

Goldi Solar Private Limited

April 03, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / short-term bank facilities	-	-	Reaffirmed at CARE BBB-; Stable / CARE A3 and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed and withdrawn the outstanding rating of 'CARE BBB-; Stable / CARE A3' assigned to bank facilities of Goldi Solar Private Limited (GSPL), with immediate effect. This action has been taken at the request of GSPL and 'No Objection Certificate and No Dues Certificate' received from banks that have extended facilities rated by CARE Ratings.

Ratings continue to derive strength from the company's resourceful promoter group with established track record of operations in manufacturing photo-voltaic (PV) solar modules and government support to the solar energy sector.

However, ratings continue to remain constrained by leveraged capital structure and debt coverage indicators, profitability susceptible to raw material price fluctuation, foreign exchange (forex) rates, government regulations, and stiff competition in the industry.

Ratings also take cognizance of a debt-funded capacity expansion planned to be undertaken by the entity in its subsidiary Goldi Sun Private Limited, which is expected to increase installed capacity of the entity on a consolidated basis by 1GW; however, it is also expected to elevate consolidated debt levels.

Analytical approach: Consolidated

The list of companies considered in GSPL's consolidation is in Annexure-6.

Outlook: Stable

Stable outlook reflects CARE Ratings' view that GSPL is likely to sustain growth in its operating performance with healthy demand scenario, favourable government policies, and established track record of operations in solar module manufacturing.

Detailed description of key rating drivers

Key strengths

Healthy growth in scale of operations with moderate profitability

TOI of GSPL registered growth of 271% to ₹1488 crore in FY23 on consolidated basis as against ₹549 crore in FY22. GSPL derived majority revenue from sale of solar module in FY23, and engineering, procurement, and construction (EPC) in the solar segment. It caters to segments such as independent power producers (IPPs) retail / distributors (50+ across India), commercial & industrial and export.

profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin continued to remain moderate in the last three years between 4-6%.

The company's TOI stood healthy at ₹1174 crore in 9MFY24 (per publicly available information).

Moderate order book

GSPL had an order book of ~₹3000 crore as on December 2023 for supply of photovoltaic (PV) modules and EPC work, including order of government agencies and reputed clients. the order book in GSPL included few reputed clients, with moderate order concentration.

Established track record of operations in solar module manufacturing:

GSPL has a track record of over a decade in manufacturing of PV solar modules. The company is among few large solar module manufacturers in India with installed capacity of 1.7 GW as on December 31, 2022 (500 MW in GSPL and 1.2 GW in Goldi Sun). Goldi Sun is undertaking an expansion project to install a new line with additional capacity of 1GW, which is expected be operational in FY24.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Resourceful promoter group

GSPL's promoters are part of the promoter family of Shree Ramkrishna (SRK) group, which is one of the biggest diamond manufacturing and exporting companies in India. The flagship company of the SRK group, Shree Ramkrishna Exports Private Limited is engaged in import, cutting and polishing, and exports of rough diamonds. promoters of GSPL have supported its overall operations through infusion of funds as equity and unsecured loans in the past.

Government support to the solar energy sector

India's solar power sector's cumulative installed capacity increased from around 35 MW as on March 31, 2011, to around ~40 GW as on March 31, 2021. India has set an ambitious target of achieving 450 GW of renewable energy capacity by 2030, where solar power is expected to occupy lions' share. To achieve this target, around 25 GW of solar energy capacity is required to be installed every year, till 2030. Considering India's huge solar targets and to promote solar module manufacturing in India, Government of India (GoI) has introduced policy measures to benefit domestic manufacturers in the last two years. Of these measures, imposition of basic customs duty (BCD) of 40% and 25% on imported solar modules and solar cells respectively from April 1, 2022, and introduction of schemes such as Production Linked Incentive (PLI) Scheme for High Efficiency Solar PV Modules and Domestic Content Requirement (DCR), are expected to benefit domestic module manufacturers over the medium term.

Key weaknesses**Capacity expansion in subsidiary**

Goldi Sun has embarked on setting up a 1GW solar module manufacturing capacity at its existing Navsari plant. Total outlay and working capital requirement for this capacity addition is estimated at around ₹195 crore per CARE Ratings' last review, envisaged to be funded in a debt to equity of 1.67:1. The project is expected to start operations from mid-FY24. The company also undertook capex for upgrading in its existing facility in FY23.

Leveraged capital structure

Overall gearing of GSPL on consolidated basis deteriorated to over 2x as on March 31, 2023, owing to high working capital debt and a moderate net worth base of ₹153.82 crore. Debt levels are envisaged to increase on a consolidated basis, owing to expansion of solar module manufacturing facility in Goldi Sun.

The company is also expected to witness an infusion of equity / compulsorily convertible preference shares (CCPS) for the new capex.

