August 22, 2025

Oswal Pumps Limited: [ICRA]A+ (Stable)/[ICRA]A1; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Cash credit	335.00	[ICRA]A+ (Stable); assigned
Short term – Non-fund based – Others	1.50	[ICRA]A1; assigned
Short term - Non-fund based - Letter of credit	99.50	[ICRA]A1; assigned
Short term – Non-fund based – Bank guarantee	50.00	[ICRA]A1; assigned
Total	486.00	

**Instrument details are provided in Annexure I*

Rationale

The ratings assigned to Oswal Pumps Limited (OPL) factor in its established market position with a strong dealer network in the pumps industry. The promoters have around three decades of experience with the company manufacturing and selling a wide range of pumps and motors such as submersible pumps, monobloc pumps, solar pumps, electric motors, etc.

The ratings factor in OPL's significant revenue growth, strong orderbook position and a healthy financial risk profile. It reported a consolidated revenue of ~Rs. 1,430 crore in FY2025, up from ~Rs. 205 crore in FY2021, witnessing a healthy CAGR[1] of ~63%. The revenue is expected to grow further on the back of a robust outstanding orderbook of ~Rs. 1,048 crore as on March 31, 2025. The operating margins improved to ~30% in FY2025 from ~10% in FY2021 on the back of the entity's entry as a direct EPC player under the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM KUSUM) Yojana along with significant backward integration in the manufacturing process. The total net worth has increased to ~Rs. 462 crore as on March 31, 2025 from ~Rs. 33 crore in as on March 31, 2021. Also, the capital structure is healthy with a gearing of around 0.7x as on March 31, 2025. The debt coverage metrics are also healthy with total debt/OPBITDA of 0.8x, interest coverage of ~10x and DSCR of 7.3x in FY2025.

ICRA also notes that OPL was listed on June 20, 2025, and raised around Rs. 840 crore {fresh issue through initial public offering (IPO)}, which will be used towards capex, debt reduction and working capital requirements. The proceeds from the IPO would further strengthen the net worth, capital structure and liquidity position of OPL.

The ratings, however, are constrained by the working capital-intensive nature of the business. The working capital intensity is high with the debtor days rising to ~160 days in FY2025 from ~120 days in FY2024 on the back of increased concentration of payments to be received from Government nodal agencies vis-à-vis private EPC players earlier. The high working capital requirements were met by around 75% average utilisation of the working capital limits over the last 12 months ended May 2025. However, with the IPO proceeds, the entity has repaid the entire outstanding long term and short-term debt.

The ratings are also constrained by a high degree of customer and sectoral concentration. The entity receives majority of its revenue from the agricultural sector (90-95%) and has significant dependence on orders from the PM KUSUM Yojana (70-75% of total revenue) for future growth. Further, the customer concentration remains high with the top 5 customers contributing to 77% of the revenue in FY2025. Majority of the customers include state nodal agencies such as Haryana Renewable Energy Development Agency (HREDA), Maharashtra Renewable Energy Development Agency etc.

[1] *Compounded Annual Growth Rate*

The company also remains exposed to intense competition from various organised and unorganised players in the pumps industry as well as volatility in raw material prices.

The Stable outlook on OPL's rating reflects ICRA's opinion that the company will continue to benefit from its established position with a healthy outstanding orderbook providing revenue visibility. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, which will help expand the product portfolio, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established market position with strong dealer network – OPL has more than two decades of presence in the submersible and surface pumps segment and is one of the major players in agricultural solar pumps. It is present in 10-12 states under the PM KUSUM Yojana and has installed ~2.5 lakh agricultural solar pumps till date under this scheme. Further, OPL has a strong dealer network of about 1,050 distributors spread all over India, increasing the brand visibility and supporting revenue growth.

Significant revenue growth and strong orderbook position – The consolidated revenue for the entity stood at ~Rs. 1,430 crore in FY2025, up from ~Rs. 205 crore in FY2021, rising at a healthy CAGR of ~63%. The revenue is expected to grow further in FY2026 on the back of a robust outstanding orderbook of ~Rs. 1048 crore as on March 31, 2025. The operating margins improved to ~30% in FY2025 from ~10% in FY2021 on the back of the entity's entry as a direct EPC player under the PM KUSUM Yojana along with significant backward integration in the manufacturing process.

Healthy financial risk profile – The total net worth increased to around Rs. 462 crore as on March 31, 2025 from ~Rs. 33 crore as on March 31, 2021. Also, the capital structure is healthy with the gearing at around 0.7x as on March 31, 2025. The debt coverage metrics are also healthy with a total debt/OPBITDA of 0.8x, interest coverage of ~10x and DSCR of 7.3x in FY2025. OPL was listed on June 20, 2025, and raised ~Rs. 840 crore, which will be used towards capex, debt reduction and working capital requirements. The proceeds from the IPO would further strengthen OPL's net worth, capital structure and liquidity position. The company does not have any long-term debt on its books and has nominal working capital utilisation as on June 30, 2025.

Credit challenges

High working capital-intensive nature of business – The business in working capital intensive. The working capital intensity is high with the debtor days rising to around 160 days in FY2025 from about 120 days in FY2024 on the back of increased concentration of payments to be received from Government nodal agencies compared to private EPC players earlier. Under the PM KUSUM Yojana, the company receives 90% of the payment within 120 days of project commissioning and the remaining 10% within the next 120 days. The company maintains an inventory of ~90 days. The high working capital requirements were met by around ~75% average utilisation of the working capital limits over the last 12 months ended May 2025. However, with the IPO proceeds coming in, the entity has repaid the entire outstanding long term and short-term debt and have minimal utilisation of working capital limits with these requirements being met by cash in hand from the IPO proceeds.

