Scheme Delay Impacts Near-Term Revenue Visibility

Q2FY27 Quarterly Results Review

Sector View: Cautious

Recommendation			
Ticker	CMP (INR)*	TP (INR)**	Rated**
SKPI	359	410	ADD
OSWALPUM	216	210	REDUCE

**CMP as on November 23, 2026*
***TP and Rating as per previous report*

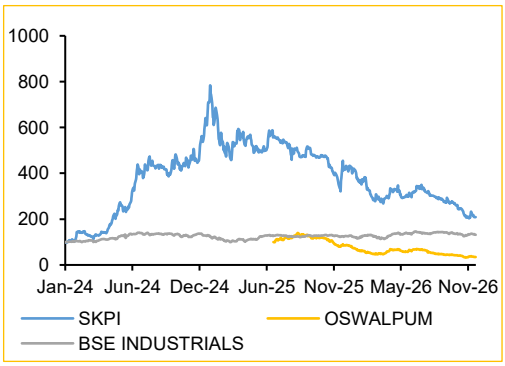
Particulars	SKPI	OSWALPUM
Market Cap (INR Bn)	44.3	24.7
52-week High / Low	797 / 345	614 / 201
FY28E P/E (x)	18.3x	12.1x
FY28E EV/EBITDA (x)	9.5x	6.5x

Source: FactSet, Choice Institutional Equities

Relative Performance (%)			
	6M	1Y	2Y
BSE Industrials	(3.3%)	3.0%	5.8%
SKPI	(29.1%)	(48.1%)	(54.5%)
OSWALPUM	(39.7%)	(64.8%)	NA

Source: BSE, FactSet, Choice Institutional Equities

Rebased Price Chart



Note: OSWALPUM listed on June 20, 2025

Source: BSE, FactSet, Choice Institutional Equities

Q2FY27 Result Snapshot

Particulars	SKPI	OSWALPUM
Revenue Growth YoY	12.0%	(6.2%)
EBITDA Growth YoY	(52.9%)	(55.2%)
PAT Growth YoY	(57.6%)	(60.7%)
EBITDAM (%)	8.6%	11.3%
PATM (%)	5.2%	7.6%

Source: Companies, Choice Institutional Equities

Click here to read SKPI Q2FY27 Result Update

Click here to read OSWALPUM Q2FY27 Result Update

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KUSUM 2.0 Timeline: Wait and Watch

In our Q2 preview note, we forecasted that the central scheme would be announced by FY27-end. However, due to prolonged delay, we believe near-term predictions are not feasible. We now estimate that no central-scheme orders would be tendered until KUSUM 2.0 is formally notified. MNRE has ruled out extending Phase-1 beyond 31 March, 2027; so, **revenue flow-through from a central scheme is expected only in Q2 or Q3 of FY28E.**

Q2FY27: A Subdued Quarter, as Anticipated

Coverage revenue grew 3.8% YoY to INR 12.5 Bn, while EBITDA fell 54.0% YoY. SKPI posted its third consecutive sub-10% EBITDA margin (8.6%). OSWALPUM's margin fell 437 bps QoQ to 11.3% as pump volumes dropped 36.2% YoY.

Margin Squeezed on Both, Cost and Price

Raw material cost rose another ~3% QoQ on steel and copper. **Competitive bidding** for state orders **kept realisation low**. Both managements now point to **cost savings** and **backward integration** as the **route to margin recovery**. OSWALPUM noted that higher participation in KUSUM 2.0 may stop pricing from returning to peak level.

Order Visibility Narrows Down

SKPI's order book decreased from INR 10.0 Bn in July to INR 7.5 Bn, and OSWALPUM's fell from ~22,000 pumps to 10,000 pumps. Magel Tyala and Karnataka now carry the sector's volumes. Receivables remain stretched, although October collection from Maharashtra helped.

Sector Stance: Negative

We downgrade the sector to '**CAUTIOUS**' (from '**NEUTRAL**'). The reasons are a **shrinking order book**, a likely **gap between schemes**, and **margin which may not recover fully** even after notification. **Formal KUSUM 2.0 notification on workable terms would lead us to review our stance.**

Orders Received from Government in Q2FY27

Company	Order Value (INR Bn)	Order Description
SKPI	5.90	25,000 Solar Pumps
OSWALPUM	6.78	Solar Rooftop PV power plants in Bihar, Telangana, 10,000 Solar Pumps in Maharashtra
GK Energy*	7.38	Solar Rooftop PV power plants, 10,000 Solar Pumps in Maharashtra, BESS in Maharashtra (recurring rental revenue of INR 0.4 Bn p.a. , not included in order value)
Captain Polyplast*	0.71	3,000 Solar Pumps
Jain Irrigation*	1.18	5,000 Solar Pumps
Crompton Greaves Consumer Electricals*	0.95	4,397 Solar Pumps
Latteys Industries*	0.22	994 Solar Pumps
RMC Switchgears*	0.24	Solar Pumps