Debt coverage indicators of GSPL remained moderate with interest coverage of 4.26x (PY: 5.55x) and total debt to GCA of 5.90x (PY: 8.81x) in FY23.

Profitability susceptible to volatile raw material prices, foreign exchange rates and government regulations

The entity's profitability remains vulnerable to volatile prices of raw material as it constitutes ~90% of total cost of sales. Major raw materials required for manufacturing solar module is solar cells and glass, and metals such as copper, aluminum, and polysilicon, among others, which witnessed sharp increase of price in the past with limited ability to pass it on to end-users owing to intense competition from domestic and imported modules.

GSPL imports majority solar cell requirements from China, which exposes it to risks in foreign exchange movements. Profitability remains vulnerable to forex fluctuation, as exports is around 5% of TOI, while imports is ~60% of raw material requirement in FY23.

Impact of government regulations on the segment also remains high, with vulnerability to changes in government policies, tariff / duties, or targets.

Stiff competition with presence of organized and unorganized players

Solar module manufacturing industry is highly competitive owing to presence of large number of integrated organised and unorganised players. Owing to favourable demand outlook and support extended by government, large number of players are enhancing their capacities. There is high competition from import as well, although lately the government has imposed duties to protect domestic manufacturers.

Liquidity: Adequate

Liquidity of Goldi Solar remains adequate marked by adequacy of cash accruals against repayments. GSPL's operating cycle remained comfortable at 27 days in FY23 (26 days in FY22) due to lower collection period and inventory holding period. However, during FY23, its CFO stood negative as envisaged during last review due to an increase in the working capital requirement with sizeable growth in scale of operations. GSPL has scheduled repayments in the range of Rs.10-15 crore, expected to be met out of its cash accruals.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro-Economic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

Incorporated in 2011, GSPL, earlier known as Goldi Green Technologies Private Limited (GGTPL), is promoted by Ishverbhai Dholakiya, Prabhudas Dholakiya and Bharatkumar Bhut. The name of the company was changed to its present name in August 2018.

GSPL is engaged in manufacturing PV solar modules/panels and EPC activities. It commenced commercial operations for PV solar modules in August 2012 at its plant near Surat, Gujarat, while it ventured into EPC in FY16. The company has an installed capacity of 500 Mega Watts (MW) for manufacturing PV solar module.

Goldi Sun, a wholly owned subsidiary of GSPL, started commercial operation in April 2022, of 1.2 GW of solar module manufacturing facility at Navsari, Gujarat to manufacture modules ranging from 540 W to above 800 W.

Consolidated Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	399.05	549.60	1488.82
PBILDT	18.03	22.24	89.04
PAT	6.75	9.43	48.44
Overall gearing (times)	1.18	1.37	2.25
Interest coverage (times)	3.24	5.55	4.26

A: Audited; Note: 'these are latest available financial results'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	June, 2022	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	March, 2019	0.00	Withdrawn
Fund-based - LT/ST-CC/PC/Bill Discounting		-	-	-	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB-; Stable (17-Mar-23)	1)CARE BBB-; Stable (11-Feb-22) 2)CARE BBB-; Stable (20-Jan-22) 3)CARE BB; Stable; ISSUER NOT COOPERATING* (06-Apr-21)	-
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (17-Mar-23)	1)CARE BBB-; Stable (11-Feb-22) 2)CARE BBB-; Stable (20-Jan-22)	-

							3)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (06-Apr-21)	
3	Fund-based - LT- Term Loan	LT	-	-	-	1)CARE BBB-; Stable (17-Mar- 23)	1)CARE BBB-; Stable (11-Feb-22) 2)CARE BBB-; Stable (20-Jan-22) 3)CARE BB; Stable; ISSUER NOT COOPERATING* (06-Apr-21)	-
4	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	-	-	-	1)CARE BBB-; Stable / CARE A3 (17-Mar- 23)	1)CARE BBB-; Stable / CARE A3 (11-Feb-22) 2)CARE BBB-; Stable / CARE A3 (20-Jan-22) 3)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (06-Apr-21)	-
5	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	1)CARE BBB-; Stable / CARE A3 (17-Mar- 23)	1)CARE BBB-; Stable / CARE A3 (11-Feb-22) 2)CARE BBB-; Stable / CARE A3 (20-Jan-22) 3)CARE A4; ISSUER NOT COOPERATING* (06-Apr-21)	-
6	LT/ST Fund- based/Non-fund- based- CC/WCDL/OD/LC/BG	LT/ST	-	-	-	1)CARE BBB-; Stable / CARE A3 (17-Mar- 23)	1)CARE BBB-; Stable / CARE A3 (11-Feb-22)	-

							2)CARE BBB-; Stable / CARE A3 (20-Jan-22)	
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*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Goldi Sun Private Limited	Full	Subsidiary (100%)
2	Goldi Harsha Ventures LLP	Full	Subsidiary (100%)
3	Goldi Solar Inc	Full	Subsidiary (100%)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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