

Industrials – Solar Pumps: Diversification amid Policy lag

Q2FY27 Results Preview

Sector View: Neutral

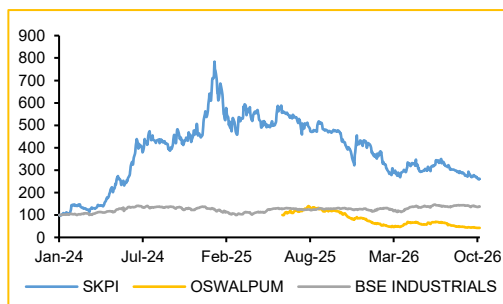
Recommendation			
Ticker	CMP (INR)	TP (INR)	Rating
SKPI	448	640	BUY
OSWALPUM	264	340	ADD

Note: CMP indicates closing price on 8th October '26, Rating and TP carried forward from previous report

Particulars	SKPI	OSWALPUM
Market Cap (INR Bn)	55.3	30.2
52-week High / Low	835 / 424	790 / 255
FY28E P/E (x)	17.1x	8.3x
FY28E EV/EBITDA (x)	8.7x	5.1x

Relative Performance (%)			
Script	6M	1Y	2Y
BSE Industrials	16.9%	7.5%	7.3%
SKPI	(11.8%)	(44.8%)	(37.9%)
OSWALPUM	(23.1%)	(64.8%)	NA

Rebased Price Chart



Note: OSWALPUM listed on June 20, 2025

FY26 Result Snapshot

Particulars	SKPI	OSWALPUM
Revenue Growth YoY	7.2%	44.3%
EBITDA Growth YoY	(30.1)%	22.4%
PAT Growth YoY	(36.9)%	33.8%
EBITDAM (%)	15.6%	24.9%
PATM (%)	9.5%	18.1%

Q1FY27 Result Snapshot

Particulars	SKPI	OSWALPUM
Revenue Growth YoY	37.9%	(7.9)%
EBITDA Growth YoY	(42.3)%	(47.2)%
PAT Growth YoY	(46.7)%	(42.8)%
EBITDAM (%)	9.6%	15.7%
PATM (%)	6.0%	11.4%

[Click here to read: Q1FY27 Review](#)

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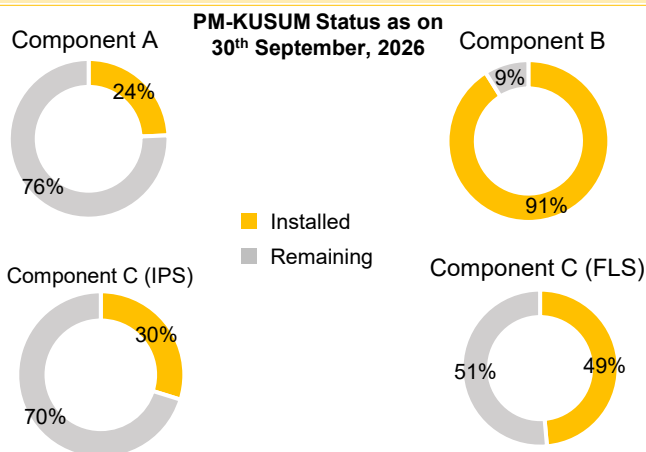
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Sector Outlook – Policy Intent Established, Timeline Uncertain

As the sector grapples with delay in official announcement, green shoots have begun to emerge. Minister of MNRE announced at the Agrivoltaics World Conference curtain-raiser in New Delhi, the government's intention of rolling out KUSUM 2.0 shortly. Companies are now getting orders from state DISCOMs for solar rooftops, thereby filling the gap created by the KUSUM 2.0 lag. At the same time, high material cost and low realisation persist. Earlier, we expected KUSUM 2.0 renewal by H1FY27-end, which did not materialise. We now anticipate a notification by FY27-end. Therefore, we continue to maintain a "neutral" stance till the official announcement.

