Q1FY27 Quarterly Results Review

KUSUM 2.0 Delay Hits Realisation, Orders Slow Down

Sector View: Neutral

Recommendation			
Ticker	CMP (INR)*	TP (INR)**	Rating**
SKPI	503	640	BUY
OSWALPUM	300	340	ADD

*CMP as on August 21,2026
**TP and Rating as per previous report

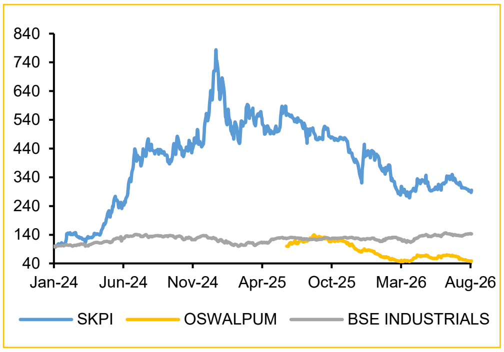
Particulars	SKPI	OSWALPUM
Market Cap (INR Bn)	62.2	34.2
52-week High / Low	915 / 456	884 / 283
FY28E P/E (x)	19.2x	9.5x
FY28E EV/EBITDA (x)	9.8x	5.8x

Source: FactSet, Choice Institutional Equities

Relative Performance (%)			
Script	6M	1Y	2Y
BSE Industrials	9.7%	15.1%	5.4%
SKPI	(9.6%)	(41.6%)	(29.9%)
OSWALPUM	(10.2%)	(64.3%)	NA

Source: BSE, FactSet, Choice Institutional Equities

Rebased Price Chart



Note: OSWALPUM listed on June 20, 2025

Source: BSE, FactSet, Choice Institutional Equities

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%

Source: Companies, Choice Institutional Equities

Click here to read SKPI Q1FY27 Result Update

Click here to read OSWALPUM Q1FY27 Result Update

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KUSUM 2.0 Timeline

We earlier expected a Kusum 2.0 notification by the end of H1FY27E. We continue to maintain this timeline, despite successive slippages. We believe that the new scheme will improve realisation per pump and profit margin and bring greater clarity of the prospect of the solar pump industry.

Realisation and Cost Pressure Impact Margin

Supply constraint and disruption have boosted commodity price inflation in copper and steel, which has pressured margin. Alongside, aggressive bidding for limited state-orders has led to lower realisation per pump and further deterioration of margin. In this quarter, we revised our margin guidance downwards

State Participation Expected to Rise

Maharashtra's Magel Tyala and comparable state schemes have concentrated the full bidder pool into a small number of tenders and the resulting discovery has transferred bargaining power to the discom. We project the realisation for state schemes will only improve after the implementation of a new central government scheme.

Q2FY27E: Low Order Inflows Suggest a Subdued Quarter

The order inflow would remain state-led and realisation is anticipated to hold near Q1FY27E level, with the tender pipeline too narrow to restore pricing discipline. Margin expansion is unlikely in the absence of a central government scheme, and we would treat any Q2 improvement as mix-driven rather than structural.

Sector Stance: NEUTRAL

We retain our stance for the sector until clarity on policy emerges. Both, SKPI and OSWALPUM, remain rightly positioned for the solar pump sector. Ongoing backward integration initiatives and new orders from PM-Surya Ghar stave off degrowth.

Our Coverage

Shakti Pumps India (SKPI)

CMP: INR 503 | TP: INR 640 | Rating: BUY | Upside: 27.2%

Investment Thesis:

- ✓ Execution Recovery Emerging in Government Projects
- ✓ Growth Momentum in Exports to Continue
- ✓ Backward Integration to Drive EBITDA Margin Expansion

Oswal Pumps (OSWALPUM)

CMP: INR 300 | TP: INR 340 | Rating: ADD | Upside: 13.3%

Investment Thesis:

- ✓ Industry Tailwinds Provide Valuation Comfort
- ✓ Backward Integrated Manufacturing Enables Cost-competency
- ✓ Expanding Distribution Network amidst Presence across Key Agricultural States

