



PUMPS & MOTORS

Solar | Domestic | Agriculture | Industrial
True Partner!

Oswal Pumps Ltd.



An ISO 9001 Certified Company

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January 08, 2026

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
Mumbai – 400051

Scrip Code: 544418

Name of Scrip: OSWALPUMPS

Sub.: Press Release

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Press Release dated January 08, 2026 being issued by the Company for dissemination to the public.

This is for your information and records.

Thanking you,

Yours faithfully

For **Oswal Pumps Limited**

Anish Kumar
Company Secretary and Compliance Officer

Encl: As above



Manufacturer & Exporter of :

Submersible Pumps

Centrifugal Pumps

Solar Water Pumps

Electric Motors

Submersible Cable



Press Release

Karnal, Haryana, 08th January 2026: Oswal Pumps Limited wishes to address certain observations contained in a report currently circulating in the public domain. While the Company recognizes the value of independent analysis, it believes that some interpretations in the report do not fully reflect the Company's operating realities. Accordingly, Oswal Pumps wish to provide a detailed, point-by-point response to the key observations in Annexure A to offer appropriate context and clarity. The Company remains confident in the integrity of its financial reporting and governance framework and encourages investors and other stakeholders to engage directly with management for any further clarifications or queries.

About Oswal Pumps Limited

Oswal Pumps is one of India's fastest-growing, vertically integrated solar pump manufacturer. With a legacy of over two decades in pump engineering and manufacturing, the company is a fully integrated provider of turnkey solar pumping systems. It has established a strong presence across solar-powered and grid-connected submersible and monoblock pumps, electric motors, and solar modules—all marketed under the trusted 'Oswal' brand.

The Company is accredited with ISO 9001:2015, ISO 45001:2018, and ISO 14001:2015 certifications and is listed under the Ministry of New and Renewable Energy's Approved List of Models and Manufacturers (ALMM).

With a strong pan-India distribution network, growing international footprint across countries, and a focused design and engineering team, Oswal Pumps continues to cater to the diverse requirements of end-users in the agricultural, residential and industrial sectors.

For further information, please contact:

Subodh Kumar

Chief Financial Officer

Email: subodh.kumar@oswalpumps.com

Category	Area of Concern	Assessment	Rationale & Evidence	Reply
Accounting	Cash Quality	High Risk	Cash Flow Divergence: Reported PAT of Rs.2,806 Mn (FY25) vs. Negative Operating Cash Flow of Rs.(1,505) Mn. Trend continued in Sep-25 (H1) with negative OCF of Rs.(659) Mn.	<p>The Company is presently operating in a high-growth phase, largely driven by government-led programs, including PM-KUSUM and state DISCOM initiatives. In accordance with Ind AS 115 (Revenue from Contracts with Customers), revenue is recognized upon fulfilment of performance obligations, whereas cash realization is subject to disbursement and approval cycles. As a result, while the Company reported a Profit After Tax of ₹2,806 million in FY25, operating cash flows were negative due to elevated working capital requirements arising from rapid execution. This is generally typical in phases of high growth.</p> <p>Despite this, Company has achieved good margin.</p>
Accounting	Obfuscation Patterns	High Risk	Auditor Qualification: Statutory auditor noted "No audit trail feature was enabled at the database level throughout the year" (FY25), violating MCA requirements and risking data manipulation.	<p>While the Company used its ERP system and recorded audit trail (edit log) throughout the year for all relevant transactions recorded in the ERP, certain database-level audit trail functionalities were not fully enabled due to limitations of the older version of the ERP system (Microsoft Navision). The Company has already initiated migration from the older Navision ERP to Microsoft Business Central, which includes enhanced and mandatory audit trail. System configurations are being aligned with the requirements of Section 128 of the Companies Act, 2013, Rule 3(1) of the Companies (Accounts) Rules, 2014. These enhancements are currently under implementation and will be subject to validation and review by the Statutory Auditors as part of their audit procedures in subsequent period.</p> <p>Accounting records and other records of the Company has been maintained as per the requirement of the Companies Act, 2013, and applicable Indian Accounting Standards (Ind AS).</p>
Accounting	Revenue Recognition Quality	High Risk	Receivables Ballooning: Trade receivables surged to Rs.6,150 Mn (FY25) from Rs.2,399 Mn (FY24), outpacing revenue growth. Days Sales Outstanding (DSO) deteriorated from ~113 to ~176 days.	<p>Trade receivables increased during FY25 primarily on account of higher volumes under government-backed projects. PM Kusum Scheme-related receivables typically experience a realization cycle of six to nine months. Credit risk on such receivables is assessed in accordance with Ind AS 109 (Expected Credit Loss framework).</p>



