Rating: Buy
Target: ₹818
Upside: 46%

Continuation of our coverage on Shakti Pumps (India) Ltd post Q3FY26 results announced by the company on 13th February, 2026.

Recommendation and Rationale: We reiterate our "Buy" recommendation on Shakti Pumps (India) Ltd with a cut in our revised price target of ₹818, based on PE multiple of 22.5× FY27E EPS of ₹36.33, implying an upside of 46% from current levels. Despite near-term softness in Q3FY26 driven by a calibrated slowdown in execution, we believe Shakti Pumps' medium-term growth thesis remains firmly intact.

The company continues to enjoy strong revenue visibility, supported by a healthy ₹2100 Crore order book and an expected recovery in execution momentum as collections normalize. Structural growth drivers including higher government allocations for solar irrigation, improving export traction and a rising share of higher-margin retail/cash sales remain supportive. Further, ongoing capacity expansion across pumps and backward integration into DCR cells and modules, along with emerging opportunities in solar EV motors and controllers, strengthen Shakti Pumps' positioning within India's renewable and agri-electrification ecosystem, underpinning a constructive medium-term outlook despite near-term margin volatility.

Financial Performance Highlights

The moderated performance in Q3 FY26 was impacted by both strategic choices and macroeconomic headwinds.

- Consolidated revenue for Q3FY26 declined by 15.1% YoY, while PAT fell sharply by 69.5% YoY, primarily due to a calibrated slowdown in execution and margin compression during the quarter. Management consciously paused execution of orders worth approximately ₹200 crore, largely in Maharashtra, to address elevated receivables and strengthen working capital discipline, impacting near-term revenue recognition.
- EBITDA margin contracted to 11% in Q3FY26 from 20% in Q2FY26, affected by multiple negative factors including a 4% decline in realizations under the Magel Tyala scheme orders, a 2% increase in key raw material costs such as copper, steel and solar panels, and holding cost of higher inventory accumulated in Q2FY26. Operating deleverage due to lower execution further weighed on margins.
- Employee expenses increased during the quarter, including a one-time impact of ₹4.4 crore arising from implementation of the new labour code, while continued investments in emerging segments such as EV motors and solar rooftop businesses—currently in the scale-up phase—added to short-term EBITDA pressure.
- For 9M FY26, revenue stood at ₹1,840 crore, broadly stable with a marginal 0.6% YoY decline, indicating that the weakness was largely concentrated in Q3 despite sustained underlying demand and order inflows.

Key Stock Data	
CMP (₹) (20/02/2026)	560
Industry	Industrial Products
Market Cap (Rs. Crore)	6,910
52 Week High/Low (Rs)	1,049 / 548
BSE/NSE Code	531431/ SHAKTIPUMP
Bloomberg	SKPI:IN

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

Particulars	FY24	FY25	FY26E	FY27E
Rev. from operations	1,371	2,516	2,840	3,408
EBITDA	225	603	540	682
EBITDA Margin (%)	16.4	24.0	19.0	20.0
PAT	142	408	358	448
PATM (%)	10.4	16.2	12.6	13.2
EPS	11.79	33.97	29.01	36.33

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

Particulars	Q3FY26	Q3FY25	9MFY26	9MFY25
Rev. from operations	551	649	1840	1851
EBITDA	59	154	339	439
EBITDA Margin (%)	11	24	18	24
PAT	32	104	220	298

Shareholding Pattern (%)

Particulars	Q3FY26	Q2FY26	Q1FY26	Q4FY25
Promoters	50.34	50.31	51.61	51.61
FIIs	5.34	5.60	5.06	5.16
DIIs	6.30	6.71	4.84	4.33
Public	38.01	37.37	38.49	38.91