***Not Covered.** Source: Companies, Choice Institutional Equities*

Q2FY27 Quarterly Result Review

Q2FY27 Peer Analysis – Solar Pumps

Company	LTM Revenue (INR Bn)	LTM EBITDA (INR Bn)	LTM PAT (INR Bn)	LTM EBITDAM (%)	LTM PATM (%)	LTM EPS (INR)	Revenue CAGR (FY23–FY26)	EBITDA CAGR (FY23–FY26)	PAT CAGR (FY23–FY26)
SKPI	30.1	2.9	1.6	9.6%	5.3%	13.0	40.8%	85.9%	120.2%
OSWALPUM	19.9	3.8	2.8	18.9%	13.9%	24.4	75.2%	106.9%	122.4%
Kirloskar Brothers*	49.1	5.6	3.8	11.5%	7.7%	47.4	6.8%	9.3%	16.7%
GK Energy*	19.0	3.3	2.3	17.6%	12.1%	11.3	81.9%	162.5%	172.7%
Alpex Solar*	22.1	3.1	1.7	13.9%	7.6%	65.6	125.2%	206.2%	277.8%
Australian Premium Solar*	8.4	1.0	0.6	12.3%	7.4%	31.0	95.6%	152.2%	160.0%

Source: Companies, Factset, Choice Institutional Equities

Company	CMP (INR)	Market Cap (INR Bn)	TTM PE (x)	EV (INR Bn)	EV/EBITDA (x)	Debt/Equity (x)	Price/ Sales (x)	LTM WC Days
SKPI	359	44.3	27.6	51.6	17.8	0.6	1.5	177
OSWALPUM	216	24.7	8.9	27.3	7.3	0.3	1.2	274
Kirloskar Brothers*	1,570	124.7	33.2	118.8	21.1	0.1	2.5	118
GK Energy*	94	19.0	8.3	20.5	6.1	0.4	1.0	166
Alpex Solar*	595	15.2	9.1	23.6	7.7	1.4	0.7	9
Australian Premium Solar*	201	4.1	6.5	4.3	4.2	0.3	0.5	68

**** Not Covered***

Source: Companies, Factset, Choice Institutional Equities

Solar Pumps Coverage Universe – Key Financials

Particulars	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	CAGR (%) FY23–26	CAGR (%) FY26–29E
Revenue (INR Mn)									
SKPI	9,677	13,707	25,162	26,976	30,244	33,829	40,595	40.8%	14.6%
OSWALPUM	3,850	7,586	14,303	20,644	19,044	22,173	26,785	75.2%	9.1%
EBITDA (INR Mn)									
SKPI	666	2,248	6,030	4,216	2,818	4,441	6,089	85.9%	13.0%
OSWALPUM	578	1,501	4,199	5,139	2,427	3,548	6,027	106.9%	5.5%
PAT (INR Mn)									
SKPI	241	1,417	4,084	2,576	1,785	2,415	3,742	120.2%	13.3%
OSWALPUM	342	977	2,787	3,729	1,299	2,013	3,809	122.4%	0.7%
ROE (%)									
SKPI	5.9%	24.2%	42.6%	18.0%	10.0%	12.2%	16.4%		
OSWALPUM	43.3%	75.6%	87.5%	35.1%	7.5%	10.6%	17.4%		
ROCE (%)									
SKPI	9.1%	29.8%	51.9%	23.6%	11.0%	13.3%	17.3%		
OSWALPUM		50.1%	58.4%	32.1%	8.0%	10.4%	17.0%		
Working Capital Cycle (Days)									
SKPI	131	102	124	134	133	133	133		
OSWALPUM	80	157	221	218	243	244	249		
EV/EBITDA (x)									
SKPI	13.3x	11.7x	20.1x	13.0x	15.0x	9.5x	6.9x		
OSWALPUM	NA	NA	NA	6.1x	9.5x	6.5x	3.8x		
P/E (x)									
SKPI	34.5x	19.4x	29.6x	22.0x	24.7x	18.3x	11.8x		
OSWALPUM	NA	NA	NA	8.8x	18.9x	12.1x	6.4x		

