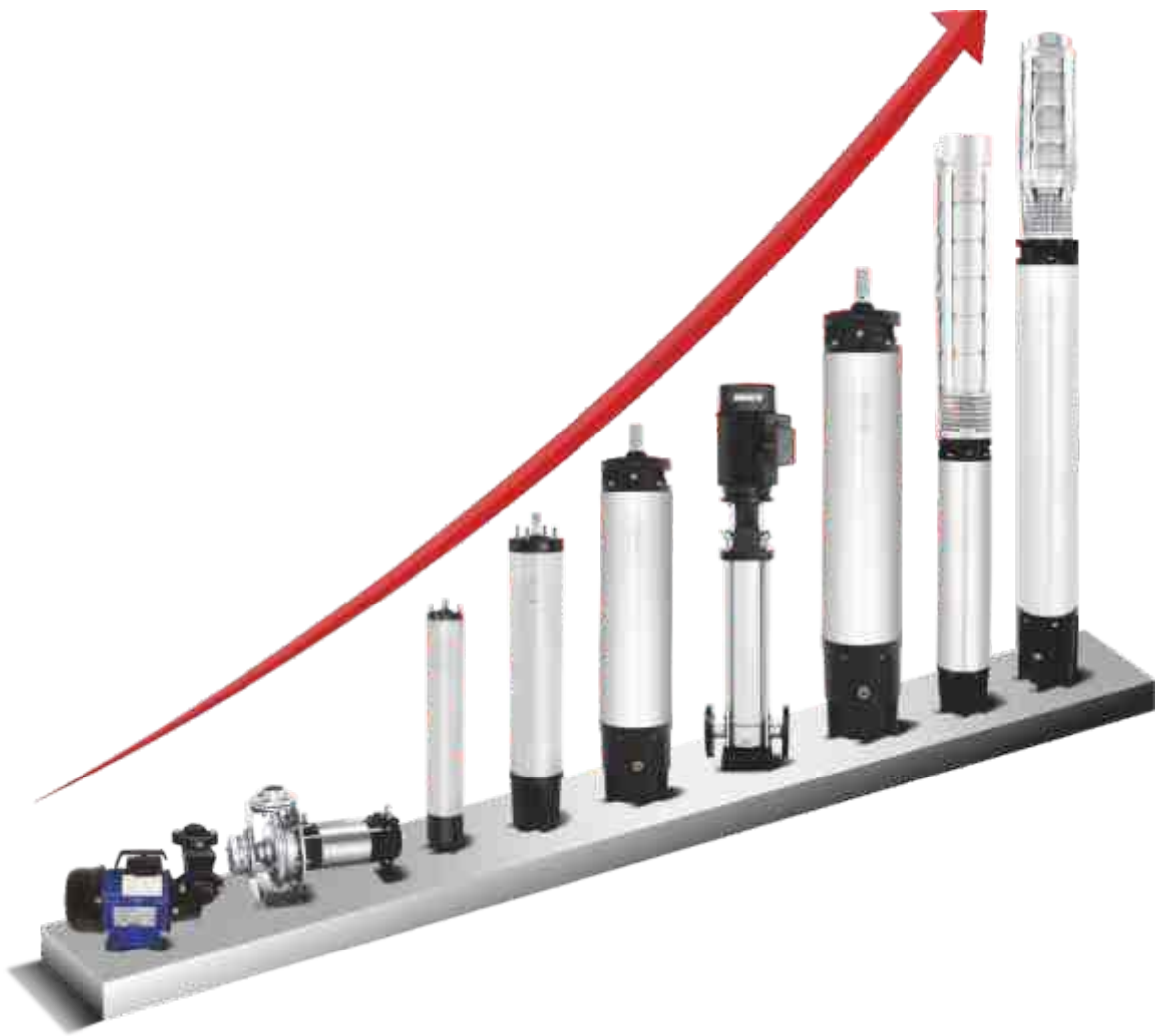
We were the first company to present stainless steel pumps in the Indian market, thus bringing a revolution in the sector. Now in an effort to reduce the dependency on the traditional sources of energy, we have come up with Solar Pumps that utilize the energy of the sun to supply water- in the process making farmers and Mother Nature both happy.

The advantage of Shakti Solar Pump is that it can run easily & efficiently on both Solar (DC power) & Grid (Conventional AC power), giving a very high discharge for maximum time. This way, Shakti Solar Pump automatically scores over other DC pumps.

Making a mark, Shakti Solar Pumps: We feel proud to state that the company is a channel partner for MNRE. And that our Shakti Solar Pumps have been greatly appreciated by Madhya Pradesh, Chhattisgarh & Rajasthan Government for their quality and performance. Not surprising that Shakti Solar Pumps are in great demand in France, Germany, Turkey, Sudan, Morocco & Algeria.

Operational Highlights & Achievements during 2013-2014

| Particulars | 2011-12 | 2012-13 | 2013-14 |
|----------------------|---------|---------|---------|
| EBITDA % | 16.40% | 17.70% | 17.95% |
| EBIT % | 14.11% | 15.39% | 15.74% |
| PBT % | 9.41% | 9.77% | 11.64% |
| PAT % | 7.17% | 8.50% | 8.64% |
| Return on Equity | 16% | 17.70% | 22.30% |
| Earnings per share | 10.09 | 12.10 | 17.39 |
| Book Value Per Share | 62.16 | 68.35 | 77.97 |



Promotional scheme during 2013-2014

The unique "Sone par Suhaga Offer" was organized during the Annadata Mahotsav celebrated from 23rd Dec.'13 - 1st Jan.'14. A free L&T Starter was given to every Shakti Pump buyer.



Sone par Suhaga Offer

Foreign Trip



Prize Distribution Ceremony

Our employees are our strength