				<p>Given that a substantial portion of receivables is due from government and government-linked entities, the underlying credit risk remains extremely low, although extended collection timelines do impact cash flow metrics. Further we are regularly accounting for delay in receivables through Expected Credit Loss (ECL) provisions to mitigate the impact of delayed recovery on the Balance sheet.</p>
Accounting	Hidden Leverage & Control	High Risk	<p>Supply Chain Financing: Rs.1,336.96 Mn (FY25) in "Payable under supply chain financing" is classified as *Other Financial Liabilities*, not Borrowings. True debt is ~40% higher than headline "Borrowings".</p>	<p>The Company utilizes supply chain financing arrangements as part of its normal working capital management to optimize cash flows and support vendor relationships. These arrangements are entered into in the ordinary course of business and are primarily linked to trade payables arising from procurement of goods and services. And terms of the arrangement are such that the entity continues to have an obligation toward the supplier, has not provided any security or guarantee, and is not treated as borrowing in the Company books. Considering above, the obligation is no longer trade payable; accordingly, the same has been correctly disclosed under "Other Current Financial Liabilities" in the balance sheet. Similar disclosure has been given in the standalone financial statements. The same disclosure can also be seen being made in Tata Motors Limited in FY 23-24 and Gravita India Limited in FY 23-24.</p>
Business	Liquidity Risk	High Risk	<p>Cash Burn: Despite IPO proceeds, FCF remains deeply negative due to working capital lock-up in government contracts (PM KUSUM). Cash conversion cycle stressed by delayed subsidy payments.</p>	<p>The Company is presently operating in a high-growth phase, largely driven by government-led programs, including PM-KUSUM and state DISCOM initiatives. In accordance with Ind AS 115 (Revenue from Contracts with Customers), revenue is recognized upon fulfilment of performance obligations, whereas cash realization is subject to disbursement and payment approval cycles. As a result, while the Company reported a Profit After Tax of ₹2,806 million in FY25, operating cash flows were negative due to elevated working capital requirements arising from rapid execution. This is generally typical in phases of high growth.</p> <p>Despite this, and basis our strong execution capabilities and significant backward integration, we continue to have good liquidity and are achieving strong margins.</p>



Accounting	Earnings Quality	Medium Risk	Paper Profits: EBITDA margin expanded to 29.4% (FY25), but quality is poor as earnings are stuck in uncollected receivables (Government/State agencies).	<p>Trade receivables increased during FY25 primarily on account of higher volumes under government-backed projects. PM Kusum Scheme-related receivables typically experience a realization cycle of six to nine months. Credit risk on such receivables is assessed in accordance with Ind AS 109 (Expected Credit Loss framework).</p> <p>Given that a substantial portion of receivables is due from government and government-linked entities, the underlying credit risk remains extremely low, although extended collection timelines do impact cash flow metrics. Further we are regularly accounting for delay in receivables through Expected Credit Loss (ECL) provision to mitigate the impact of delayed recovery on the Balance Sheet.</p>
Business	High Customer & Counterparty Concentration	Medium Risk	Govt Dependence: 68% of revenue (FY25) from Government projects (PM KUSUM). Receivables risk is sovereign/state-level, leading to extended payment cycles and politically contingent cash flows.	The Company acknowledges the observation regarding revenue concentration from government-linked programs, including state DISCOMs and subsidy-driven schemes. Revenue concentration arising from government programs is an inherent characteristic of the current business phase and is appropriately disclosed. Revenue concentration, associated receivable cycles, and related risks are transparently disclosed in the financial statements in accordance with applicable Ind AS disclosure requirements.
Governance	Insider Enrichment	Medium Risk	Related Party Intensity: Significant procurement/sales with associate *Walso Solar*. Promoters hold ~100% of *Singh Engcon* (Group Co). High volume of RPTs relative to revenue warrants scrutiny.	<p>Walso Solar Solution Private Limited</p> <p>Oswal Pumps Limited subscribed 38.50% equity stake in Walso Solar Solution Private Limited during FY 2024-25, consequent to which Walso became an associate company. Walso is engaged in manufacturing solar module structures and balance-of-system (BOS) components used in solar pumping solutions.</p> <p>The investment was a strategic decision aimed at ensuring supply continuity, quality assurance, and operational efficiency in a scale-up environment. All transactions with Walso are entered in the ordinary course of business at arm's length, which are being approved by the Audit Committee/ Board/ Shareholders, as may be applicable, in accordance with the applicable laws for the time being in force and disclosed in compliance with Ind AS 24 – Related Party Disclosures.</p> <p>Singh Engcon Private Limited</p> <p>Singh Engcon Private Limited is one of the</p>



				<p>Promoter companies. During the period under observation, there were no material transactions with this entity, other than receipt of rent for premises from Singh Engcon, which was also at arm's length and non-significant in value. All transactions with Singh Engcon are entered in the ordinary course of business at arm's length, which are being approved by the Audit Committee/ Board/ Shareholders, as may be applicable, in accordance with the applicable laws for the time being in force and disclosed in compliance with Ind AS 24 – Related Party Disclosures.</p>
Governance	Board & Audit Failures	Medium Risk	<p>Audit Trail Failure: The failure to maintain edit logs (audit trail) is a governance lapse indicating weak internal IT controls, though auditors maintained an unmodified opinion on financials.</p>	<p>While the company used its ERP system and recorded audit trail (edit log) throughout the year for all relevant transactions recorded in the ERP, certain database-level audit trail functionalities were not fully enabled due to limitations of the older version of the ERP system (Microsoft Navision). The Company has already initiated migration from the older Navision ERP to Microsoft Business Central, which includes enhanced and mandatory audit trail. System configurations are being aligned with the requirements of Section 128 of the Companies Act, 2013, Rule 3(1) of the Companies (Accounts) Rules, 2014. These enhancements are currently under implementation and will be subject to validation and review by the Statutory Auditors as part of their audit procedures in subsequent period.</p> <p>Accounting records and other records of the Company has been maintained as per the requirement of the Companies Act, 2013, and applicable Indian Accounting Standards (Ind AS).</p>
Accounting	Asset Capitalization Quality	Low Risk	<p>CWIP and fixed asset additions appear consistent with disclosed expansion plans (new solar module capacity). No abnormal capitalization of expenses detected.</p>	<p>No Comments</p>



Accounting	Accounting Motive Indicators	Low Risk	Inventory valuation and depreciation policies are consistent with industry standards. No sudden changes in policies to boost metrics noted.	No Comments
Business	Unsustainable Economics	Low Risk	Margins are healthy on paper (29% EBITDA). Unit economics for solar pumps are established; stress is balance sheet based, not P&L based.	No Comments
Business	Management Credibility	Low Risk	Management disclosed "Change in sales mix" impact on margins transparently in Q4 FY25 commentary. IPO object utilization appears on track.	No Comments
Business	Market Position Erosion	Low Risk	Company claims strong order book (48,915 pumps executed). Revenue growth of 88% (FY25) suggests market share gains, not erosion.	No Comments
Business	Capital Allocation Destruction	Low Risk	Capital raised is deployed into capacity expansion (Solar) and working capital. No evidence of unrelated "diversification" or value-destructive M&A.	No Comments
Business	Solvency Risk	Low Risk	IPO Infusion: IPO proceeds (Rs.8,415 Mn) drastically improved Net Worth to Rs.12,300 Mn+ (Sep 2025 est). Net Debt/Equity is low post-IPO, providing temporary safety.	No Comments



Governance	Shareholder Unfriendliness	Low Risk	No adverse shareholder actions noted (e.g., uneven voting rights). Dividends not declared, but typical for growth stage.	No Comments
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Observation

Lifecycle Context

Oswal Pumps Ltd. is classified as **Rapid Scaling / Capital Intensive** stage. The company is aggressively expanding into the solar pump segment under government schemes (PM KUSUM).

- **Flagged Cash Flow (Negative OCF):** Typical for this stage when scaling B2G (Business-to-Government) verticals. Government contracts require upfront manufacturing costs while payments (subsidies) face 6-9 month delays.
- **Flagged Receivables:** The spike is structural to the business model shift from retail to government tenders. While high risk, it is expected in this specific lifecycle phase.
- **Adjustment:** Severity of "Solvency Risk" is downgraded from High to Low solely due to the massive cash infusion from the June 2025 IPO, which provides a buffer for the cash burn.

