

Shakti Pumps Ltd.

Nifty: 25,725

CMP: Rs. 574

Target Price: Rs. 684

Capital Goods

Shakti Pumps reported a subdued Q3FY26 performance, marked by a deliberate management decision to pause execution of orders worth approximately Rs 200 crore, primarily in Maharashtra. This tactical shift was aimed at addressing elevated receivable levels and prioritizing balance sheet health over aggressive revenue recognition. While this led to a 15.1% YoY revenue decline and margin compression, the strategy is starting to show results with stabilized working capital and improved collection visibility from state authorities. With an order book of Rs 2,100 crore and the release of funds from the Asian Infrastructure Investment Bank (AIIB), execution is set to accelerate sharply in Q4, which management anticipates will be the company's highest-ever revenue quarter. We maintain our **BUY** recommendation with a TP of INR 684, based on a PE(x) multiple of 20 times on FY27E EPS.

Financial Highlights

- Revenue:** Stood at Rs 551 crore, a decline of 15.1% YoY and 17.3% QoQ, reflecting the intentional moderation in execution.
- EBITDA & Margins:** EBITDA came in at Rs 59 crore with margins at 10.71% (down from 23.8% YoY). Margins were impacted by a product mix favoring lower-realization HP pumps, a 2% rise in raw material costs (copper/steel), and a one-time manpower cost of Rs 4.4 crore related to the new labor code.
- Profitability:** PAT for the quarter was Rs 31.7 crore, down 69.5% YoY, following the lower top-line and temporary margin pressures.

Operational Highlights & Business Segments

- The Order Book:** Currently stands at Rs 2,100 crore as of February 2026. This includes the first major entry into the Karnataka market, though the book was adjusted by removing slow-moving projects like the Ajmer Kusum C and corrections in UP orders.
- Execution Strategy:** Management emphasized "disciplined execution," specifically pausing dispatches until payment visibility from the Maharashtra government improved. Funds have now been released via state budgets and AIIB, and full-scale execution has resumed.
- Retail:** Continued its strong trajectory with 25% YoY growth over the 9-month period.
- Exports:** Recorded Rs 15 crore in Q3. Management expects traction in the US market following favourable tariff adjustments (from 50% to 18% in specific categories).

Emerging Businesses

- (EV & Rooftop):** EV Segment: 9M FY26 sales reached Rs 66.6 crore (+68% YoY). New motor and controller approvals with clients like JBM position this segment for significant FY27 growth.
- Solar Rooftop:** Currently in the infrastructure-building phase; significant volume contributions are expected starting Q1 FY27

Outlook & Valuation

- FY26 Guidance:** Management remains confident in nearing its original revenue guidance, expecting a record-breaking Q4. The focus is shifting back to higher HP pumps (7.5-10 HP) in states like Jharkhand and Karnataka to restore margin profiles.
- Backward Integration Timeline:**
 - 500 MW Module Plant:** Commissioning on track for Q1 FY27.
 - 2.2 GW Solar Cell & Module Facility:** Expected to be fully operational by April 2027. This integration is expected to expand margins by approximately 3% and reduce working capital requirements for solar panels by 50%.
- Working Capital:** Receivables are expected to be more stable and better visibility on payments by March 2026 as state funds are fully disbursed. The company is utilizing a mix of internal funds and planned debt (approx. Rs 400-500 crore) for its Rs 1,200 crore solar capex.

Shakti Pumps remains a dominant leader in the solar pump ecosystem. Despite this Q3 pause, the company's structural growth remains intact, supported by a massive domestic requirement and aggressive backward integration. We maintain our **BUY** recommendation with a **TP of INR 684**, based on a PE(x) multiple of 20 times on FY27E EPS.

Shareholding (%)	Sep-25
Promoters	50.34
Mutual Funds	5.34
FII	6.30
Retail and Others	38.01



Key Data	Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
NSE Symbol	SHAKTIPUMP	Net Revenue	1,370.70	2,516.20	2,983.20
Bloomberg Code	SPIL	Growth (%)	41.60%	83.60%	18.60%
Shares Outstanding (In Cr)	12.3	EBITDA	224.8	602.9	648.3
Face Value	10	EBITDA Margin (%)	16.40%	24.00%	21.70%
Mcap (In cr)	7,087	PAT	141.7	408.4	426.2
52 week H/L	1,049 / 548	PAT Margin (%)	10.30%	16.20%	14.30%
		P/E(x)	45.3	17.4	16.6
					16.8

