September 11, 2026

Silver Consumer Electricals Limited: Ratings downgraded to [ICRA]BBB+ (Stable)/ [ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term fund-based – term loan	111.57	111.57	[ICRA]BBB+ (Stable); downgraded from [ICRA]A- (Stable)	RBI
Long-term fund-based – working capital facilities	203.00	203.00	[ICRA]BBB+ (Stable); downgraded from [ICRA]A- (Stable)	RBI
Short-term non-fund based – bank guarantee	2.00	2.00	[ICRA]A2; downgraded from [ICRA]A2+	RBI
Long-term/short-term unallocated	1.13	1.13	[ICRA]BBB+ (Stable)/ [ICRA]A2; downgraded from [ICRA]A- (Stable)/ [ICRA]A2+	RBI
Total	**317.70**	**317.70**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings downgrade for Silver Consumer Electricals Limited (SCEL), engaged primarily in the manufacture of industrial and residential pumps and motors, is driven by the materially higher debt-funded capital expenditure (capex) undertaken in FY2026 towards setting up a solar module manufacturing facility that has increased its financial leverage, compared with the company's earlier indications of a moderation in capex. Consequently, the anticipated improvement in the company's leverage profile has not materialised. Although the capex was strategically intended to diversify the business and expand earnings over the medium term, the project faced delays in commercialisation and ramp-up amid evolving regulatory and compliance requirements in the domestic solar module manufacturing sector relating to MNRE's[1] Approved List of Models and Manufacturers (ALMM) and domestic-content frameworks, which deferred the revenue and earnings contribution from the facility. As a result, the increase in debt has not been accompanied by a growth in earnings, implying that leverage metrics are likely to remain elevated over the near to medium term pending stabilisation and ramp-up of capacity utilisation at the new facility.

The ratings continue to draw comfort from the company's track record of strong business growth, and the initiatives aimed at diversifying the product offerings. SCEL's operating income witnessed robust growth over FY2023-FY2026, increasing to Rs. 1,937 crore in FY2026 from Rs. 425 crore in FY2023. The growth was driven by increasing sales of solar pumps under the Pradhan Mantri Kisan Urja Suraksha Evam Utthaan Mahabhiyan (PM-KUSUM) scheme, capacity enhancement in the pumps and motors business, and expansion into new product segments. The company sells solar pumps to the EPC players, that are mostly private sector enterprises and, therefore, does not have subsidy dependencies. To reduce its concentration on the pumps and motors segment, SCEL has also entered into new product segments in recent years, including agricultural equipment, ceiling fans and consumer lighting. Further, the ongoing capex towards solar panels, Table, Pedestal, and Wall

[1] Ministry of New and Renewable Energy, Government of India.

(TPW) fans and Light Emitting Diode (LED) chip manufacturing, is expected to diversify its revenue streams and strengthen business diversification upon commissioning. While these initiatives support business diversification and provide growth opportunities, their profitable ramp-up remain key monitorable factors. In particular, improving capacity utilisation of the solar module manufacturing facility amid the prevailing industry overcapacity and pricing pressures will remain important from a credit perspective. In FY2026, the pumps and motors segment accounted for around three-fourths of the company's revenues, of which around 60% pertained to solar pumps.

The ratings remain constrained by the limited value addition in the business and the vulnerability of SCEL's profitability to raw material price fluctuations and the high working capital intensity of operations. The company reported OPBITDA margins of 7.8% in FY2026 (provisional) against 8.7-8.9% reported in the preceding two years, with margin compression in FY2026 attributable to cost inflation and elevated competitive intensity. The margin pressures are expected to persist over the near term in view of the ongoing West Asia conflict and its inflationary impact on commodity prices, besides energy and freight costs. Also, the company's working capital intensity (NWC/ OI[2]) remains relatively high, ranging at 35-38% over the past three years. The elevated working capital requirements arise from the need to maintain inventory across a wide product range comprising more than 10,000 SKUs and increasing backward integration. The receivables cycle, though, remains largely controlled with debtor days generally ranging between 60 and 80 days. The ratings also factor in the intense competition from organised and unorganised players and the fragmented nature of the pumps and consumer electricals industries, which limit SCEL's pricing flexibility.

SCEL incurred an overall capex of Rs. 350 crore in FY2026, of which around Rs. 160 crore was for setting up the solar module manufacturing capacity of 1.5 GW. This followed the Rs. 430-crore capex incurred over FY2024 and FY2025. In effect, the company has incurred around Rs. 780 crore of capex over the past three years. In addition, to support the high business growth, the company had aggregated incremental working capital requirements of around Rs. 600 crore over the past three years. While around half of the fixed capital and working capital needs of the business over the past three years were funded through fresh equity fund raising, the Adjusted Debt/OPBITDA (with adjustment pertaining to the netting-off of encumbered cash) rose to 5.5 times in FY2026, compared with 4.3 times in FY2025. ICRA notes that the company is in the process of raising equity by way of an IPO, with the DRHP already approved in November 2025. The timely and successful completion of the same would be viewed favourably as it would strengthen the capital structure and leverage. ICRA understands from the company that incremental capex over the next three years is going to be limited. Accordingly, ICRA projects SEEL's financial leverage to moderate over the medium term and DSCR to gradually improve from 1.2 times in FY2026. The ratings take comfort from the company's adequate liquidity with cash balances of Rs. 237 crore (including encumbered cash of around Rs.150.5 crore) as on March 31, 2026 and undrawn working capital limits of around Rs. 300 crore, against principal repayment and interest payment obligations of around Rs. 150 crore in FY2027.

