

August 22, 2025

Oswal Solar Structure Private 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	55.00	[ICRA]A+ (Stable); assigned
Long term – Fund based – Term loan	13.45	[ICRA]A+ (Stable); assigned
Long term/Short term – Unallocated limits	26.55	[ICRA]A+ (Stable)/[ICRA]A1; assigned
Total	95.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Oswal Solar Structure Private Limited (OSSPL) factors in the strong support from its parent – Oswal Pumps Limited (OPL). OSSPL is a wholly-owned subsidiary of OPL and is in the business of manufacturing and selling photovoltaic (PV) modules along with balance components such as inverters, etc. The parent – OPL – manufactures and sells a wide range of pumps and motors, such as submersible pumps, monobloc pumps, solar pumps, electric motors etc.

OPL was listed on June 20, 2025, and raised ~Rs. 840 crore {fresh issue through Initial public offering (IPO)} that will be used towards capex, debt reduction and the working capital requirements of OPL and OSSPL. OPL has invested additional equity in OSSPL to repay its outstanding debt of ~Rs. 31 crore and towards its expansion plans in the next two years. OSSPL is undertaking a capex of around Rs. 270 crore over FY2026 and FY2027 for capacity expansion which will be funded through IPO proceeds.

Further, OSSPL has a healthy financial risk profile with a gearing of ~0.9x as on March 31, 2025. The equity infusion from OPL would help improve the capital structure further in FY2026. Though the working capital requirements slightly increased in FY2025 on the back of increased scale, the debt coverage metrics are comfortable with total debt/OPBITDA of 0.9x, interest coverage of ~12.6x and DSCR of 8.5x. The ratings also factor in a favourable demand outlook for domestic module manufacturers in India.

The ratings, however, are constrained by OSSPL' moderate scale of operations with the revenue at ~Rs. 452 crore in FY2025, though improving from ~Rs. 59 crore in FY2024 on the back of its parent company's entry as a direct EPC player in the PM KUSUM Yojana. There is also a high degree of customer and sectoral concentration. Nearly 65% of the total sales of OSSPL in FY2025 were to its parent, OPL, which again depends on orders under the PM KUSUM Yojana (70-75% of the total revenue) for future growth. Also, majority of its revenue is from the agricultural sector (90-95%). The company is also exposed to volatility in raw material prices, intense competition from the organised and unorganised players as well as the risk of technological obsolescence, which necessitates continuous upgrade of the entity's products.

The Stable outlook on OSSPL's rating reflects ICRA's opinion that the entity will continue to benefit from the strong market position of its parent company along with a healthy outstanding orderbook position of OSSPL which provides near to medium term 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

Strong parental support – OSSPL is a wholly-owned subsidiary of Oswal Pumps Limited (OPL) based at Karnal, Haryana. OPL deals in manufacturing and selling a wide range of pumps and motors such as submersible pumps, monobloc pumps, solar pumps, electric motors etc. OPL has more than two decades of presence in the submersible and surface pumps segment and is one of the major players in the agricultural solar pumps. It is present in 10-12 states under the PM KUSUM Yojana and has installed around 2.5 lakh agricultural solar pumps till date under this scheme. OPL was listed on June 20, 2025, and raised ~Rs. 840 crore to be used towards capex, debt reduction and the working capital requirements of OPL and OSSPL.

OPL has invested additional equity in OSSPL to repay its outstanding debt of Rs. 31 crore and towards its expansion plans in the next two years. OSSPL is undertaking a capex of ~Rs. 270 crore over FY2026 and FY2027 for capacity expansion which will be funded through IPO proceeds.

Favourable demand outlook for domestic module manufacturers - The demand outlook for domestic solar module manufacturers remains favourable, supported by the energy transition targets announced by the Government of India with focus on the solar power sector, along with the Indian government's plan to promote the development of the domestic solar PV manufacturing value chain. This is reflected through policies such as the imposition of basic customs duty (BCD) on imported cells and modules, the requirement of procuring solar modules & cells from domestic suppliers included in the approved list of module manufacturers (ALMM) and the notification of the production-linked incentive (PLI) scheme to improve the cost competitiveness of domestic manufacturers. Overall, this will support the revenue growth of the company, going forward.