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Quarterly Financials

Particulars (INR Crs)	Q3FY26	Q3FY25	QoQ	Q2FY26	YoY
Revenue from operations	550.99	648.77	-15.1%	666.35	-17.3%
Cost of materials consumed	409.78	390.07	5.1%	486.60	-15.8%
Changes in WC	-18.16	4.29	-523.3%	-53.04	-65.8%
Expenses	391.62	394.36	-0.7%	433.56	-9.7%
GP	159.37	254.41	-37.4%	232.79	-31.5%
GPM	28.92%	39.21%	(1029) bps	34.94%	(601) bps
Employee benefits expenses	40.85	25.68	59.1%	34.29	19.1%
Other expenses	59.49	74.31	-19.9%	62.55	-4.9%
EBITDA	59.03	154.42	-61.8%	135.95	-56.6%
ETM	10.71%	23.80%	(1309) bps	20.40%	(969) bps
Depreciation	6.86	4.93	39.1%	6.67	2.8%
EBIT	52.17	149.49	-65.1%	129.28	-59.6%
Interest	18.11	11.90	52.2%	13.30	36.2%
Other income	7.70	3.96	94.4%	5.54	39.0%
Profit Before Tax	41.76	141.55	-70.5%	121.52	-65.6%
Tax expense	10.06	37.50	-73.2%	30.81	-67.3%
Profit After Tax	31.70	104.05	-69.5%	90.71	-65.1%
PATM	5.75%	16.04%	(1028) bps	13.61%	(786) bps
EPS	2.57	8.67	-70.4%	7.34	-65.0%

Capital Goods
Financials
Income Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Revenue from operations	1,370.7	2,516.2	2,983.2	3,492.3
Cost of materials consumed	984.5	1,563.7	1,968.9	2,409.7
Expenses	919.7	1,566.9	1,968.9	2,409.7
GP	451.1	949.3	1,014.3	1,082.6
GPM	32.9%	37.7%	34.0%	31.0%
Employee Expense	66.1	88.62	97.5	107.2
Other expenses	160.1	261.0	268.5	314.3
EBITDA	224.8	602.9	648.3	661.1
EBITDAM	16.4%	24.0%	21.7%	18.9%
Depreciation	19.0	20.0	30.8	41.6
EBIT	205.8	583.0	617.5	619.5
Interest	19.5	44.2	59.7	69.8
Other income	3.6	17.1	22.0	25.0
Profit Before Tax	189.9	555.8	579.9	574.6
Tax expense	48.2	147.5	153.7	152.3
Profit After Tax	141.7	408.4	426.2	422.4
PATM	10.3%	16.2%	14.3%	12.1%

Balance Sheet

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Property, Plant, and Equipment	144.5	221.5	254.2	484.2
Inventories	297.6	342.0	539.4	660.2
Trade Receivables	666.8	1,048.7	1,389.4	1,530.9
Cash and Cash Equivalents	201.3	169.4	708.4	271.3
Capital Work-in-Progress	37.8	32.7	230.0	1,000.0
Intangible Assets	5.4	5.3	5.5	5.7
Other Assets	96.8	154.9	166.0	259.1
Total Assets	1,450.3	1,974.4	3,293.0	4,211.3
Equity Share Capital	20.0	120.2	120.2	120.2
Reserves and Surplus	735.7	1,041.0	1,449.3	1,875.5
Borrowings	0.0	35.3	234.8	634.3
Provisions	8.3	51.4	54.4	57.4
Short Term Borrowings	82.9	132.5	122.5	112.5
Trade Payables	488.9	464.0	1,144.2	1,243.8
Other Financial Liabilities	42.5	56.7	90.3	90.3
Other Current Liabilities	72.1	73.4	77.2	77.2
Total Equity And Liabilities	1,450.3	1,974.4	3,293.0	4,211.3

Key Ratios

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Return Ratios				
ROE	18.8%	35.2%	27.2%	21.2%
ROCE	13.1%	28.1%	17.6%	13.6%
Margins				
GPM	32.9%	37.7%	34.0%	31.0%
EBITDAM	16.4%	24.0%	21.7%	18.9%
PATM	10.3%	16.2%	14.3%	12.1%
Efficiency Ratios				
Asset Turnover Ratio	1.26	1.47	1.13	0.93
Inventory (in days)	118	80	100	100
Debtors (in days)	178	152	170	160
Creditors (in days)	172	108	140	130
Valuation Ratios				
P/E(x)	45.3	17.4	16.6	16.8
P/BV(x)	5.8	5.9	4.4	3.5
P/S(x)	2.6	2.8	2.4	2.0

Cash Flow Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Profit Before Tax	189.9	555.8	579.9	574.6
Depreciation Expense	19.0	20.0	30.8	41.6
Interest Paid	13.89	30.5	59.7	69.8
Changes in WC	(138.2)	(463.2)	142.1	(162.6)
Taxes	(36.0)	(135.5)	(153.7)	(152.3)
Cash flow from Operations	49.6	20.5	658.7	371.2
Property, Plant, and Equipment	(58.8)	(107.8)	(32.7)	(230.0)
Cash Flow from Investing	(61.5)	(198.0)	(480.2)	(800.2)
Repayment of Loans	(2.4)	-	(10.0)	(10.0)
Proceeds from Short Term Loans	11.3	41.8	62.7	(315.0)
Proceeds from QIP	200.0	-	292.6	-
Interest Paid	(13.8)	(30.5)	(59.7)	(69.8)
Cash Flow from Financing	187.4	43.9	472.9	(8.1)

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