Q1FY27 Quarterly Result Review

Q1FY27 Peer Analysis – Solar Pumps

Orders Received from Government in Q1FY27

Company	Order Quantity	Order Value (INR Mn)
SKPI	6,580 Solar Pumps	7,094
OSWALPUM	6,896	1,487
OSWALPUM	63 MW Rooftop Solar	2,470+2,570
GK Energy*	15,000	3,362
Captain Polyplast*	500	112
Australian Premium Solar*	5,000	>1,000
Crompton Greaves Cons. Elec.*	3,540	718
Sahaj Solar*		635
Alpex Solar*		409
Agni Green Power*		16

Source: Companies, Choice Institutional Equities

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	40.7%	85.0%	120.2%	15.6%	9.6%	21
OSWALPUM	20.6	5.1	3.7	75.0%	107.1%	121.7%	24.9%	18.2%	34.73
Kirloskar Brothers*	45.4	5.4	3.7	6.8%	8.7%	16.7%	12.0%	8.2%	47.05
GK Energy*	17.2	3.1	2.0	81.9%	162.1%	172.7%	18.0%	11.9%	10.9
Alpex Solar*	22.2	3.2	2.0	125.2%	205.9%	277.8%	14.4%	9.1%	80.52
Australian Premium Solar*	7.1	1.0	0.6	95.6%	151.7%	159.7%	13.4%	8.2%	28.7

Source: Companies, Factset, Choice Institutional Equities

Company	CMP (INR)	Market Cap (INR Bn)	TTM PE (x)	EV (INR Bn)	EV EBITDA (x)	Debt to Equity (x)	Price/ Sales (x)	WC Days (Days)
SKPI	503	62.2	29.2	60.6	14.3	0.3	2.3	134
OSWALPUM	300	34.2	10.2	33.3	6.3	0.1	1.7	218
Kirloskar Brothers*	1,908	151.4	37.4	146.2	26.4	0.1	3.4	114
GK Energy*	123	25.0	11.2	22.8	7.3	0.2	1.5	166
Alpex Solar*	816	20.8	10.4	25.0	7.8	1.0	0.9	62
Australian Premium Solar*	260	5.2	9.3	5.0	5.3	0.3	0.7	71

**** 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	31,332	37,608	45,882	40.7%	19.4%
OSWALPUM	3,850	7,586	14,303	20,644	19,940	24,522	30,707	75.0%	14.2%
EBITDA (INR Mn)									
SKPI	666	2,248	6,030	4,216	4,424	6,130	8,266	85.0%	25.2%
OSWALPUM	578	1,501	4,199	5,139	3,723	5,567	7,830	107.1%	15.1%
PAT (INR Mn)									
SKPI	241	1,417	4,084	2,576	2,419	3,239	5,047	120.2%	25.1%
OSWALPUM	342	977	2,787	3,729	2,309	3,575	5,223	121.7%	11.9%
ROE (%)									
SKPI	5.9%	24.2%	42.6%	18.0%	13.3%	15.5%	20.2%		
OSWALPUM	43.3%	75.6%	87.5%	35.1%	12.9%	17.2%	20.8%		
ROCE (%)									
SKPI	9.1%	29.8%	51.9%	23.6%	14.7%	16.5%	21.0%		
OSWALPUM	0.0%	50.1%	58.4%	32.1%	13.5%	17.2%	21.3%		
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	14.3x	13.6x	9.8x	7.3x		
OSWALPUM	NA	NA	NA	6.3x	8.7x	5.8x	4.2x		
P/E (x)									
SKPI	34.5x	19.4x	29.6x	24.1x	25.7x	19.2x	12.3x		
OSWALPUM	NA	NA	NA	9.1x	14.8x	9.5x	6.5x		