The Stable outlook on the rating reflects ICRA's expectations that the ramp-up of SCEL's existing and new product segments, improvement in operating profitability, and the absence of further sizeable debt-funded capital expenditure will support a gradual improvement in the company's leverage and coverage indicators.

Key rating drivers and their description

Credit strengths

Long experience of promoters in the pumps business and established market 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 strong growth witnessed since then. The promoter shareholding is 56.8% as on March 31, 2026, and the entire business operations are managed by Mr. Bediya and his professional team. The balance shareholding is mainly held by Mr. Arpit Khandelwal, Mahima Stocks Private

[2] Net Working Capital/Operating Income

Limited and Mr. Mithun Sancheti, among others. The company has an established position in the pumps and motors industry with a manufacturing capacity of 3.6 million pumps per annum.

Diversified product range and wide distribution network – To reduce the segmental concentration on the pumps and motors segment, which accounted for the entire revenues in FY2023, SCEL has entered new product segments like agricultural equipment, ceiling fans and lighting product segments in recent years. In FY2026, these segments accounted for around 26% of revenues of SCEL. Further, the company has invested in a solar panel manufacturing set-up, which was earlier expected to commence operations in H2 FY2026 but is now expected to be commissioned in Q3 FY2027, following evolving regulatory and compliance requirements in the domestic solar module manufacturing sector relating to MNRE's ALMM and domestic-content frameworks. SCEL benefits from its strong network of around 100 dealers and 4,000 distributors in more than 16 states across the country.

Track record of strong business growth – SCEL's operating income increased by around 22% to Rs. 1,937 crore in FY2026, driven by strong growth in the solar pump business and the scaling up of the ceiling fan and agricultural equipment segments. The company's operating income has increased at a CAGR of around 50% over FY2021–FY2026, aided by capacity expansion and diversification into new product categories. The growth momentum is expected to sustain over the medium term, supported by the continued demand for solar pumps under the PM-KUSUM scheme, ramp-up of the existing product segments and commencement of operations at the solar panel, TPW fan and LED chip manufacturing facilities.

Credit challenges

Moderate financial profile – SCEL's financial profile remains moderate, characterised by elevated debt levels and subdued coverage indicators, following the sizeable debt-funded capex incurred over the past three years and incremental working capital borrowings. The company incurred capex of around Rs. 350 crore in FY2026 towards capacity expansion, product diversification and automation. Total debt, including lease liabilities, increased to Rs. 977 crore as on March 31, 2026 from Rs. 746 crore a year earlier. Consequently, total debt relative to OPBDITA increased to 6.5 times in FY2026 from 5.2 times in FY2025, while the DSCR moderated to 1.2 times from 1.4 times. Further, the OPBITDA margins declined to 7.8% from 8.9%, owing to the sub-optimal capacity utilisation and lower margins in some of the newly launched segments, along with an increase in raw material costs, not offset through increase in product realisations. This constrained the company's return indicators, with the RoCE moderating to 7% in FY2026 from 12% in FY2025. Nevertheless, SCEL's capital structure remains supported by the aggregate equity infusion of around Rs. 500 crore across three rounds between July 2024 and May 2025, which strengthened its tangible net worth to Rs. 889 crore as on March 31, 2026. The timely commissioning and profitable ramp-up of the ongoing projects will remain key monitorable factors. In particular, the company's success at ramping up capacity utilisation of the 1.5-GW solar module manufacturing facility amid the prevailing industry overcapacity and pricing pressures, as well as its ability to achieve the expected operating margins will remain important.

Working capital-intensive nature of operations – SCEL's operations remain working capital intensive, with net working capital relative to operating income increasing to around 38% in FY2026 from 36% in FY2025. The elevated working capital requirements arise from the need to maintain inventory across a wide product range comprising more than 10,000 SKUs, sizeable work-in-progress, increasing backward integration and expansion into multiple product categories. Consequently, the inventory holding period increased to 164 days in FY2026 from 142 days in FY2025. Nevertheless, the debtor collection period improved to 64 days from 85 days over the same period, providing some support to the company's working capital cycle. The sizeable working capital requirements, coupled with the capital expenditure undertaken, have resulted in consistently negative free cash flows. The company's ability to improve its working capital cycle and convert its accrued profits into cash flows will remain a key monitorable.

Profitability susceptible to volatility in raw material prices; intense competition and fragmented industry structure – The primary raw materials used by SCEL include copper, aluminium, and steel sheets, the prices of which remain volatile. Although prices in the OEM pump business are revised periodically based on movements in raw material prices, the lag in passing on such cost increases may exert pressure on the company's profitability. Further, the pumps and consumer electricals industries are fragmented and characterised by intense competition from organised as well as unorganised players, which limits the company's pricing flexibility. The relatively lower margins and suboptimal capacity utilisation in some of the newer product segments further constrain overall profitability.

Liquidity position: Adequate

SCEL's liquidity position remains adequate, supported by cash and liquid investments of around Rs. 237 crore as on March 31, 2026. However, a sizeable portion of these balances was encumbered, resulting in unencumbered cash of around Rs. 86 crore. The company has scheduled term debt repayments of around Rs. 76 crore (excluding lease liabilities) in FY2027. Further, balance capital expenditure of around Rs. 80 crore, including maintenance capex, towards the solar panel, TPW fan and LED chips facilities is expected to be incurred in FY2027. The liquidity is supported by the undrawn/available lines of credit and ICRA expects the overall liquidity position of the company to remain adequate in the near term.

Rating sensitivities

Positive factors – The ratings could be upgraded upon a deleveraging of the balance sheet through equity fund raising, or if stronger earnings and cash flow growth support a significant moderation in financial leverage, to complement the healthy business profile.

Negative factors – Pressure on the ratings could arise, in case the company faces further 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 leverage 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 under the name Silver Engineering Company. In FY2021, the partnership firm was converted into a private limited company and renamed Silver Consumer Electricals Private Limited. Subsequently, in FY2025, it was converted into an unlisted public limited company and renamed Silver Consumer Electricals Limited.

The company was initially established as a supplier of self-priming pumps, centrifugal pumps, open-well submersible pumps, borewell submersible pumps and mud/sewage pumps. It currently manufactures a broad range of water pumps and motors used across the industrial, residential and agricultural sectors. The company also manufactures and supplies solar pumps under the PM-KUSUM scheme. To diversify its revenue profile and expand its presence in the consumer electricals sector, SCEL ventured into ceiling fans and agricultural equipment in FY2024 and consumer lighting in FY2025.

SCEL's manufacturing facility is in Rajkot, Gujarat, and is spread across around 75 acres, including around 19 acres leased from the promoters in FY2026, with more than 30 lakh square feet of constructed area. The company's installed manufacturing capacities include 3.6 million pumps and motors, 7.2 million ceiling fans, 72,000 units of agricultural equipment and 21.9 million LED lighting products annually. In addition, SCEL is setting up a 1.5-GW solar panel manufacturing facility, with an expected effective output of 1.0-1.1 GW.

Key financial indicators (audited)

Silver Consumer Electricals Limited (standalone)	FY2025	FY2026*
Operating income	1,592.6	1,937.6
PAT	46.5	29.8
OPBDIT/OI	8.9%	7.8%
PAT/OI	2.9%	1.5%
Total outside liabilities/Tangible net worth (times)	1.8	1.8
Total debt/OPBDIT (times)	5.2	6.5
Interest coverage (times)	2.0	2.2

*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 * Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)				FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	FY2027							
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	**Long-term**	111.57	11-Sept-2026	[ICRA]BBB+ (Stable)	04-July-2025	[ICRA]A- (Stable)	-	-	-	-
					15-July-2025	[ICRA]A- (Stable)				
Fund based – working capital facilities	**Long-term**	203.00	11-Sept-2026	[ICRA]BBB+ (Stable)	15-July-2025	[ICRA]A- (Stable)				
Non-fund based – Bank guarantee	**Short term**	2.00	11-Sept-2026	[ICRA]A2	15-July-2025	[ICRA]A2+				
Unallocated	**Long term/short term**	1.13	11-Sept-2026	[ICRA]BBB+ (Stable) / [ICRA]A2	15-July-2025	[ICRA]A- (Stable)/ [ICRA]A2+				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Long-term - Fund based – working capital facilities	Simple
Short term - Non-fund based – Bank guarantee	Simple
Long term/short term -Unallocated	Not Applicable

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	Financial sector regulator#
NA	Term loan-I	August 2024	9.3%	April 2033	88.25	[ICRA]BBB+ (Stable)	RBI
NA	Term loan-2	February 2024	9.3%	July 2025 - March 2027	3.32	[ICRA]BBB+ (Stable)	RBI
NA	Term loan-3	October 2024	9.3%	October 2031	20.00	[ICRA]BBB+ (Stable)	RBI
NA	Fund based – working capital facilities	NA	NA	NA	203.00	[ICRA]BBB+ (Stable)	RBI
NA	Non-fund based – Bank guarantee	NA	NA	NA	2.00	[ICRA]A2	RBI
NA	Unallocated	NA	NA	NA	1.13	[ICRA]BBB+ (Stable) / [ICRA]A2	RBI

Source: Company

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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
+91 124-4545368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Sujoy Saha
+91 33 6521 6805
sujoy.saha@icraindia.com

Ayush Kataruka
+91 6521 6810
ayush.kataruka@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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ICRA Limited

Registered Office

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

Branches