High customer and sectoral concentration – The entity receives majority of its revenue from the agricultural sector (90-95%) and is reliant on orders under the PM KUSUM Yojana (80-85% of total revenue) for future growth. Further, the customer concentration remains high with the top 5 customers contributing to 77% of the revenue in FY2025. Majority of the customers include state nodal agencies such as Haryana Renewable Energy Development Agency (HREDA), Maharashtra Renewable Energy Development Agency, etc.

Intense competition in pumps industry and exposed to volatility in raw material prices – Majority of OPL's revenue is driven by Government schemes which are mostly tender driven. Moreover, there is intense competition in the pumps industry from other organised and unorganised players. Such intense competition can have an adverse impact on the profitability; however, this impact is partly mitigated by OPL's position as one of the major players in the solar pumps segment. Further, OPL is exposed to raw material prices which can be volatile due to external market factors and can adversely impact the profitability levels. The price rise cannot be passed on to the customers due to the fixed price nature of the Government orders, which form a major portion of the total revenue. This impact can, however, be mitigated to a certain extent by the company's policy to procure raw materials after the orders have been bagged.

Environmental and social risks

Environmental considerations - The company is primarily involved in manufacturing pumps and motors. It has some exposure to tightening environmental regulations and as such, it has implemented several actions such as the use of emission control systems/devices, rainwater harvesting etc. OPL has received all the adequate permits, licences and authorisations related to environmental laws and regulations and undertakes regular inspections for adhering to the same. Moreover, as the agricultural sector is the major end-user segment for the company, it has enhanced its focus towards developing energy-efficient pumps and motors to help protect natural resources.

Social considerations – OPL's success depends on its competent workforce, which is its most important resource. The company undertakes multiple activities for the well-being, engagement and talent upgradation of the workmen and employees. The company is also promoting diversity and inclusion by providing equal opportunities to the female candidates. All such initiatives help OPL in strengthening its manpower resources. OPL has a dedicated corporate social responsibility committee and has also adopted and implemented a CSR policy to carry out various CSR activities.

Liquidity position: Adequate

OPL's liquidity position is adequate with sufficient buffer in the working capital limits and likely positive cash flow from operations, going forward. The company has reduced the bank borrowings with IPO proceeds and has no long-term debt repayment obligations. The average limit utilisation is ~3% of the working capital limits and the cash and cash equivalents are at ~Rs. 570 crore as of June 2025. The company plans to undertake a capex of ~Rs. 90 crore for plant modernisation at OPL in FY2026 and another ~Rs. 270 crore for capacity expansion at its wholly owned subsidiary – Oswal Solar Structure Private Limited - spread over FY2026 and FY2027. The entire capex is to be funded from IPO proceeds and internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained growth in revenue while maintaining the profitability and debt coverage metrics amid an improvement in the working capital cycle and liquidity position.

Negative factors – The ratings could be revised downwards in case of a sustained moderation in revenue and profitability along with a weakening of the working capital cycle, putting pressure on the liquidity and other financial credit metrics. Any large debt-funded capital expenditure adversely affecting the company's financial metrics may also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The details of the subsidiaries are enlisted in Annexure II

About the company

Oswal Pumps Limited (OPL), incorporated in 2003, is involved in the manufacturing of submersible pumps, monoblock pumps, electric motors and solar pumps etc, catering to building services, and the agricultural and industrial sectors. OPL has an installed capacity of 3,00,000 pumps and 1,00,000 electric motors per annum. The manufacturing facility of the company is at Karnal, Haryana, which is spread over 4,30,000 sq. ft. Mr. Vivek Gupta is the managing director of the company, and his two sons - Mr. Amulya Gupta and Mr. Shivam Gupta - are the executive directors. On June 20,2025, the entity got listed and nearly ~24% share is held by the public.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	758.6	1430.3
PAT	97.7	278.7
OPBDIT/OI	20.1%	29.4%
PAT/OI	12.9%	19.5%
Total outside liabilities/Tangible net worth (times)	1.8	1.3
Total debt/OPBDIT (times)	0.5	0.8
Interest coverage (times)	10.7	10.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 22, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	335.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Non-fund based – Others	Short term	1.50	[ICRA]A1	-	-	-	-	-	-
Letter of credit	Short term	99.50	[ICRA]A1	-	-	-	-	-	-
Bank guarantee	Short term	50.00	[ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Short term – Non-fund based – Others	Very Simple
Short term - Non-fund based - Letter of credit	Very Simple
Short term – Non-fund based – Bank guarantee	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash credit**	NA	NA	NA	335.00	[ICRA]A+ (Stable)
NA	**Non-fund based – Others**	NA	NA	NA	1.50	[ICRA]A1
NA	**Letter of credit**	NA	NA	NA	99.50	[ICRA]A1
NA	**BG**	NA	NA	NA	50.00	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis –

Company name	Ownership	Consolidation approach
Oswal Pumps Limited	100.00% (rated entity)	Full consolidation
Oswal Solar Structure Private Limited	100.00%	Full consolidation
Walso Solar Solution Private Limited	38.50%	Equity method

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Kushal Kumar B
+91 40 6939 6408
kushal.kumar@icraindia.com

Prashant Vasisht
+91 12 4454 5332
prashant.vasisht@icraindia.com

Harjot Singh Panwar
+91 124 4545 414
harjot.panwar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches