

July 04, 2025

Silver Consumer Electricals Limited: [ICRA]A- (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term Fund based – Term loan	41.5	[ICRA] A- (Stable); assigned
Total	41.5	

*Instrument details are provided in Annexure I

Rationale

The rating for Silver Consumer Electricals Limited (SCEL) factors in the promoters' vast experience in the pumps industry and its established business position, supported by a diversified product range and a wide distribution network. The revenues of SCEL have witnessed a robust growth over FY2023-FY2025, driven by increasing sales of solar pumps, and management's expansion strategy into new product segments, and increase in existing capacity of pumps and motors segment. SCEL also benefitted from the strong tender-based order inflow for solar pumps under the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM KUSUM) scheme. This has also resulted in a reduction in customer concentration within the pumps segment, with revenue from Crompton Greaves Consumer Electricals Limited (Crompton), which accounted for around 62% of the company's revenue in FY2023, reduced considerably in FY2025.

To reduce concentration on pumps and motors segment, SCEL has entered into new product segments over the last two years like agricultural equipment, fan and lighting product segments. The company has incurred a total capital expenditure (capex) of around Rs. 437 crore in FY2024 and FY2025 towards expansion of capacity in the pumps business and addition of new segments out of which around Rs. 304 crore was funded by debt. While these initiatives help diversify the business, ICRA notes the modest capacity utilisation of these segments with thin operating profit margin at present, thereby constraining SCEL's return indicators. The ability of the company to profitably ramp up operations of the new segments remain a key monitorable. Given the increased debt to fund capex and working capital requirements, SCEL's debt coverage indicators also remain subdued. However, ICRA notes that the company has raised Rs. 290 crore in equity in FY2025 and further Rs. 210 crore in May 2025 to support the capex plans and increased working capital requirement. With absence of any further capex plans and expected ramp-up in the new segments, the leverage and coverage indicators are expected to improve, going forward.

The rating also remains constrained by the vulnerability of SCEL's profitability to raw material price fluctuations and high working capital intensity of operations because of its large inventory requirements owing to a long production cycle and wide product range. The rating also factors in the intense competition from organised and unorganised players and the fragmented nature of the pump and consumer electricals industry.

The Stable outlook on the rating reflects ICRA's opinion that the expected ramp-up in SCEL's operations and modest capex plans will aid in a gradual improvement in the company's leverage and coverage indicators.

Key rating drivers and their description

Credit strengths

Vast experience of the promoters in the pumps business and established position – Mr. Dharamshi Bediya founded Silver Engineering Company (now SCEL) as a mono pump manufacturing entity in 1981 and has over 40 years of industry experience. Mr. Vinit Bediya, Managing Director, joined the family business in 2019 and is credited for the exponential growth witnessed

since then. Mr. Bediya brings a strategic and innovation-driven approach to the company. The promoter shareholding is around 60% as on May 22, 2025, and the entire business operations are managed by Mr. Bediya and his professional team. The balance shareholding is mainly held by Mr. Arpit Khandelwal, M/s. Mahima Stocks Private Limited and Mr. Mithun Sancheti, among others. The company has an established position in the pumps and motors industry with a strong manufacturing capacity of 2.4 million pumps per annum.

Diversified product range and wide distribution network – To reduce the segmental concentration on pumps and motors segment, which accounted for 100% of revenues in FY2023, SCEL has entered new product segments over the last two years like agricultural equipment, fan and lighting product segments. In FY2025, these segments accounted for 18.3% of revenues of SCEL. Further, the company has invested in a solar panel manufacturing setup and expects to start production in the second half of FY2026. SCEL benefits from its strong network of around 5,500 dealers and distributors in more than 20 states across India. It operates through a network of over 23 branches and 750 service centres across India.

Robust revenue growth over the last two years – The revenues of SCEL have witnessed an exponential growth of 114.6% on a YoY basis in FY2024 and 74.8% on a YoY basis in FY2025, driven by increasing sales of solar pumps, and management's aggressive expansion strategy into new product segments, and rise in existing capacity of pumps and motors segment. SCEL also benefitted from the strong tender-based order inflow for solar pumps under the PM KUSUM scheme, which aims to install 1.4 million standalone solar powered agricultural pumps in off-grid regions to enhance energy access for farmers, reduce diesel usage, encourage renewable energy adoption in agriculture, and lower environmental pollution. The scheme is operational till March 31, 2026. While the management expects the scheme to get renewed, it has also diversified into new business segments. This is expected to support the revenue growth, going forward as well.

Credit challenges

Moderate financial profile – The company incurred total capex of around Rs. 437 crore in FY2024 and FY2025 towards expansion of capacity in the pumps business and addition of new segments out of which around Rs. 304 crore was funded by debt. While this lends diversity to the business profile, ICRA notes the modest capacity utilisation of these segments with thin operating profit margins at present, thereby constraining SCEL's return indicators. The ability of the company to profitably ramp up operations of the new segments remain a key monitorable. Further, given the increased debt levels to fund the capex and working capital requirements, SCEL's debt coverage indicators also remain subdued with total debt vis-à-vis the operating profit before interest, tax, depreciation and amortisation (OPBDIT) of 3.9 times as on March 31, 2025, and OPBDIT vis-à-vis interest of 2.3 times as on March 31, 2025. However, ICRA notes that the company has raised Rs. 290 crore in equity in FY2025 and further Rs. 210 crore in May 2025 to support the capex plans and increased working capital requirement. With absence of any further capex plans and expected ramp-up of the new segments, the leverage and coverage indicators are expected to improve, going forward.

Working capital intensive nature of operations – The company has a high working capital intensity of operations with net working capital of 35.3% of its operating income in FY2025 because of its large inventory requirements owing to a long production cycle and wide product range. Along with regular capex, this led to consistent negative free cash flows, necessitating continued dependence on additional funding. The company's ability to improve its overall working capital intensity, enabling it to convert its accrued profits into cash flows would remain a key monitorable while it continues to pursue a high growth business strategy.

Profitability susceptible to volatility in raw material prices; intense competition and fragmented industry structure – The primary raw materials used in the manufacturing of pumps include copper, aluminium, steel sheets and iron. The company's margins remain vulnerable to any adverse fluctuations in commodity prices as the prices of these raw materials are volatile in nature. The pump manufacturing sector is highly fragmented and is characterised by the presence of organised as well as unorganised players. Notwithstanding the healthy demand for pumps in the various end-user industries, the company faces immense competition from domestic unorganised players in the standard business segment with a higher regional presence.

Liquidity position: Adequate

SCEL's liquidity position remains adequate with free cash and bank balance of around Rs. 74 crore as on March 31, 2025, largely deployed in fixed deposits. The annual repayment obligation for FY2026 stands at Rs. 38 crore. Further, equity infusion of Rs. 210 crore in May 2025 is expected to support the modest capex requirements of Rs. 40-50 crore for FY2026 and the increased working capital requirements.

Rating sensitivities

Positive factors – The rating could be upgraded in case the company's business further scales-up materially, while maintaining comfortable credit metrics.

Negative factors – Pressure on the ratings could arise in case the company faces challenges in converting its accrued profits into cash flows on a sustained basis, while it pursues a high growth business strategy. Deterioration of the working capital cycle, or any large debt-funded capex adversely impacting the liquidity profile and coverage metrics on a sustained basis, will also be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	NA
Consolidation/Standalone	Standalone

About the company

Silver Consumer Electricals Limited (SCEL) was established in 1981 as a partnership firm in the name of Silver Engineering Company. In FY2021, the partnership firm got converted into a private limited company called Silver Consumer Electricals Private Limited. In FY2025, the same was converted into an unlisted public company named Silver Consumer Electricals Limited.

The company was established as a supplier of self-priming pumps, centrifugal pumps, open-well submersible pumps, borewell submersible pumps and mud/sewage pumps. The company manufactures water pumps and motors with a broad range of products, widely used in industrial, residential and agricultural sectors. Further, the company undertakes the manufacture and supply of solar pumps under the PM KUSUM scheme. Also, it ventured into new business streams such as ceiling fans and agricultural equipment in FY2024 and consumer lighting, heaters and home appliances in FY2025 to further diversify its revenues and become a comprehensive consumer appliance company.

The manufacturing facility is located in Rajkot, Gujarat and is spread across more than 60 acres of land with more than 30 lakh square feet of constructed area. The company has a manufacturing capacity of around 2.4 million pumps and motors, 7.2 million ceiling fans, 72,000 units of agricultural equipment and 21.9 million of LED lights.

Key financial indicators (audited)

Silver Consumer Electricals Limited (standalone)	FY2024	FY2025*
Operating income	910.3	1,591.4
PAT	29.0	50.2
OPBDIT/OI	8.1%	10.1%
PAT/OI	3.2%	3.2%
Total outside liabilities/Tangible net worth (times)	2.6	1.6
Total debt/OPBDIT (times)	6.0	3.9
Interest coverage (times)	2.0	2.3

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:

CRA	Status	Date of Release
Infomeric	IVR BB+/Negative; Continues to be in ISSUER NOT COOPERATING category/Reaffirmed	Sep 18, 2024

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years						
		Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long-term	41.5	04-July-2025	[ICRA]A-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	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	Term loan-I	NA	NA	October 2031	41.5	ICRA A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- NA

ANALYST CONTACTS

Jitin Makkar

+91 0124-4545368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 6169 3349

sakshi.suneja@icraindia.com

Viren Jhunjunwala

+91 9326585462

viren.jhunjunwala@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

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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



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