

### IPO Note – Oswal Pumps Ltd.

11 June 2025

#### Oswal Pumps Limited – India’s Leading Integrated Solar Pumping Solutions Provider

Oswal Pumps Limited (OSPL), founded in July, 2003, is one of India’s fastest-growing names in solar-powered solutions. Led by Chairman and Managing Director Mr. Vivek Gupta, the company has carved a niche as a fully integrated manufacturer of solar and grid-connected submersible pumps, monoblock pumps, high-efficiency electric motors, and solar modules. OSPL operates through two state-of-the-art manufacturing facilities located in Karnal, Haryana, enabling tight control over quality, efficiency, and innovation. **What sets OSPL apart is its end-to-end capability—designing, manufacturing, and installing turnkey solar pumping systems for agricultural and industrial needs.** In solar pumps OSPL controls ~40-45% market share. As one of the few companies in India with in-house production of solar modules, pump controllers, and motors, OSPL is powering a greener tomorrow with reliable, sustainable, and high-performance solutions.

#### Sustainability, Integration, and Reach: OSPL Strategic Strengths

OSPL Ltd distinguishes itself through a strong focus on **1.) Sustainability**, Company’s solar-powered pumps reduce reliance on electricity and fossil fuels, cutting carbon emissions and promoting clean energy use in farming—while ensuring consistent daytime water supply that boosts productivity. **2.) Vertical integration**, integration with its associate, Walso Solar Solution Pvt Ltd, which manufactures essential components like mounting structures and BoS for turnkey solar pumping systems enhancing chain efficiencies and quality control. **3.) Engineering innovation**, OSPL also invests ~1.25% of its revenue in R&D and advanced engineering tools such as computational fluid dynamics and seismic analysis to ensure product performance and reliability. **4.) Wide geographic presence**, As of 9MFY25, the company’s revenue is led by **Maharashtra (44%)**, followed by **Haryana (35%)**, **Uttar Pradesh (6%)**, and other regions collectively contributing the remainder. **5.) Extensive distribution channel** As of December 31, 2024, OSPL’s robust and fast-growing distribution network of over 100 active distributors across India gives it a competitive edge in a sector where distribution is a key barrier to market access. **6.) Healthy Order book**, the company currently holds an **order book worth ~Rs. 1,100 cr and has an enquiry pipeline of ~Rs. 3,200 cr** provides strong forward visibility and underpins OSPL’s growth momentum across its target geographies.

#### Leveraging Capabilities and Expanding Capacities for Future Growth – Fund Utilisation

**Out of the Rs. 890 cr IPO proceeds – 1.) Rs. 90 cr is for CAPEX funding**, OSPL is planning to deploy Rs. 90 cr of the IPO proceeds **towards capacity expansion of pumps** from and existing ~200,000 pumps to 500,000 pumps by 2028 and boost capacity utilisation from ~80% during 9MFY25. **2.) Rs. 273 cr for investment in its subsidiary, OSPL Solar, for solar module capacity expansion by 1500 MW**, To strengthen its capabilities, the company plans to enhance backward integration in solar module manufacturing by producing key components such as aluminium extrusion frames, EVA sheets, junction boxes, back sheets, and on-grid inverters. It also intends to **expand its solar module production capacity by 1500 MW** i.e. from 570 MW to 2,070 MW, supported by an immediate **investment of Rs. 273 cr** in its subsidiary OSPL Solar to meet rising domestic demand. Additionally, OSPL is set to diversify into the industrial pump segment, with planned introductions of helical rotor, PCP screw, centrifugal, inline, pressure, reciprocating, and chemical pumps. **3.) Rs. 280 cr for repayment of debt and 4.) Rs. 31 cr for repayment of debt of subsidiary 4.) Balance amount for general working capital purposes.** The company aims to launch vibratory electric motors targeted at the construction, animal feed, and flour milling industries, broadening its market footprint across new industrial applications.

