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Continuation of our coverage on Shakti Pumps (India) Ltd post Q1FY27 results announced by the company on 27th July, 2026.

Recommendation and Rationale: We reiterate our "BUY" recommendation on Shakti Pumps (India) Ltd with a cut in our revised price target to ₹595, based on a PE multiple of 25× on FY27E EPS of ₹23.81, implying an upside of 18% from current levels. Despite near-term softness in Q1FY27 – EBITDA margin stayed compressed on pcontinued raw material inflation and lower order realization – we believe the medium-term growth thesis remains intact, anchored on:

- **PM KUSUM 2.0 rollout**- management flagged increasing visibility during the quarter; SPIL's 25% market share under PM-KUSUM positions it as the primary beneficiary of the next policy cycle.
- **0.5 GW DCR module facility**- now guided for commissioning by September 2026; remains the key near-term lever for structural margin recovery via backward integration.
- **Diversification beyond core solar pumping**- Solar Rooftop (Rs. 8 Cr revenue, +4x YoY) and Retail/Cash Sales are gaining early traction, while EV Motors & Controllers has moved into a customer trial-order phase.

Financial Performance Highlights

- Revenue grew 37.9% YoY to ₹859 crore, marking another record quarterly performance driven by robust execution in the solar pump business.
- EBITDA margin remained broadly stable QoQ at 9.6%, while the YoY decline was driven by 4% lower sales realizations (Rs. 25 Cr) and 6% higher raw material costs (Rs. 36 Cr), resulting in an overall Rs. 61 Cr reduction in EBITDA YoY (from Rs. 144 Cr to Rs. 83 Cr).
- PAT increased 35% QoQ to ₹52 crore, with PAT margin improving to 6.0% from 4.5% in Q4 FY26, supported by disciplined cost management.
- Export business delivered stable performance despite geopolitical uncertainties, supported by a diversified order pipeline.

Key Operational Highlights:

- Solar pumps Installations rose 57.6% YoY to 27,678 units, driven by strong execution under government schemes, with capacity utilisation improving to 63%.
- Cash & retail business recorded ₹24 crore revenue during the quarter, reflecting encouraging traction through the expanding dealer network.
- Rooftop solar business reported revenue of ₹8 crore, compared with ₹2 crore in the corresponding quarter last year, supported by strong demand for Shakti's inverters.
- EV motor business continues in the customer validation phase, with management expecting meaningful revenue contribution from FY28 onwards.
- Per-pump realization remained broadly stable QoQ at Rs. 2.48 lakh (Rs.2,48,153 in Q1FY27 vs. Rs. 2,48,374 in Q4FY26), with the marginal variation driven by the sales mix between PM-KUSUM

Key Stock Data	
CMP (₹) (17/08/2026)	503.20
Industry	Industrial Products
Market Cap (Rs. Crore)	6,225.43
52 Week High/Low (Rs)	915 / 456
BSE/NSE Code	531431/ SHAKTIPUMP
Bloomberg	SKPI:IN

Financial Results Data (in ₹ Crores/ Unless stated otherwise)

Particulars	FY24	FY25	FY26	FY27E
Rev. from operations	1,371	2,516	2,698	3,550
EBITDA	225	603	422	462
EBITDA Margin (%)	16.4	24.0	15.6	13.0
PAT	142	408	258	294
PATM (%)	10.4	16.2	9.6	8.3
EPS	11.79	33.97	20.91	23.81

Quarterly Results Data (in ₹ Crores/ Unless stated otherwise)

Particulars	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Rev. from operations	666	551	858	859
EBITDA	136	59	83	83
EBITDA Margin (%)	20	11	10	10
PAT	91	32	38	52

Shareholding Pattern (%)

Particulars	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Promoters	50.31	50.34	50.36	50.36
FIIs	5.60	5.34	4.83	5.08
DIIs	6.71	6.30	4.97	2.39
Public	37.37	38.01	39.84	42.15

Price Chart

and Magel Tyala orders rather than pricing.

- The company has tied up INR1,800 crore of working capital limits from 10 leading banks and an INR800 crore term loan for its 2.2 GW expansion, alongside active receivables management and a 2–3 vendor procurement strategy to strengthen execution.

Outlook & Guidance

- Mr. Ramesh Patidar expects the company's healthy order book of ₹1,000 crore to provide strong execution visibility over the next two quarters. He further highlighted that the anticipated rollout of PM-KUSUM 2.0 should act as a key growth catalyst, with fresh order inflows expected after the scheme's launch, thereby supporting sustained revenue momentum.

- The Management reiterated FY29 revenue aspiration of ₹5,000 crore, driven by growth across solar pumps, rooftop solar, exports, EV motors, and integrated solar manufacturing.

- Management declined to give a specific 3-year blended EBITDA margin target, citing continuing raw-material volatility linked to geopolitical uncertainty, but reiterated an expectation of gradual QoQ improvement as conditions normalize.

- Management indicated that the ongoing Middle East conflict has not had a material impact on export revenue or order flow, with the segment continuing to receive Rs. 100 Cr of fresh orders per quarter.

- On Export business, Management stated that the Uganda project was completed successfully and the company is in discussions for similar opportunities in other African markets; demo installations of a 40 HP solar pump in Saudi Arabia and a 100 HP unit in Africa are aimed at building awareness for larger-HP export opportunities.

- On capacity expansion, the 0.5 GW DCR solar cell facility is on track for commercialization by September 2026, followed by the 2.2 GW expansion by September 2027, while the pump manufacturing expansion is expected to be completed by November 2026. Management expects the DCR solar cell backward integration to improve supply reliability and expand EBITDA margins by 3%.

- On 0.5 GW solar cell plant, management informed that the 0.5 GW facility will be commissioned in phases, with utilization expected at 40–50% in the first month, 60–70% in the second month, and ~85% thereafter, enabling captive supply for KUSUM, rooftop, private, and export businesses while reducing reliance on external module procurement ahead of the 2.2 GW scale-up.

- Replying to an analyst's query, Mr. Dinesh Patidar stated that the company expects the 2.2 GW solar cell capacity to be largely absorbed through captive consumption, exports and the domestic rooftop business, strengthening its fully integrated product portfolio and supporting margins despite competitive pricing in government tenders.

- Management highlighted that the company's key priorities for the rooftop business are enhancing customer experience through superior product quality, digitalized installation and data management, and end-to-end warranty support, with the upcoming 0.5 GW plant enabling a fully integrated rooftop offering.

- On the PM Surya Ghar segment, management highlighted that the company does not expect a margin hit despite competition, noting that while the B2B segment has relatively lower margins, its integrated manufacturing (inverters, structures, and upcoming solar panels) and strong inverter demand should support leadership and profitability.

- Management targets 15% EBITDA margins over time for the Rooftop business, supported by integration with in-house solar cells/modules, while revenue guidance will be provided once the business scales further.

- On EV Motors, management stated that the JBM Auto JV product is currently in the validation and testing phase, expected to continue for 8–9 months, with revenue ramp-up thereafter and meaningful top-line contribution from FY28 as bulk orders commence.

- Feeder-level solarization under PM-KUSUM 2.0 is expected to create additional pump demand for the company; management clarified this opportunity is limited to pumps and does not currently involve panel installation.

- Total capex of Rs. 1,500–1,700 Cr is to be completed by September 2027, phased roughly 50:50 – approximately Rs. 800 Cr in FY27 and the balance in FY28.

Segment-by-segment performance trend

The company continues to expand beyond its core solar pump business, though contribution from newer segments is still evolving and remains subject to execution and market adoption.

Segment	Q1FY27 Trend
Solar Pumps (PM-KUSUM)	Installations grew 57.6% YoY to 27,678 units in Q1FY27; order book of Rs. 1,000 Cr as on 22 July 2026; management flagged increasing visibility around PM-KUSUM 2.0.
Exports	Steady performance despite Middle East geopolitical uncertainty; Rs. 100 Cr of fresh export orders received per quarter.
Retail / Cash Sales	Rs. 24 Cr revenue in Q1FY27, continuing to gain traction on the back of an expanding dealer network.
Solar Rooftop	Revenue of Rs. 8 Cr in Q1FY27 (vs. Rs. 2 Cr in Q1FY26); customers report 10% better generation with inverters; registered as brand owner under PM Surya Ghar Muft Bijli Yojana; 500 MW plant progressing fast. Management targets 15% EBITDA margin once integrated with in-house solar cells/modules.
EV (Shakti EV Mobility)	In trial order phase with new customers; product in an 8–9-month validation/testing phase; cumulative investment of Rs. 70 Cr out of a planned Rs. 114 Cr capex; meaningful revenue contribution expected from FY28.

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Order Book as on 22nd July 2026 (inclusive of GST)

Project / Client	Order Value (₹ Cr)
Maharashtra State Electricity Distribution Company Limited (MSEDCL) & Maharashtra Energy Department Agency (MEDA)	8
Haryana Renewable Energy Department (HAREDA)	2
Madhya Pradesh Urja Vikas Nigam Limited, Madhya Pradesh	167
Karnataka Renewable Energy Development Limited, Karnataka	235
Magel Tyala Saur Urja Yojana, Maharashtra	522
Others (RHDS, Rajasthan; JREDA, Jharkhand; and MID, Uttarakhand)	1
Other Domestic & Export business	55
Total Outstanding Order Book	**1,000**

- Prime Minister's May 10 announcement underscored intent to replace all diesel pumps with solar pumps — directly aligned with SPIL's core business.
- Management expects PM-KUSUM 2.0 to be rolled out shortly, with fresh tendering activity likely to drive order inflows and support future revenue growth.
- India has 8-9 Mn diesel pumps still in operation; total replacement opportunity estimated at Rs. 2,200 Bn by industry.
- SPIL commands ~25% market share under the PM-KUSUM scheme, with 2,57,624 (2.58 lakh+) total solar pumps installed.

Receivables Position (as of 30th June 2026)

Trade receivables increased to Rs. 1,799 Cr as on 30th June 2026 (vs. Rs. 1,276 Cr as on 31st March 2026). Management described the overall position as “very much in line and under control,” noting Maharashtra payments have started coming in during the quarter.

Receivables Position	In Value (Rs. Cr)	In %
Not Due	755.58	42%
0 – 180 Days	557.69	31%
180 – 365 Days (includes retention amount of 10%)	269.85	15%
More than 365 Days (includes retention amount of 10%)	215.88	12%
Total Receivables	**1,799**	**100.0%**

Capacity Expansion in Progress

The DCR Cell & Module project remains the key growth capex for Shakti Pumps and has the potential to transform the company from a solar pump manufacturer into an integrated solar equipment player. Pump/motor capacity expansion and rooftop solar initiatives provide near-term growth, while the DCR facility offers a significant long-term earnings opportunity under India's domestic solar manufacturing push.

Details	FY26 Capacity	Capacity Post Expansion	Expected Timeline	Capex (Rs. Cr)
Pumps & Motors	5 Lakhs	-	Nov-26	250
Solar Structures*	2 Lakhs	-	Q3FY27	
VFDs & Inverters*	4 Lakhs	-	Q3FY27	
EV – Motors & Controllers	2 Lakhs each	-	Ongoing	114**
0.5 GW DCR Module	–	0.5 GW	Sep-26	Part of Solar capex
2.2 GW DCR Cell & Module	–	2.2 GW	Sep-27	1,200
Total	**–**	**–**	**–**	**1,500–1,700**

*The above capacities cover both Solar Pumps and Solar Rooftop businesses.
**Cumulative EV capex of Rs. 114 Cr planned; Rs. 70 Cr invested to date (as of July 2026).
All capex (Rs. 1,500–1,700 Cr) is to be completed by September 2027, phased roughly 50:50 between FY27 (Rs. 800 Cr) and FY28.
Management expects a ~3% EBITDA margin uplift once the full DCR capacity is commissioned.

Key risks to monitor:

- Persistent geopolitical tensions leading to sustained inflation in key raw materials could adversely impact profitability and margin expansion beyond H2FY27.
- PM-KUSUM 2.0 remains pending PMO clearance; while management expects a launch within weeks, any further delay would push out the associated order inflow.
- Receivables have risen sequentially; working capital intensity bears monitoring as revenue scales further.
- Continued lower realization on state tenders or increased competitive intensity as peers pursue similar backward integration could constrain margin recovery despite volume growth.

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Buy – Absolute return of 15% and above

Accumulate – Absolute return between 10% and 15%

Hold - Absolute return between 0 to 10%

Book profits: On achieving the price target given in the research report for a particular Company or on an occurrence of a specific event leading to change in fundamentals of the Company recommended

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