Source: Companies, Choice Institutional Equities

Key Takeaways from Management Commentary in Q1FY27

Coverage Companies	Q1FY27 Concall Highlights
SKPI	▪ EBITDA decline driven by erosion of ~4% realisation and ~6% raw material inflation; management views pressure as transient. ▪ Recovery guided to be gradual QoQ; realisation flat sequentially at ~INR 248,000 per solar pump. ▪ Full backward integration across both plants indicated to add ~300 bps at the EBITDA level. ▪ INR-10 Bn order book executable over two quarters; Maharashtra, MP, Rajasthan tenders progressing through Q2FY27E. ▪ PM-KUSUM Component B operates as rate contract with farmer as the decision-maker; brand and quality drive selection. ▪ CapEx of INR 15–17 Bn till September 2027, ~50% deployed across pumps, motors and VFDs, structures. ▪ 0.5 GW DCR module facility on track for Q2FY27; 2.2 GW integrated cell/module project completion by Q2FY28. ▪ Funding secured: ~INR 18 Bn working capital lines across ~10 banks, plus INR 8 Bn term loan. ▪ Revenue from Solar Rooftop orders at INR 80 Mn targeting ~15% EBITDA post in-house cell manufacturing; retail INR 240 Mn.
OSWALPUM	▪ FY27 projected to remain turbulent due to policy uncertainty and geopolitical headwinds. ▪ Management guides for 20% revenue growth for the full year FY27. Q2FY27 growth forecast at a more muted 10–15% YoY, with the H2 inclination driving the full-year number. ▪ Margin contraction driven by three factors: aggressive competitive bidding in MTSKPY, elevated raw material cost and higher employee cost from annual increments plus senior-level hiring. ▪ EBITDA margin bridge: 8–9% impact from Magel Tyala competitive bidding, 3–3.5% from raw material cost, and 1–1.5% from negative operating leverage. ▪ FY27 guidance: EBITDA margin of 15–17% and PAT margin of 11–13%. ▪ Net debt stood at INR 2.66 Bn as of 30 June 2026. ▪ Receivable days stretched to 229 on delayed government payments. ▪ Solar inverter manufacturing to be brought in-house within 6 months. ▪ Evaluating entry into wires and cables; to be introduced to channel partners to gauge demand

Q1FY27: Performance Analysis

SKPI					
(INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	8,587	6,225	37.9%	8,578	0.1%
Gross Profit	2,296	2,263	1.5%	2,258	1.7%
Op. Exp.	1,068	530	101.3%	1,065	0.2%
EBITDA	829	1,435	(42.3)%	832	(0.3)%
EBITDAM (%)	9.6%	23.1%	(1,340bps)	9.7%	(4bps)
PBT	711	1,296	(45.2)%	662	7.3%
Adj. PAT	516	968	(46.7)%	383	34.6%
EPS (INR)	4.2	7.8	(46.7)%	3.1	34.6%

Source: SKPI, Choice Institutional Equities

- 27,678 solar pumps installed in this quarter, up 57.6% YoY
- Revenue remained flat QoQ at INR 8.6 Bn
- EBITDA came in at INR 829 Mn, at 9.6% margin, flat QoQ. PAT improved by 34.6% QoQ to INR 516 Mn
- **We forecast Revenue / EBITDA / PAT to expand by 19.4% / 25.2% / 25.1% CAGR, respectively, over FY26–FY29E**

OSWALPUM					
(INR Mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	4,736	5,139	(7.9)%	5,097	(7.1)%
Gross Profit	1,560	2,069	(24.6)%	1,959	(20.3)%
Op. Exp.	566	447	26.6%	564	0.3%
EBITDA	743	1,408	(47.2)%	1,181	(37.0)%
EBITDAM (%)	15.7%	27.4%	(1,169bps)	23.2%	(747bps)
PBT	684	1,251	(45.3)%	1,118	(38.8)%
Adj. PAT	541	947	(42.8)%	925	(41.5)%
EPS (INR)	4.7	8.3	(42.8)%	8.1	(41.5)%

Source: OSWALPUM, Choice Institutional Equities

- Supplied 19,724 solar pumps and 23,353 non-solar pumps
- Overall net revenue fell by 7.1% QoQ to INR 4.7 Bn
- EBITDA came in at INR 743 Mn, with a margin of 15.7%, declining by 747 bps QoQ
- PAT margin declined by 672 bps QoQ to 11.4%. Reported PAT came in at INR 541 Mn, which fell 41.5% QoQ
- **We forecast Revenue/EBITDA/PAT to expand by 14.2%/ 15.1%/11.9% CAGR, respectively, over FY26–FY29E**

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
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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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
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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
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***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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