Comfortable financial risk profile – OSSPL has a healthy financial risk profile with a gearing of ~0.9x as on March 31, 2025. The equity infusion from OPL will help improve the capital structure further in FY2026. Though the working capital requirements slightly increased in FY2025 on the back of increased scale, the debt coverage metrics are comfortable with total debt/OPBITDA of 0.9x, interest coverage of ~12.6x and DSCR of 8.5x. The company does not have any long-term debt on its books and only nominal working capital utilisation as on June 30, 2025.

Credit challenges

Moderate scale of operations – OSSPL's revenue stood at ~Rs. 452 crore in FY2025, improving from ~Rs. 59 crore in FY2024 on the back of the parent company's entry as a direct EPC player in the PM KUSUM Yojana for installing solar pumps for the agricultural sector in India. Nearly 65% of the total sales of OSSPL in FY2025 were to its parent – OPL. Despite the expected growth in the near to medium term, the scale of operations remains moderate.

High customer and sectoral concentration – Nearly 65% of the total sales of OSSPL in FY2025 were to its parent – OPL. Hence, the entity is reliant on orders under the PM KUSUM Yojana (80-85% of total revenue) for future growth and majority of its revenue comes from the agricultural sector (90-95%).

Intense competition and exposed to fluctuations in raw material prices - There is intense competition in the photovoltaic (PV) module 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 the parent's position as one of the leading players in the solar pumps segment. Further, OSSPL's major raw materials include glass panels, solar cells, ethyl vinyl alcohol (EVA), silicone as adhesive, aluminium frames, thin copper wires etc. The raw material prices can be volatile due to external market factors and can adversely impact the profitability levels as 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.

Risk of technological obsolescence necessitates continuous upgrade of products - The PV module industry, including components such as cells, is characterised by continuous product and process innovation, along with the rapid adoption of new technology. Given the risk of technological obsolescence, the industry players are required to undertake continuous upgrades and related investments to sustain a competitive advantage.

Liquidity position: Adequate

OSSPL’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 the IPO proceeds and has no long-term debt repayment obligations. There are plans to undertake a capex of ~Rs. 270 crore for capacity expansion, spread over FY2026 and FY2027. The entire capex is to be funded through infusion from the parent company (OPL) in the form of equity. The entity does not intend to take any long-term loans for the same and even the fund-based limit utilisation is expected to be nominal over the next fiscal year.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained growth in revenue while maintaining healthy profitability, debt coverage metrics and liquidity position. The ratings may also be upgraded if the credit profile of the parent improves.

Negative factors – The ratings could be revised downwards in case of a sustained moderation in revenue, profitability and debt coverage metrics along with a weakening of the working capital cycle and liquidity position. Pressure on the ratings could also arise if the credit profile of the parent weakens, or if the linkage between the parent and the entity deteriorates.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company – Oswal Pumps Limited The ratings are based on implicit support from the parent company, which is expected to extend financial support, should the need arise
Consolidation/Standalone	Standalone

About the company

OSSPL is a wholly-owned subsidiary of OPL and manufactures PV modules along with other balance components such as inverters etc. Incorporated on January 21, 2022, it started commercial operations from January 2024. It is located in Karnal, Haryana. The company has an annual PV module production capacity of 600 MW. The company offers a range of PV modules with varying capacities, catering to residential, commercial and industrial applications. It also provides associated services such as system design and installation, positioning itself as a comprehensive provider within the solar energy sector. In addition to Oswal Pumps Limited, it caters to the PV module needs of other players as well.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	59.3	452.3
PAT	9.2	50.3
OPBDIT/OI	22.7%	15.5%
PAT/OI	15.5%	11.1%
Total outside liabilities/Tangible net worth (times)	1.5	1.4
Total debt/OPBDIT (times)	1.0	0.9
Interest coverage (times)	16.9	12.6

Source: Company, ICRA Research; *Provisional Numbers; 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: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current ratings (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Aug 22, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	55.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Term loans	Long term	13.45	[ICRA]A+ (Stable)	-	-	-	-	-	-
Unallocated limits	Long term/Short term	26.55	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Long term – Fund based – Term loan	Simple
Long term/Short term – Unallocated limits	NA

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	55.00	[ICRA]A+ (Stable)
NA	Term loans	May 2023	NA	May 2030	13.45	[ICRA]A+ (Stable)
NA	Unallocated limits	NA	NA	NA	26.55	[ICRA]A+ (Stable)/ [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 – Not Applicable

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