Price Chart

Source: Company, Screener, NSE

Outlook & Guidance

- Despite the Q3 slowdown, the company maintains a healthy order book of approximately ₹2,100 crore (inclusive of GST) as of mid-February 2026, providing strong near-term revenue visibility.
- Management expects Q4FY26 to be the highest revenue quarter in the company's history, supported by resumption of execution in key states such as Maharashtra and Karnataka, although a portion of revenues may spill over into Q1FY27 depending on installation timelines.
- Collections from Maharashtra have begun improving following the release of funds by AIIB to the state government, enabling execution to restart, while execution in Karnataka will remain closely aligned with payment schedules to maintain working capital discipline.
- Margins are likely to remain under pressure in the near term due to lower realizations under Magel Tyala orders and continued inflation, creating uncertainty around the pace and sustainability of margin recovery.
- The company is targeting export revenues of over ₹500 crore with 20–25% growth, supported by strong retail/cash sales momentum and improving international trade opportunities in markets such as the USA and Europe; notably, exports command 10% higher margins compared to domestic sales, which should support overall profitability.
- The solar rooftop segment will gain better volume visibility post commissioning of the 500 MW DCR module capacity in Q1FY27, with the full 2.2 GW cell and module capacity targeted by April 2027, which could potentially improve margins by 300 bps and significantly enhance export potential given existing demand for solar modules alongside solar pumps.
- Emerging segments including cash sales and rooftop continue to scale up, while Shakti EV initiatives are progressing with ongoing trials, approvals and testing with partners such as JBM, with commercial traction expected next year.
- Management expressed strong conviction that KUSUM 2.0 will be implemented, despite no clear timeline, citing higher budgetary allocations of ₹5,000 crore for KUSUM and ₹22,000 crore for PM Surya Ghar, both increased as compared to the previous year.
- Management has articulated a long-term revenue aspiration of ₹5,000 crore by FY28, driven by solar pumps, backward integration into DCR modules, exports, rooftop expansion and EV-related opportunities.

Segment-by-segment performance trend

Shakti Pumps operates across five business lines, with Solar Pumps (government PM-KUSUM scheme) dominating revenue. The company is actively diversifying but remains significantly dependent on B2G business.

Segment	Trend
Solar Pumps (PM-KUSUM)	Execution moderated in Maharashtra; Karnataka order ₹654 Cr in book. 57,741 pumps sold in 9MFY26.
Exports	+25% YoY growth in 9MFY26. USA, Africa, Middle East driving growth. Target >₹500 Cr in FY26.
Retail / Cash Sales	+68% YoY growth in 9MFY26. 100+ exclusive outlets across states. Fast-growing segment.
Solar Rooftop	Expanded presence by onboarding 90+ dealers in new states: Rajasthan, UP, Maharashtra. Revenue contribution minimal in FY26.
EV (Shakti EV Mobility)	Patent secured. DCR cell plant (2.2 GW, ₹1,200 Cr capex) targeted for Q1 FY27 launch.

Order Book as on 13th February 2026

- The total outstanding order book stood at approximately ₹2,100 Cr.
- The strong order book position is backed by robust recent inflows of ₹1,900 Cr across key states such as Madhya Pradesh, Jharkhand, Haryana, Maharashtra, and Karnataka. Management also anticipates another large tender of 100,000 pumps in Maharashtra, highlighting that the state would need to clear pending payments before floating the next round.
- A noteworthy achievement during the quarter was the Company's entry into the Southern region with its maiden order from Karnataka Renewable Energy Development Limited for 16,780 Solar Pumps worth ₹654 Cr, significantly expanding the Company's geographical reach and opening new markets.