Source: ABML Research, RHP, company presentation

Rating	SUBSCRIBE
<b>Issue Details</b>	
Issue Opens	13-Jun -25
Issue Closes	17-Jun-25
Face Value (₹)	1
Price Band (₹)	584-614
Bid Lot	24 shares
Issue Size at higher price band (₹ Cr)	1,387
Market cap @ upper price band (₹ cr)	6,998
Listing	NSE/BSE
BRLMs	Axis Capital, IIFL Capital Services, JM Financial, CLSA India, Nuvama Wealth Management
Registrar	MUFG Intime India Pvt Ltd

#### Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoters	99.88	80.07
Public	0.12	19.93
<b>Total</b>	<b>100</b>	<b>100</b>

#### Issue Structure (In cr no. of shares)

<b>Issue size</b>	<b>1.45</b>
OFS	0.81
<b>Break-up of net issue to public (%):</b>	
QIB’s portion	50.0
Non-Institutional portion	15.0
Retail Portion	35.0

Source: ABML Research, RHP

#### Analyst Details

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#### Powering the Nation's Farms: The KUSUM 2 Opportunity: -

The Government of India's upcoming KUSUM 2 scheme is poised to revolutionize the agricultural landscape by targeting the deployment of ~8 cr solar pumps across the country. With an ambitious FY26 target of 5–6 lakh pump installations, the scheme aims to ease farmers' access to sustainable and efficient irrigation solutions. Unlike traditional power subsidies, solar pumps under KUSUM 2 offer the government a quicker return on investment—recovering costs within 2.5 to 3 years compared to the 12-year cycle under free electricity models. A critical requirement of the scheme is adherence to 'Make in India' norms, mandating that all key pump components be domestically manufactured. OSPL, with its fully integrated production of Indian-made solar modules and pump systems, is well positioned to capitalise the benefit from this push.

#### Serving Every Sector with Purpose-Built Solutions

OSPL caters to a variety of needs of end-users across multiple sectors. In the **agricultural sector (90%+)**, the company's pump solutions are used for irrigating fields. In the **residential sector**, its products support domestic applications such as maintaining gardens and fountains, extracting water, supplying water to overhead tanks, and cleaning households and small establishments. In **commercial spaces** which include shopping malls, offices, and hotels it fulfils requirement of efficient water management systems. In the **industrial sector**, OSPL provides applications such as boilers, water treatment plants, water transportation, and sewage systems, while its electric motors are used in machinery operations and cooling tower systems. This broad based applications highlight OSPL's diversity, however currently residential and industrial segment contributes <5% of OSPL's revenue for 9MFY25.

#### Working Capital Cycle: Temporary Stretch, Structural Recovery Ahead

OSPL has experienced a temporary elongation in its working capital cycle, primarily due to a sharp increase in **receivable days** from **38 days in FY22 to 115 days in FY24 to 183 days for 9MFY25 (annualised)** following its entry into the EPC segment for solar installations. This strain was further exacerbated by the state election cycles in key markets such as Maharashtra and Haryana, which led to delays in payment disbursements. However, this trend is expected to reverse going forward, particularly with the rollout of the KUSUM 2 scheme, under which the government is planning to release 100% payments significantly faster—well within the traditional 120-day timeframe. This policy shift is poised to ease receivables pressure and improve OSPL's liquidity and overall capital efficiency in the coming periods.

#### Key Risks:-

1.) All manufacturing facilities located in Karnal, Haryana- concentration of operations in single plant, 2.) Business dependent on the performance of the agricultural sector, 3.) Increasing competition, 4.) Depend on a few suppliers for the supply of our raw materials 5.) Major Reliance on revenue from top 10 customers – ~80%, 6.) Signification portion (~70%) of revenues derived from the supply of Turnkey Solar Pumping Systems which are awarded on a tender basis from the government.

#### Financials & valuation –

OSPL's strategy to spread across broad regions in India's agricultural, residential and industrial spaces for sustainable pumping solutions and its capacity expansion plan place it at robust position to undertake near term industry growth and tailwinds. However, competition from established peers and its dependency on tenders for its revenue, remain key risk factors to consider. At the upper price band, OSPL is available at a reasonable valuation of 21x at its annualised 9MFY25 EPS. We have a SUBSCRIBE recommendation to this issue for the long-term.

Key Financials (₹ Cr) (As reported)	Mar-22	Mar-23	Mar-24	9M Mar-25
Revenue	360.4	385.0	758.6	1065.6
EBITDA	38.5	57.8	150.1	321.0
EBITDA Margin (%)	10.7	15.0	19.8	30.1
PAT	16.9	34.2	97.7	216.7
PAT Margin (%)	4.7	8.9	12.9	20.3
EPS (Basic in Rs.)	1.70	3.44	9.82	21.78
Net Worth	24.6	60.0	160.2	378.8
ROE (%)	0.4	18.9	31.2	54.1
Debt to Equity	3.56	0.99	0.47	0.89
RONW (%)	58.9	80.9	88.7	80.4
ROCE (%)	27.0	45.5	81.9	66.0

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