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IPO Note:

OSWAL PUMPS LIMITED

Oswal Pumps Limited (OSPL) began operations in 2003, manufacturing low-speed monoblock pumps. The company sells solar-powered and grid-connected pumps, electric motors, and solar modules under the 'Oswal' name. The company has 22 years of experience with pumps, including engineering, product design, production, and testing. It meets the needs of various end-users, including agriculture for irrigating fields, residential for maintaining gardens and fountains, extracting water, supplying water to overhead tanks, and cleaning households and small establishments, as well as commercial spaces like shopping malls, offices and hotels: Industries that use pumps for boilers, water treatment, transportation, and sewage, as well as electric motors for machinery and cooling towers.

The company is one of India's few fully integrated Turnkey Solar Pumping Systems providers, capable of producing solar-powered agricultural pumps, solar modules, and pump controllers, as well as installing such systems. On January 8, 2024, company wholly-owned subsidiary, Oswal Solar Structure Private Limited, began producing solar modules for Turnkey Solar Pumping Systems, expanding capabilities as a provider. It also benefits from its affiliate, Walso Solar Solution Private Limited, which manufactures mounting structures, BOS, and other critical components for Turnkey Solar Pumping Systems.

OSPL also focuses on recycling waste to make certain pump components. Scrap metal is used to create various components, including suction, non-return valves, impellers, bowl sleeves, collets, and stator end rings. This strategy reduces waste and improves profitability. It uses electronics to improve pump efficiency. The company's manufacturing facility at Karnal, Haryana, is one of India's largest single-site facilities for pump manufacturing, covering 41,076 square meters as of December 31, 2024.

OSPL is India's fastest growing vertically integrated solar pump producer, with revenues increasing at a CAGR of 45.07% between Fiscal 2022 and Fiscal 2024. YoY, the company's financial performance has improved significantly. In FY24, revenue increased by 97% to ₹7585.71 million from FY23. In FY24, net profit increased by 185.6% from FY23, reaching ₹976.65 million. As of December 31, 2024, the company has completed orders for 38,132 Turnkey Solar Pumping Systems under the PM Kusum Scheme in states like Haryana, Rajasthan, Uttar Pradesh, and Maharashtra. Within four years, in Fiscal 2024 and 2023, it became one of the leading suppliers of solar-powered agricultural pumps under the PM Kusum Scheme. OSPL's current order book of Rs. 1,100 cr and enquiry pipeline of Rs. 3,200 cr support the company's growth in target geographies.

OSPL promoters and senior management have contributed significantly to the company's growth. Padam Sain Gupta, father of Chairman and Managing Director Vivek Gupta, founded the company, which began operations in 2003. Padam Sain Gupta contributed significantly to the company's growth and success over time. Vivek Gupta, who has been with the company since 2006, has 18 years of experience in pump production. He has helped develop a diversified product line and established a backward integrated manufacturing unit. The company's Board of Directors and senior management's experience have helped them capitalize on market opportunities and provide improved customer service.

Investment Recommendation and Rationale: -

Oswal Pumps Ltd. stands out as a significant participant in the growing solar pump industry, capitalizing on government initiatives and rural electrification projects. At the upper price band of Rs. 614, the issue is priced at a P/E multiple of 71.65 its FY24 post IPO EPS of Rs. 8.57. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

1. As a leading supplier of solar-powered agricultural pumps under the PM Kusum Scheme, OSPL well-positioned to benefit from industry growth.
2. Vertically integrated manufacturing competencies, as well as strong engineering and design capabilities.
3. Strong presence in main agricultural states of India, including Haryana, and expanding influence in other states as well Extensive distribution network serving a diverse customer base.
4. OSPL's current order book of Rs. 1,100 cr and enquiry pipeline of Rs. 3,200 cr support the company's growth in target geographies.
5. OSPL also invests 1.25% of its revenue in R&D and advanced engineering tools.

Issue Opens	13th June 2025
Issue Closes	17th June 2025
Type of Issue	Fresh Issue of 1,44,95,114 shares (aggregating up to Rs. 890.00 Cr) Offer for Sale of 81,00,000 shares (aggregating up to Rs. 497.34 Cr)
Issue size	Rs. 1,387.34 crores
Price Band	Rs. 584 to Rs. 614 per share
Bid lot/ Bid Size	24 shares/ Rs. 14,736
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	11,39,77,414 shares
Promoters and Promoter Group Public	Pre Issue-99.88% Post Issue- 80.07% Pre issue- 0.12% Post Issue- 19.93%
Post issue implied market cap	Rs. 6,998.21 crores
BRLMs	IIFL Capital Services Limited, Axis Capital Limited, CLSA India Private Limited, JM Financial Limited, Nuvama Wealth Management Limited.
Registrar to the issue	MUFG Intime India Private Limited

Financial Summary (in ₹ Million, unless otherwise indicated)

