

DALALBYTES RESEARCH

Shakti Pumps (India) Ltd

The solar pump tender cycle:
a KUSUM leader at a 52-week low

NSE: SHAKTIPUMP

October 2, 2026

Reference: Rs 454.10, NSE close of October 1, 2026

(NSE closed October 2, 2026 for Gandhi Jayanti).

Business, PM-KUSUM exposure, financials, balance sheet,
leadership, valuation vs peers, risks, and FY2029 scenarios.

01 BLUNT VERDICT FIRST

67 / 100 : Selective Positive

Shakti Pumps is the largest listed pure-play beneficiary of India's solar-pump subsidy machine, with a genuine manufacturing base (four integrated plants at Pithampur, in-house motors, VFDs, stainless steel pumps) and a founder-led team that executed a KUSUM order book from Rs 1,655 crore to record FY26 revenue of Rs 2,698 crore. That is the bull case, and it is real.

The blunt part: this is a tender-driven cyclical, not a compounder. Around 77% of revenue comes from solar pumps that exist almost entirely because of government subsidies. Maharashtra's Magel Tyala scheme alone was about 45% of the order book. When realizations dipped and input costs rose, EBITDA margins collapsed from 24.0% in FY25 to 15.6% in FY26, an 840 bps swing in one year on a business the market was pricing at peak multiples. The stock is down 45% in a year and sits at its 52-week low for a reason.

The valuation has reset to something reasonable. At Rs 454.10 the stock trades at 26.4x trailing earnings, but trailing earnings are depressed; on a normalized mid-teens EBITDA margin the multiple is closer to 15-16x. If KUSUM 2.0 is notified and margins recover toward 18-20%, there is a double from here. If the scheme stalls or margins stay in the low teens, the stock can fall another 30% and the multiple is still not cheap. Selective Positive, sized for a cyclical.

67/100

DalalBytes score:
Selective Positive

Rs 1,000

FY2029 base-case
target (+120%)

**Rs 300 /
2,150**

Bear / bull FY2029
targets

-45%

1-year stock
return

FY2029 price targets: the math

Shared assumptions: 12.03 crore fully diluted shares (post the July 2025 QIP; no further dilution assumed). Targets use FY2029 estimated EPS times a justified P/E multiple.

Scenario	FY29 revenue	EBITDA margin	PAT (Rs cr)	EPS (Rs)	P/E	Target
Bear	3,300	13.0%	239	19.9	15x	Rs 300
Base	4,500	18.5%	548	45.6	22x	Rs 1,000
Bull	6,200	22.0%	924	76.8	28x	Rs 2,150

Math: Bear EPS 239 / 12.03 = Rs 19.9, x 15 = Rs 300. Base EPS 548 / 12.03 = Rs 45.6, x 22 = Rs 1,000. Bull EPS 924 / 12.03 = Rs 76.8, x 28 = Rs 2,150. The Rs 300 to Rs 2,150 spread is the honest summary: tender calendars decide the outcome, not the factories.

Pumps, motors, and the solar system around them

Founded 1982 as a partnership, public limited since 1995. Shakti manufactures pumps, motors, VFDs, inverters, solar structures, and spares. Core products: solar pumps, energy-efficient stainless steel submersible pumps, pressure booster pumps, industrial pumps, and pump motors.

- **Solar pumping systems, about 77% of FY26 revenue.** AC/DC solar submersible and surface pumps sold as complete systems with panels, structures, controllers, and installation. FY26: 86,086 pumps installed (+20% YoY), solar revenue Rs 2,080.6 crore (+7%). Q1 FY27: 27,678 pumps (+57.6% YoY), solar revenue Rs 685.1 crore (+51.3%).
- **Conventional pumps and motors.** Stainless steel submersible pumps (company claims India's first 5-star-rated pump maker), boosters, industrial pumps. Industrial segment was about Rs 30 crore in FY25.
- **Electronics.** In-house VFDs and solar pump controllers: the brains of the system and a genuine cost lever in tenders.
- **Solar modules and structures.** Via wholly owned Shakti Energy Solutions Ltd (FY26 turnover Rs 239.1 crore): mounting structures and rooftop installs today; a 2.2 GW DCR cell and module plant under construction.
- **EV motors, controllers, chargers.** Via Shakti EV Mobility Pvt Ltd; cumulative investment Rs 70 crore by July 2026. Near-term revenue immaterial and unverified.

