Shakti Pumps Ltd. – Investment Update – Target Achieved – SELL Recommendation

Dear Bajaj Capital Investors,

We are pleased to inform you that **Bajaj Capital's Research Team's recommended stock, Shakti Pumps Ltd., successfully achieved our target price of 604 on 7 May 2026. The stock continued its upward momentum and touched a high of 624 on 6 July 2026, delivered a return of 27% within four months of our initial recommendation.**

However, the company's Q1FY27 financial performance fell materially short of both our expectations and management's earlier guidance. The quarter reflected a notable deterioration in profitability, with margin performance emerging as the primary area of concern.

Management attributed the margin compression to two key factors: (1) pricing pressure in government tenders, resulting in lower realizations and (2) a sharp increase in raw material costs due to geopolitical tensions and war-related inflation. While management expects these pressures to be temporary, it also confirmed that the company has not adopted any raw material hedging strategy, leaving earnings vulnerable to continued input cost volatility.

More importantly, the **absence of any sequential (QoQ) improvement in operating margins has disappointed investors and raises concerns over the pace of earnings recovery. The weaker-than-expected operating performance, coupled with limited near-term visibility on margin normalization, is likely to act as an overhang on the stock.**

In light of these developments, we have reassessed our investment thesis and are revising our recommendation to SELL.

Accordingly, **we recommend that investors book profits and exit their entire holdings in Shakti Pumps Ltd. at CMP of 526 (as of 29 July 2026), thereby locking in a realized return of 8% from our recommended price.**

Q1FY27 Results :-

	YoY	QoQ	Jun 2026	Mar 2026	Jun 2025
Revenue Cr	37.9%	0.1%	859	858	623
Operating Profit Cr ^	-42.3%	-0.3%	83	83	144
OPM %			9.7	9.7	23.1
PAT Cr ^	-46.7%	34.6%	52	38	97
NPM %			6.0	4.5	15.6
EPS ₹	-48.1%	34.4%	4.2	3.1	8.1

Recommendation Timeline & Performance Summary: -

1. 11 March 2026 – Initial BUY Recommendation: The BUY call was initiated at a price of 491 with a target price of 604, implying an upside potential of 23% over a 6-months investment horizon.

2. 7 May 2026 – Target Achieved: The stock achieved our target price of 604 on 7 May 2026 and delivered a return of 27% (stock price touched to 624 on 6 July 2026) in 4 months from our recommendation, significantly ahead of our envisaged 6-months investment horizon.

3. **29 July 2026 – Sell Recommendation (Profit Booking):** We advised investors to book profits and SELL their entire holdings in Shakti Pumps Ltd. stock at CMP of 526 as of 29 July 2026, implying realized gains of 8% **from our recommended price.**

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team