What would change this assessment: If Operating Cash Flow does not turn positive by FY27, or if "Unbilled Revenue" begins to accumulate alongside Receivables (indicating revenue recognition before project completion milestones).

Reply to Observation

The Company is presently operating in a high-growth phase, largely driven by government-led programs, including PM-KUSUM and state DISCOM initiatives. In accordance with Ind AS 115 (Revenue from Contracts with Customers), revenue is recognized upon fulfilment of performance obligations, whereas cash realization is subject to disbursement and payment approval cycles. As a result, while the Company reported a Profit After Tax of ₹2,806 million in FY25, operating cash flows were negative due to elevated working capital requirements arising from rapid execution despite that Company achieving good margin. This is generally typical in phases of high growth

Observation

Post-Table Analysis

The Missing "Edit Log": A Critical Internal Control Failure

The most concerning finding is the Statutory Auditor's explicit observation regarding the **Audit Trail**. For FY25, the auditor noted: **"No audit trail feature was enabled at the database level throughout the year in respect of all accounting software... to log any direct data changes."**

- **Implication:** In an era of strict MCA compliance, disabling the edit log prevents the auditor from verifying if entries



were backdated, altered, or deleted after initial posting. While no fraud was reported, the *mechanism* to detect manipulation was absent. This is a severe governance red flag for a newly listed company.

Reply to Observation

While the company used its ERP system and recorded audit trail (edit log) throughout the year for all relevant transactions recorded in the ERP, certain database-level audit trail functionalities were not fully enabled due to limitations of the older version of the ERP system (Microsoft Navision). The Company has already initiated migration from the older Navision ERP to Microsoft Business Central, which includes enhanced and mandatory audit trail, user activity logs, and change-management controls. System configurations are being aligned with the requirements of Section 128 of the Companies Act, 2013, Rule 3(1) of the Companies (Accounts) Rules, 2014, and the applicable ICOFR framework, including immutable audit trail features. These enhancements are currently under implementation and will be subject to validation and review by the Statutory Auditors as part of their audit procedures.

Core accounting records, supporting documentation, approval workflows, and manual controls over revenue recognition, related party transactions (RPTs), and provisioning were maintained and operated in accordance with established accounting policies and applicable Indian Accounting Standards (Ind AS), and to the satisfaction of the Audit requirements. No instance of data tampering or unauthorized modification of financial records has been identified.

Observation

The Hidden Debt: Supply Chain Financing

The company reports "Borrowings" of Rs.2,656 Mn (Current) + Rs.3 Mn (Non-Current) for FY25. However, lurking in "Other Current Financial Liabilities" is **Rs.1,337 Mn** labeled as

"Payable under supply chain financing arrangement."

- **Analyst Take:** This is interest-bearing vendor debt. When calculating leverage, True Short-Term Debt is Rs.2,656 + Rs.1,337 = Rs.3,993 Mn. The company is significantly more leveraged on a working capital basis than the "Borrowings" line item suggests.

Reply to Observation

The Company utilizes supply chain financing arrangements as part of its normal working capital management to optimize cash flows and support vendor relationships. These arrangements are entered into in the ordinary course of business and are primarily linked to trade payables arising from procurement of goods and services.

The classification and disclosure of such supply chain financing obligations have been made in accordance with the principles of Indian Accounting Standards (Ind AS), including Ind AS 1 – Presentation of Financial Statements and Ind AS 7 – Statement of Cash Flows, based on the substance and contractual terms of the arrangements in place during the reporting period.

The statutory auditors have reviewed the accounting treatment and disclosures as part of their audit procedures and have not reported any material misstatement in this regard.



Observation

Cash Burn vs. IPO Proceeds

The company raised ~Rs.8,900 Mn (Fresh Issue) in June 2025.

- **Sep 2025 Status:** Cash & Equivalents + Bank Balances surged to ~Rs.4,400 Mn+ (due to unutilized IPO funds).

The Trap: This cash pile masks the operational bleed. The business *consumed* Rs.659 Mn in cash from operations in just 6 months (Apr-Sep 2025). Without the IPO lifeline, the company would be under severe liquidity pressure due to the government payment cycle.

Reply to Observation

While the proceeds from the recent public issue have strengthened the Company's liquidity position and provides adequate buffer to support ongoing operations, the proceeds are being strictly utilized as per the stated objects during the IPO. However, irrespective of the availability of the IPO proceeds, the management remains focused on improving operating cash flow conversion through tighter working capital management, accelerated collections, and process efficiencies.