Source: Companies, Choice Institutional Equities

Key Takeaways from Management Commentary in Q2FY27

Coverage Companies	Q2FY27 Concall Highlights
SKPI	▪ Raw material cost rose ~3% QoQ largely due to steel and copper price, partly offset by ~2% internal saving from kaizen initiatives. ▪ The management guided for a sustainable EBITDA margin of 16–17% once realisation and raw material price normalises. ▪ The management expects KUSUM 2.0 to be announced in Q3FY27, with execution and revenue contribution from Q4FY27. ▪ The current order book is sufficient to cover Q3FY27 execution; Maharashtra state orders continue to sustain installation volumes. ▪ Collections of ~INR 4 Bn came in during October, delayed from Q2FY27 due to a lag in ADB-linked financing. ▪ Working capital debt fell below INR 5 Bn after the October collections; the management targets closing FY27 below that level. ▪ Trial production is under way at the 0.5-GW DCR module line; commercial production is expected within the next 1–1.5 months. ▪ Rooftop revenue grew 58% YoY; large distributors are onboarding and the complete solution awaits the captive module rollout.
OSWALPUM	▪ Modules: ~570 MW existing plus 1,000 MW under implementation; the balance 500 MW of planned expansion is deferred. ▪ EVA encapsulant: 1,200 MW of the planned 1,500 MW to proceed; the remainder will not be pursued. ▪ Aluminium frame investment reallocated, as the component can be sourced externally. ▪ Higher participation means lower bids, so PM-KUSUM 2.0 may not restore peak margin without cost-side support. ▪ Competitive bidding is intensifying as participants bid lower prices. ▪ Margin support is anticipated from cost optimisation and the structural fix of cell backward integration, rather than from immediate scheme-led pricing or margin tailwinds. ▪ INR 2.08 Bn received in early October, 2026, entirely from Maharashtra; further payments expected from Maharashtra, Haryana and Karnataka, with pending dues projected to be cleared before PM-KUSUM continuation.

Q2FY27: Performance Analysis

SKPI					
(INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue	7,460	6,664	12.0%	8,587	(13.1%)
Gross Profit	1,782	2,328	(23.5%)	2,296	(22.4%)
Employee Cost	393	343	14.5%	400	(1.8)%
Op. Exp.	749	626	19.7%	1,068	(29.9%)
EBITDA	640	1,360	(52.9%)	829	(22.7%)
EBITDAM (%)	8.6%	20.4%	(1,182)	9.6%	(107)
PBT	495	1,216	(59.3%)	711	(30.3%)
Adj. PAT	385	908	(57.6%)	516	(25.4%)
EPS (INR)	3.1	7.4	(57.6%)	4.2	(25.4%)

Source: SKPI, Choice Institutional Equities

- Solar pump installations at 23,865 units, up 7.0% YoY, down 13.8% QoQ
- Revenue grew 12.0% YoY to INR 7,460 Mn; overseas revenue rose 34.2% YoY to INR 403 Mn
- EBITDA declined 52.9% YoY to INR 640 Mn at 8.6% margin; PAT fell 57.6% YoY to INR 385 Mn
- **We forecast Revenue / EBITDA / PAT to expand by 14.6% / 13.0% / 13.3% CAGR, respectively, over FY26–FY29E**

OSWALPUM					
(INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue	5,063	5,396	(6.2%)	4,736	6.9%
Gross Profit	1,562	2,117	(26.2%)	1,560	0.1%
Employee Cost	291	213	36.4%	251	16.0%
Op. Exp.	697	624	11.7%	566	23.2%
EBITDA	574	1,280	(55.2%)	743	(22.8%)
EBITDAM (%)	11.3%	23.7%	(1,238)	15.7%	(437)
PBT	474	1,264	(62.5%)	684	(30.7%)
Adj. PAT	383	975	(60.7%)	541	(29.3%)
EPS (INR)	3.4	8.6	(60.7%)	4.7	(29.3%)

Source: OSWALPUM, Choice Institutional Equities

- Overall net revenue rose by 6.9% QoQ to INR 5.06 Bn (vs. CIE estimate of INR 4.8 Bn)
- Gross margin declined by 210 bps QoQ to 30.8%
- EBITDA came in at INR 574 Mn, with a margin of 11.3%, declining by 437 bps QoQ (missing CIE estimate by 426 bps)
- PAT Margin declined by 387 bps QoQ, to 7.6%. Reported PAT came in at INR 383 Mn, which fell 29.3% QoQ (missing CIE estimate by 15.3%)
- **We forecast Revenue/EBITDA/PAT to expand by 9.1%/ 5.5%/ 0.7% CAGR, respectively, over FY26–FY29E**

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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
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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**
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Q2FY27 Quarterly Result Review