Particulars	9MFY24	FY24	FY23	FY22
Revenue from Operations	10,656.71	7,585.71	3,850.36	3,603.84
Total Income	10,673.44	7,612.34	3,874.72	3,611.08
Gross Profit	4,835.49	2,556.05	1,181.94	1,061.85
Gross Profit Margin (%)	45.38	33.70	30.70	29.46
EBITDA	3,210.10	1,501.24	578.19	385.23
EBITDA Margin (%)	30.12	19.79	15.02	10.69
Profit After Tax	2,167.09	976.65	341.99	169.29
PAT Margin (%)	20.30	12.83	8.83	4.69
RoNW(%)	80.42	88.73	80.91	58.88
RoCE (%)	65.96	81.85	45.47	27.01
Net Debt to Equity Ratio	0.87	0.42	0.70	1.83
Net Debt to EBITDA Ratio	1.08	0.50	0.96	2.08
Cash Conversion Cycle (days)	142	91	66	71
Gross Block	1,445.57	1,148.28	917.92	742.11
Total Borrowings	3,463.02	754.22	592.84	875.40

Source: Red Herring Prospectus (RHP)

The following graphic shows how manufacturing capabilities have changed throughout time:



Source: Red Herring Prospectus (RHP)

Objects of the issue

Offer for Sale of 81,000,00 shares aggregating up to Rs. 497.34 Cr.

Fresh Issue of 1,44,95,114 shares aggregating up to Rs. 890.00 Cr.

Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding certain capital expenditure of the Company.
2. Investment in the wholly-owned Subsidiary, Oswal Solar, in the form of debt or equity, for funding the setting up of new manufacturing units at Karnal, Haryana.
3. Pre-payment/ re-payment, in part or full, of certain outstanding borrowings availed by the Company.
4. Investment in the wholly-owned Subsidiary, Oswal Solar, in the form of debt or equity, for repayment/prepayment, in part or full, of certain outstanding borrowings availed by Oswal Solar.
5. General corporate purposes.

Source: Red Herring Prospectus (RHP)

Shareholding Pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered (IN ₹ MILLION)	Weighted Average Cost of Acquisition per Equity Share (in ₹) ^
Vivek Gupta	PSS	Up to 8,100,000 equity shares of face value ₹1 each	NIL

Source: Red Herring Prospectus (RHP)

Peer Comparison

The comparison with peer group firms that are listed in India and operate in the same industry as the company is as follows:

Name of Company	Face Value (₹ Per Equity Share)	Revenue from operations for FY24 (₹ in Million)	EPS (₹)		NAV (₹ per share)	P/E Ratio	RoNW (%)
			Basic	Diluted			
Oswal Pumps Limited*	1.00	7,585.71	9.82	9.82	16.10	NA	88.73



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Listed Peers							
Kirloskar Brothers Limited	2.00	40,011.99	43.84	43.84	216.47	41.94	22.30
Shakti Pumps (India) Limited*	10.00	13,707.39	12.82	12.82	68.36	66.72	24.15
WPIL Limited*	1.00	16,644.04	17.72	17.72	127.56	27.31	18.78
KSB Limited*	2.00	22,472.38	11.99	11.99	74.81	66.79	17.07
Roto Pumps Limited*	1.00	2,744.96	6.28	6.28	31.03	42.08	21.95

*EPS and NAV numbers are adjusted for split and bonus post March 31, 2024, accordingly, P/E ratio has been calculated post adjustment in the EPS.

Source: Red Herring Prospectus (RHP)

Competitive Strengths

1. Among the biggest providers of solar-powered agricultural pumps under the PM Kusum Scheme, this company is ideally situated to benefit from robust industry tailwinds.
2. The vertically integrated operations of OSPL include the fabrication of solar modules for solar-powered pumps as well as pump components.
3. As of December 31, 2024, the company employs 20 people in its strong engineering and design team, who work to improve product design and promote cost-cutting technologies.
4. Offer a wide range of solar-powered and grid-connected submersible and monoblock pumps, electric motors as well as solar modules under our 'Oswal' brand.
5. Robust presence in India's main agricultural states, such as Haryana, and expanding presence in other states.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Pump manufacturing value chain backward integration, increased automation, and capability building through strategic acquisitions.
2. Continue to pay attention to government activities and maintain leadership role.
3. Increase manufacturing capacity for solar modules and backward integration in solar module manufacturing.
4. Introduce new products in the industrial pumps and electric motors categories.
5. Increase presence in select geographies in India and grow exports.

Source: Red Herring Prospectus (RHP)

Key Risks

1. The company's supply of turnkey solar pumping systems, which are given out through a tender process by state and federal government organizations under the PM Kusum Scheme, accounts for a sizeable amount of its revenue. It contributed Rs 327.41 crore (44.77%) and Rs 773.21 crore (78.50%) of the company's revenue in FY24 and the nine months ending December 31, 2024. The company's operations may suffer if government funding for this program is cut or if it is unable to get contracts.
2. The agricultural industry provides Oswal Pumps with a sizable amount of its earnings. In the nine months ending December 31, 2024, it contributed Rs 951.05 crore (96.55%) of the company's total income; in FY24, it contributed Rs 702.47 crore (96.06%); in FY23, it contributed Rs 325.47 crore (90.84%); and in FY22, it contributed Rs 296.42 crore (87.03%). Any negative developments in the agriculture industry could have a big effect on the company's operations and financial situation.
3. Business, operational outcomes, financial health, and cash flows could all be negatively impacted by any unfavorable changes affecting activities in product areas.
4. The business owed Rs 629 crore in outstanding debt as of April 30, 2025. Any inability to pay back or service these loans could negatively impact the business's operations and financial standing.
5. The company's operating cash flow for the nine months ending December 31, 2024, was negative by Rs 197.45 crore. Future cash outflows exceeding inflows could pose a liquidity problem for the business.

Source: Red Herring Prospectus (RHP)



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