Manufacturing footprint: four integrated units at Pithampur, MP

350,000

Pumps and motors
per year, main unit

150,000

Stainless steel pumps
per year, SEZ unit

400,000

VFDs and inverters
per year

200,000

Solar structures
per year

Geography: exports to 100+ countries (company claim). FY25 exports Rs 436.8 crore (+52.7% YoY), about 17.4% of revenue: Africa 43.3%, Middle East 24.8%, USA 14.7%, Rest of World 13.8%, Asia 3.4%. Q1 FY27 exports were Rs 82.9 crore (~9.7% of revenue). Domestic business is overwhelmingly government tenders via state nodal agencies (MSEDCL, MEDA, MPUVN, HAREDA, Rajasthan, Jharkhand, Uttarakhand, Karnataka, Punjab). Retail/cash sales (~Rs 24 crore) and rooftop solar (~Rs 8 crore) in Q1 FY27 are early, immaterial diversification lines.

A policy window, not a permanent demand curve

PM-KUSUM (MNRE, since March 2019): Component A, 10,000 MW of small solar plants; Component B, 14 lakh standalone off-grid solar agri pumps; Component C, solarization of 35 lakh grid-connected agri pumps. Central support about Rs 34,422 crore against a 34,800 MW target.

Component	Target	Installed (verified)	Progress
A: small solar plants	10,000 MW	~1,727 MW (Jun 2026)	~17%
B: standalone pumps	14 lakh pumps	>9.75 lakh (Dec 2025)	~70%
C: pump solarization	35 lakh pumps	>12 lakh	~34%
Overall scheme	34,800 MW	13.11 GW (Mar 2026)	~38%

Table: MNRE figures via Lok Sabha questions and PIB releases. Component B, Shakti's core, is the furthest advanced, which is both the opportunity and the sunset risk.

Continuity

- **Deadline extended:** MNRE moved commissioning from March 31, 2026 to March 31, 2027 for projects with PPA/notice-to-proceed issued by December 31, 2025. Confirmed in Shakti's Q4 FY26 earnings update.
- **PM-KUSUM 2.0** is in the proposal stage (trade press, September 2026), not yet notified. The current scheme is proposed to be subsumed into it.
- **Shakti's share:** about 25% of KUSUM is claimed in trade press (media claim, not company-audited), directionally plausible from installation volumes: 71,572 pumps in FY25, 86,086 in FY26, 27,678 in Q1 FY27.

Order book and recent wins

- **Order book:** about Rs 1,655 crore (March 31, 2025) down to about Rs 1,000 crore (July 22, 2026): roughly 4-5 months of cover at current run rate, thin for a tender business entering a scheme-transition year.
- **Maharashtra concentration:** Magel Tyala Saur Krushi Pump Yojana was Rs 742.1 crore of the March 2025 book, about 45%. Plus Rs 378.5 crore from the Department of Agriculture and Rs 130 crore from HAREDA.
- **Recent wins:** MSEDCL Rs 235.92 crore for 10,000 pumps (Sep 2026, 60-day execution); MSEDCL Rs 443.78 crore for 16,025 pumps (Dec 2025); MPUVN Rs 170 crore for 4,840 pumps and Rs 65.2 crore for 1,897 pumps (Component B); MEDA Rs 114.58 crore for 4,500 pumps (Mar 2025).

The concentration problem, stated plainly

Shakti is a Maharashtra-first, scheme-first company. One state's program was nearly half the order book, solar pumps are 77% of revenue, and management itself admits 'lower realisation from Magel Tyala Scheme' hurt margins: the biggest customer is also squeezing price. Tender calendars, state fiscal health, and subsidy continuity decide earnings far more than the factories do.