View and Valuation

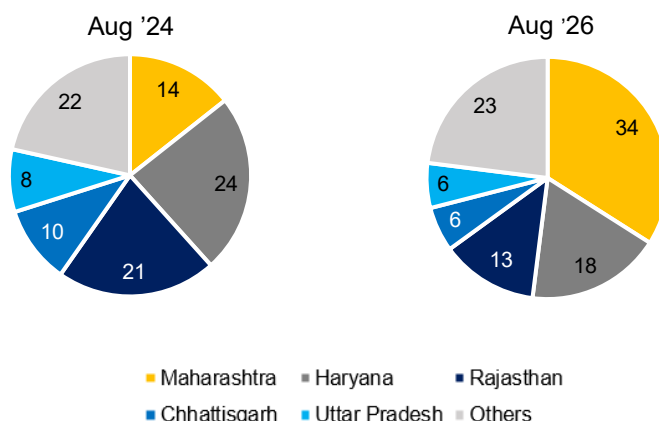
We believe re-rating potential could trigger an upside only after the scheme is formally announced. Revenue visibility and diversification are key monitorables for the sector. We, therefore, revised our margin estimate downwards, awaiting policy catalyst to account for higher material cost and lower realisation for the current order book. However, we maintain our TP for SKPI and OSWALPUM as KUSUM 2.0 is expected to ease margin pressure by increasing realisation.



Source: PM-KUSUM, Choice Institutional Equities

Maharashtra's Magel Tyala Saur Krushi Pump Yojana is the solar pump sector's main source of demand while KUSUM 2.0 remains unnotified. Companies have received orders for over 50,000 solar pumps in Q2FY27 from MSEDCL. The scheme aims to provide 1 Mn agri solar pumps for new connections.

State-wise Share of KUSUM installations (%)



Source: CMIE, Choice Institutional Equities

Q2FY27 Preview: Diversification amid Policy lag

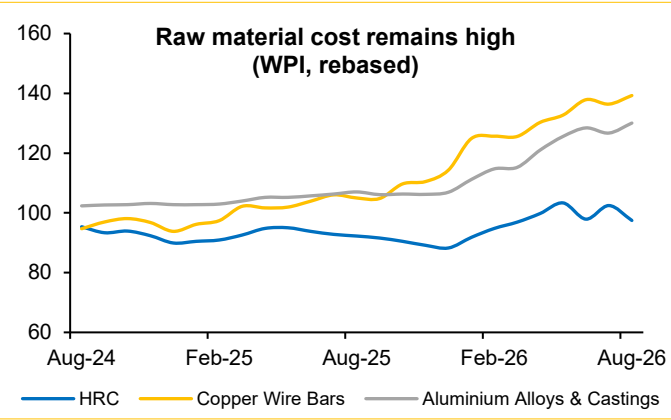
MNRE Consultation Paper Supports Manufacturers with In-House VFD/Controller Capabilities

- MNRE has drafted new controller specifications prepared by NISE, raising the engineering bar materially. The specifications include minimum efficiency requirements, remote monitoring features and improved strength.
- Monitoring is tightening at the state level as well. Bihar is tendering a platform which will integrate remote monitoring systems with MNRE's national SEDM portal.
- We read both as consolidation levers. Stricter controller performance and continuous data telemetry raise compliance cost and technical risk for assemblers which buy in VFDs and controllers. These initiatives favour manufacturers with in-house power electronics. **This supports our existing view that in-house VFD capability is a moat, thus benefitting SKPI.**

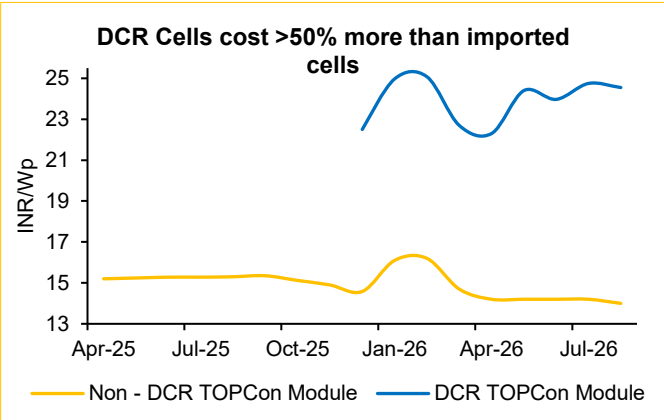
Margin Stress to Continue: Elevated Input Price Persists

Raw material cost shows no sign of easing, while state orders maintained realisation seen in KUSUM 1.0, severely impacting margin

DCR norms under KUSUM implies a structurally higher cost base as compared to non-DCR modules



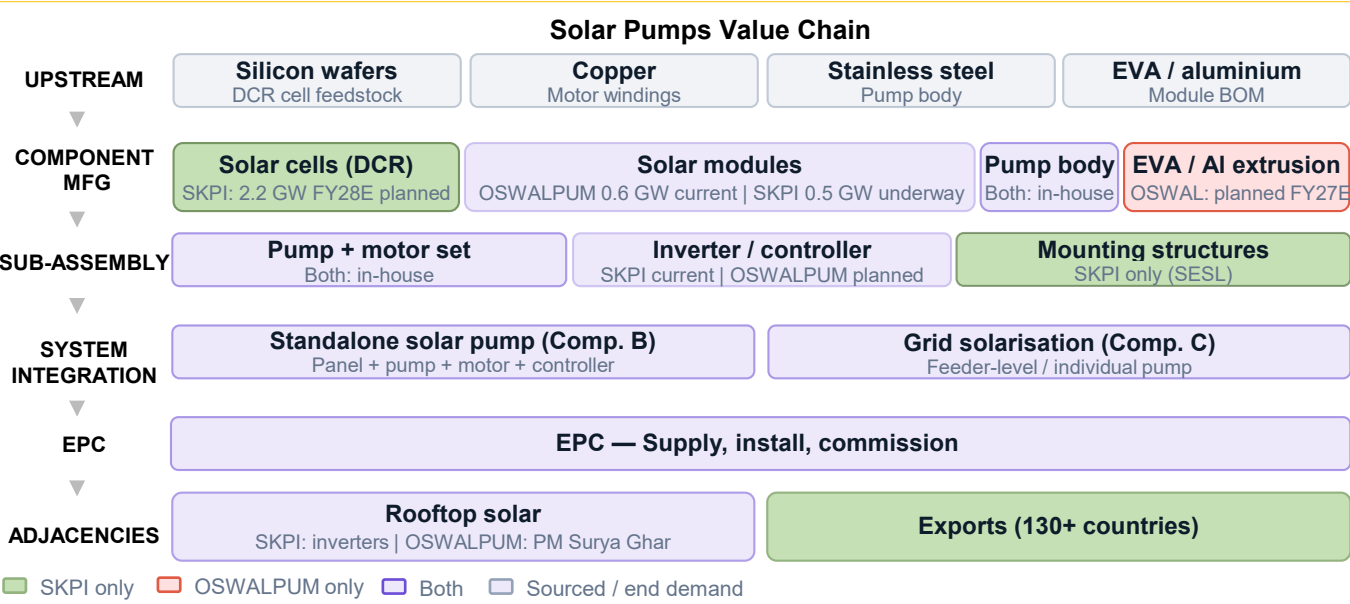
Source: Office of EA, Choice Institutional Equities



Source: JMK Research, Choice Institutional Equities

Rooftop solar and inverters emerge as diversification levers to offset KUSUM 2.0 delay

- SKPI's rooftop revenue reached INR 80 Mn in Q1FY27, up 300% YoY, albeit on a small base. The business is built around its in-house inverters and more than 90 dealers have been onboarded.
- OSWALPUM expects to begin in-house solar inverter production by Q3FY27-end, for which it has set an annual target of about 0.2 Mn rooftop installations.
- One of the orders received by OSWALPUM is structured in a RESCO model wherein it is required to operate and generate power from the installed panels for 10 years and sell it to the DISCOM. This model adds a revenue potential of INR 670 Mn over 10 years.



Source: Companies, Choice Institutional Equities

Peer Analysis – Solar Pumps

Government Order Book Q2FY27

Company	Order Contents	Order Received (INR Mn)	Order Book Position (INR Mn) As On Q1FY27 Result, 2026
SKPI	25,000 Pumps	5,416	10,000
OSWALPUM	10,000 Pumps, 66.7 MW Rooftop Solar	5,921	22,000 Pumps + 72 MW Rooftop Solar
GK Energy	10,000 Pumps, 110 MW Rooftop Solar, 150/300 MWh BESS	7,619	5,419
Jain Irrigation	5,000 Pumps	1,083	NA
Crompton Greaves Consumer	4,397 Pumps	948	NA
Captain Polyplast	3,500 Pumps	757	NA

Source: Companies, Choice Institutional Equities

Peer Comparison

Company	FY26 Revenue (INR Bn)	FY26 EBITDA (INR Bn)	FY26 PAT (INR Bn)	Revenue CAGR (FY23–FY26)	EBITDA CAGR (FY23–FY26)	PAT CAGR (FY23–FY26)	FY26 EBITDA Margin (%)	FY26 PAT Margin (%)	FY26 EPS (INR)
SKPI	27.0	4.2	2.6	40.9%	85.6%	120.2%	15.6%	9.5%	21.0
OSWALPUM	20.6	5.1	3.8	75.2%	106.4%	122.4%	24.9%	18.1%	33.0
Kirloskar Brothers*	45.4	5.4	3.7	6.8%	8.7%	16.7%	12.0%	8.2%	47.1
GK Energy*	17.2	3.1	2.0	81.9%	162.1%	172.7%	18.0%	11.9%	9.9
Alpex Solar*	22.2	3.2	2.0	125.2%	205.9%	277.8%	14.4%	9.1%	78.3
Australian Premium Solar*	7.1	1.0	0.6	95.6%	151.7%	159.7%	13.4%	8.2%	28.1

Source: Companies, Choice Institutional Equities

Company	CMP (INR)	Market Cap (INR Bn)	TTM PE (x)	EV (INR Bn)	TTM EV/EBITDA (x)	Debt to Equity (x)	TTM Price/ Sales (x)
SKPI	448.0	55.3	26.1	53.5	14.8	0.3	1.9
OSWALPUM	264.0	30.2	9.0	28.6	6.4	0.1	1.5
Kirloskar Brothers*	1,713.0	136.0	36.4	129.8	23.7	0.1	2.9
GK Energy*	115.0	23.3	10.3	20.9	6.3	0.2	1.2
Alpex Solar*	815.0	20.8	10.3	24.7	7.4	1.0	0.9
Australian Premium Solar*	230.0	4.6	8.0	4.7	5.0	0.3	0.7

* Not Covered

Source: Companies, Factset, Choice Institutional Equities

Q2FY27E CIE Estimate

SKPI						Comments
INR Mn	Q2FY27E	Q2FY26	YoY %	Q1FY27	QoQ %	
Revenue	7,996	6,664	20.0%	8,587	(6.9%)	
EBITDA	760	1,360	(44.1%)	829	(8.3%)	
EBITDAM %	9.5%	20.4%	(1,090)bps	9.6%	(15)bps	
PAT	413	908	(54.5%)	516	(19.9%)	
OSWALPUM						Comments
INR Mn	Q2FY27E	Q2FY26	YoY %	Q1FY27	QoQ %	
Revenue	4,836	5,396	(10.4%)	4,736	2.1%	
EBITDA	754	1,280	(41.1%)	743	1.5%	
EBITDAM %	15.6%	23.7%	(812)bps	15.7%	(10)bps	
PAT	452	975	(53.7%)	541	(16.6%)	

Source: Companies, Choice Institutional Equities

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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