Project / Client	Order Value (₹ Cr)
Off-Grid Solar Photovoltaic Water Pumping Systems (SPWPS)	
Maharashtra State Electricity Distribution Company Limited (MSEDCL) & Maharashtra Energy Development Agency	40
Haryana Renewable Energy Department (HAREDA)	27
Department of Agriculture, Uttar Pradesh	52
Madhya Pradesh Urja Vikas Nigam Limited, Madhya Pradesh	374
Karnataka Renewable Energy Development Limited, Karnataka	654
Magel Tyala Saur Urja Yojana, Maharashtra	812
Others (RHDS, Rajasthan; JREDA, Jharkhand; and MID, Uttarakhand)	59
Uganda Project, Other Domestic & Export Business	82
Total Outstanding Order Book	**2,100**

<u>Receivables Position (as of 31st December 2025)</u>

Receivables Position	In Value (Rs. Cr)	In %
Not Due	503	29.6%
0 – 90 Days	571	33.6%
90 – 180 Days	240	14.1%
181 – 365 Days (includes retention amount of 10%)	219	12.9%
More than 365 Days (includes retention amount of 10%)	164	9.7%
Total Receivables	**1,697**	**100.0%**

A sizeable portion of receivables remains aged, with 36.7% outstanding beyond 90 days, which could constrain execution and cash flows if collections weaken.

<u>Capacity Expansion in Progress</u>

The company's capital expenditure program remains on schedule, with management confident of meeting the committed timelines for both the Pumps & Motors expansion and the solar DCR cell and PV module facility. The ongoing capex outlay of ₹1,700 Cr includes the following components:

Details	FY25 Capacity	9MFY26 Capacity	Capacity post Expansion	Capex Required (₹ Cr)
Pumps & Motors	5 Lakhs	5 Lakhs	10 Lakhs (Aug 2026)	250
Structures*	1 Lakh	2 Lakhs	2 Lakhs	
VFDs & Inverters*	2 Lakhs	4 Lakhs	4 Lakhs	
EV – Motors	2 Lakhs	2 Lakhs	2 Lakhs	250**
EV – Controllers	2 Lakhs	2 Lakhs	2 Lakhs	
DCR Cells & Modules*	-	-	2.2 GW (March 2027) #	1,200

*The above capacities cover both Solar Pumps and Solar Rooftop businesses
** The capex for EV Motors & Controllers is under budgeting stage, and will be incurred as and when required
# The commissioning of the DCR Module capacity of 0.5 GW is expected to be operational by Q1FY27

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Disclosure under SEBI Research Analyst Regulations 2014:

Sr.no.	Particulars	Yes/No
1)	Research Analyst or his/her relative's or Ajcon Global Services Limited financial interest in the subject company(ies):	No
2)	Research Analyst or his/her relative or Ajcon Global Services Limited actual/beneficial ownership of 1% or more securities of the subject company (ies) at the end of the month immediately preceding the date of publication of the Research report	No
3)	Research Analyst or his/her relative or Ajcon Global Services Limited has any other material conflict of interest at the time of publication of the Research Report	No
4)	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5)	Ajcon Global Services Limited has received any compensation from the subject company in the past twelve months	No
6)	Ajcon Global Services Limited has received any compensation for investment banking, or merchant banking, or brokerage services from the subject company in the past twelve months	No
7)	Ajcon Global Services Limited has received any compensation for products or services other than investment banking,or merchant banking, or brokerage services from the subject company in the past twelve months	No
8)	Ajcon Global Services Limited has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9)	Ajcon Global Services Limited has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10)	Research Analyst or Ajcon Global Services Limited has been engaged in market making activity for the subject company(ies)	No

Recommendation parameters for fundamental reports:

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

Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity andcurrency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice.The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any

way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward- looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party

in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Divya Makwana, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

Divya Babubhai Makwana

Digitally signed by Divya Babubhai Makwana
DN: c=IN, o=Personal, title=9587, 2.5.4.20=244c9f1ee4254aade11a1e272cdcfd740651187bf45239ac869ee9c642ed0aa8, postalCode=400092, st=Maharashtra, serialNumber=824ad3cd7e41958684e621fe36d3f8a362c79c651226b3099d7efd869fce2df7, cn=Divya Babubhai Makwana
Date: 2026.02.21 16:21:56 +05'30'

For research related queries contact:

Divya Makwana at research@ajcon.net, CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office: 408 - (4th Floor), Express Zone, “A” Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel’s, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062