04 SEGMENT ECONOMICS AND INDUSTRY STRUCTURE

A tender oligopoly with L1 pricing

The company does not publish segment-wise margins, so margin-by-segment cannot be verified. The consolidated margin trajectory tells the story: 24.0% EBITDA margin in FY25 when KUSUM execution was strong, 15.6% in FY26 when realizations softened. Solar pumps were 77% of revenue in both years.

- **Structure:** India's solar pump market is a tender oligopoly. Listed rival Oswal Pumps (listed 2025, KUSUM-focused) plus private CRI Pumps (Coimbatore), Taro, Lubi, and regional players contest state tenders.
- **Pricing:** awards are typically L1 (lowest qualified bidder). Volume is won on price and execution speed, not brand. This is the structural reason margins swing 840 bps in a year.
- **Visibility:** the pipeline cites MP, Punjab, Rajasthan, Haryana, and Karnataka, but anticipated large MP and Rajasthan orders 'are yet to be released despite active bidding' (trade press, Dec 2025).

Beyond the March 2027 extended deadline, visibility depends on KUSUM 2.0 being notified with comparable economics. A shift toward feeder-level solarization (Component C) would favor different capabilities than Shakti's standalone-pump strength.

05 CAPABILITIES AND THE RS 1,700 CRORE BET

Genuinely capable factories; an unproven diversification

What is genuinely capable (verified):

- In-house pump and motor manufacturing at 350,000 units a year; unusual in an industry of assemblers who buy motors.
- In-house VFD and controller electronics (400,000 units a year) with a DSIR-certified R and D center supported by IIT Delhi.

- Stainless steel submersible expertise with an SEZ export unit (150,000 units a year) underpinning 100+ country exports.
- 29 patents filed, 15 granted (company claim via trade press): a modest IP position, not a blocking portfolio.

The Rs 1,700 crore question

Rs 1,200 crore for the 2.2 GW DCR cell and module plant (113 acres allotted by MPIDC; first 0.5 GW line guided for September 2027), Rs 250 crore to double pump/motor/inverter/structure capacity, Rs 250 crore for EV components. Logic: modules are the largest bought-out cost and DCR modules command tender premiums. Risk: cell manufacturing is a scale commodity game dominated by Adani, Waaree, and Vikram Solar at 5-10x Shakti's scale, and Shakti has no demonstrated cell competence. This is high-stakes diversification funded by the QIP plus debt, during a margin trough. Grade it as unproven, not as backward-integration strength.

Raw materials and pass-through

Key inputs: copper (motors), steel (pumps), solar cells/modules (systems). Pass-through on fixed-price government tenders is limited. In Q2 FY26, copper, steel, and panel prices rose 3-4% and hurt margins; Q4 FY26 cited higher raw material and logistics costs from geopolitical tensions. Tender pricing is set at bid time, so inflation between bid and execution comes straight out of margin. A permanent feature of the model, not a one-off.

06 FINANCIALS FY22 TO FY26

The cycle in one table

Consolidated, Rs crore. P and L verified from the company's investor presentations; cash flow from compiled filed accounts.

	FY22	FY23	FY24	FY25	FY26
Revenue	1,178.5	967.7	1,370.7	2,516.3	2,697.6
EBITDA	110.5	66.6	224.8	603.0	421.7
EBITDA margin	9.4%	6.9%	16.4%	24.0%	15.6%
PAT	64.8	24.1	141.7	408.4	257.6
PAT margin	5.5%	2.5%	10.3%	16.2%	9.5%
EPS (Rs)	5.9	2.2	12.8	34.0	21.0

	FY22	FY23	FY24	FY25	FY26
Operating cash flow	17.0	38.7	54.4	20.5	124.1
Capex	21.6	24.6	58.8	108.1	180.0
Free cash flow	-4.6	14.1	-4.4	-87.6	-55.9

FY23 was the trough (KUSUM stalled). FY24-25 was the boom. FY26 is the hangover: revenue +7.2%, PAT -36.9%, EBITDA margin -840 bps. Q1 FY27 continued the pattern: record revenue Rs 858.7 crore (+37.9% YoY) with EBITDA margin 9.6% and PAT down 46.7% YoY. Growing volume while shrinking profit is exactly what a price-competitive tender cycle looks like.

The cash problem

Five-year cumulative operating cash flow of about Rs 255 crore against cumulative PAT of about Rs 897 crore: cash conversion under 30%. Free cash flow negative in four of five years. The gap is working capital, which is the next section.

07 BALANCE SHEET AND WORKING CAPITAL

Modest leverage; receivables run the show

- **Leverage (verified):** consolidated debt-to-equity 0.11 (FY24), 0.14 (FY25), 0.29 (FY26). Interest coverage: 13.6x in FY25, 7.1x in FY26 (EBITDA / finance cost). Modest, but deteriorating as capex is debt-funded.
- **Liquidity (FY26):** receivables Rs 1,370 crore, inventory Rs 490 crore, cash and equivalents Rs 440 crore, short-term investments Rs 250 crore, total assets Rs 3,050 crore, net PP and E Rs 320 crore. Book value Rs 1,697.7 crore (Rs 142.4 per share).
- **QIP:** July 2025, Rs 292.6 crore at Rs 918 per share (31.87 lakh shares); PineBridge, Bank of India Small Cap, LIC MF participated.
- **Promoters:** 51.61% (Mar 2025) to 50.36% (Jun 2026, post-QIP); FII 5.08%; pledged shares: zero. Dividend Re 1 per share (10%) for FY26, maintained despite the profit fall.

Receivables: the line to watch every quarter

Receivable days: 178 (FY24) to 152 (FY25), then a blowout to 250 days by December 2025, then a management-driven recovery to 173 days by March 2026 with receivables cut by over Rs 420 crore in Q4 FY26. Management frames it as 'cash conversion over mere volume growth.' The improvement is genuine and creditworthy, but 173 days is still very high, and the December spike shows how fast state-government payment delays return. If receivable days drift back above 200, the working capital story is broken again.

08 LEADERSHIP AND GOVERNANCE

Founder-operators, concentrated by design

- **Dinesh Patidar**, Chairman cum Whole-time Director (brother of Sunil Patidar, Whole-time Director); **Ramesh Patidar**, Managing Director (business administration graduate, 18+ years at Shakti, heads international business). Both reappointed for three years effective May 7, 2026.
- **Sunil Patidar**, Whole-time Director: people, administration, legal compliance. **Dinesh Patel**, CFO: CA and ICWAI, ex-Mahindra and Mahindra and CASE New Holland, at Shakti since May 2018. **Ravi Patidar**, Company Secretary. E and Y moderates earnings calls.
- **Record**: revenue from Rs 968 crore (FY23) to Rs 2,698 crore (FY26) on KUSUM execution; voluntary working-capital pivot in FY26. Operationally competent.
- **Watch-items (structural, not scandal)**: family-concentrated board, no visible next-generation succession, 50.36% family voting control over the Rs 1,700 crore diversification. No pledging, no auditor resignations, no SEBI strictures, no related-party controversies surfaced. Clean on red flags, concentrated by design.

09 VALUATION VS PEERS

Reset to reasonable, not to cheap

October 1, 2026 closes. TTM multiples unless stated.

Company	Price (Rs)	Mkt cap (Rs cr)	P/E (TTM)	P/B	FY rev (Rs cr)	EBITDA margin
Shakti Pumps	454.10	~5,600	26.4x	3.3x	2,697.6	15.6%
Oswal Pumps	264.25	~3,062	9.1x	~6.8x	1,430.3*	~29% gross
Kirloskar Bros	1,767.60	~13,774	36.9x	~5.9x	4,538.0	~11%
WPIL	433.50	~4,270	~19.7x	2.5x	n/a	17.2%

Table: Oswal FY25 figures (listed 2025); * FY25 revenue and PAT. CRI Pumps (Coimbatore) is privately held: a tender competitor with no listed multiple. Shakti EV/EBITDA (TTM) is about 14.7x.

- **Oswal is the tell**. The closest direct comparable, a KUSUM-facing solar pump maker, trades at 9.1x earnings, less than half Shakti's multiple, despite FY25 PAT (Rs 278.7 crore) exceeding Shakti's FY26 PAT. Either Oswal is mispriced, or Shakti carries a scarcity premium for scale and the

backward-integration option that may not survive the next tender round.

- **Kirloskar Brothers (36.9x)** is a diversified industrial pump major: a poor comp for the tender business; its multiple reflects annuity-like demand. **WPIL (~19.7x)** is a steadier mid-cap pump maker at 17.2% EBITDA margin.
- **Shakti's own multiple:** 26.4x depressed trailing earnings (7.2% TTM PAT margin vs 16.2% in FY25). On FY25 peak earnings it would be ~13.7x; on a normalized 12% PAT margin on FY26 revenue, ~17x. The debate is which margin is normal: 24% was the anomaly, 9.6% (Q1 FY27) the trough, 15-18% the plausible mid-cycle.
- **PEG** is meaningless on declining trailing earnings. On the base-case FY29 EPS of Rs 45.6 (about 29% 3-year CAGR from FY26), PEG is about 0.9x: reasonable for a cyclical at mid-cycle.

10 RISKS

Seven ways this goes wrong

- **1. KUSUM concentration and policy risk.** 77% of revenue from subsidy schemes; Magel Tyala was ~45% of the order book. Delay or dilution of KUSUM 2.0, or a pivot to feeder-level solarization (Component C), hits revenue and margin together. Verified visibility ends March 31, 2027.
- **2. Government receivables.** 250 days in December 2025. State discoms pay slowly; any reversion above 200 days re-tightens working capital.
- **3. Tender margin volatility.** Fixed-price bids with no pass-through: copper, steel, and module inflation lands directly on margin, as FY26 proved.
- **4. Competition.** Oswal, CRI, Taro, Lubi contest the same tenders. Tender markets share no loyalty; today's share can erode in one bidding cycle.
- **5. The Rs 1,700 crore diversification.** Cell plant plus EV components consume the QIP and add debt, entering commodity businesses against scaled incumbents with unproven execution.
- **6. Thinning order book.** Rs 1,655 crore to ~Rs 1,000 crore: 4-5 months of cover. If MP and Rajasthan tenders keep slipping, FY27 growth stalls.
- **7. Concentrated decisions.** Family board, 50.36% control: minority shareholders have no check on capital allocation. Clean record so far.

11 MOAT ASSESSMENT

A narrow operational edge, no structural moat

Genuinely defensible: in-house motor and controller manufacturing at scale, DSIR-backed R and D with IIT Delhi support, 15 granted patents, four decades of domain knowledge, and a service footprint across KUSUM

states that helps win and execute tenders.

Not a moat: the business itself. L1 government tenders mean no pricing power (the state chooses, not the farmer), no switching costs, no network effects, and no proprietary technology competitors cannot replicate. FY26 is the empirical proof: margins fell 840 bps in one year with the same factories, patents, and team. An advantage that cannot defend margin in a down-tender year is an edge, not a moat.

12 WHAT WOULD CHANGE THE RATING

Tripwires, both directions

- **Upgrade to Positive:** KUSUM 2.0 notified with Component B economics intact; receivable days sustained below 150 for two quarters; EBITDA margins back above 18%; 0.5 GW module line on schedule by September 2027.
- **Downgrade to Neutral:** order book below Rs 800 crore; receivable days back above 200; EBITDA margins below 12% for two consecutive quarters.
- **Downgrade to Negative:** KUSUM 2.0 shelved or restructured away from standalone pumps; or the cell-plant capex forcing a second dilutive equity raise.

Sources and verification notes

Verified facts: company Q4 FY26 and Q1 FY27 earnings updates and investor presentations (shaktipumps.com); NSE/BSE filings (May 7, 2026 reappointments; September 2026 SESL investment; July 2025 QIP); MNRE via Lok Sabha questions and PIB (scheme progress, deadline extension); exchange-linked market data (October 1-2, 2026); trade press order announcements. FY22-26 P and L from the company's investor presentation series; balance-sheet detail from compiled filings. Estimates: FY2027-29 scenario math, normalized margin ranges, peer EV/EBITDA approximations. Could not be verified: the '25% KUSUM share' claim (media only), segment-wise margins (undisclosed), cash conversion cycle in days (undisclosed), CRI Pumps financials (private).