

Solarworld Energy Solutions Private Limited

December 26, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Issuer Rating	0.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Solarworld Energy Solutions Private Limited to monitor the rating(s) vide e-mail communications dated December 06, 2024, December 17, 2024, and December 20, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating of Solarworld Energy Solutions Private Limited will now be denoted as CARE BB+; Stable ISSUER NOT COOPERATING*. Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of non-availability of requisite information due to non-cooperation by Solarworld Energy Solutions Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The rating is further constrained by the tender based nature of operations, the highly fragmented and competitive nature of the sector with significant price war. However, the ratings draw comfort from its experienced promoters and the growing scale of operations

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on April 22, 2024, the following were the rating strengths and weaknesses (Updated for the Information available from Audited Financials fetched from Ministry of Corporate Affairs (MCA) and the Draft Red Herring Prospectus (DRHP) filed by the company)

Key strengths

Growth in scale of operations and moderate profitability

The Total operating income of SESPL has grown from Rs. 236.78 crores in FY23 (refers to the period from April 01, 2022, to March 31, 2023) to Rs. 501.69 crores in FY24 (refers to the period from April 01, 2023, to March 31, 2024). The substantial growth in scale of operations is on account of successful and timely execution of orders in hand in FY24. SESPL generated revenue largely from two segments i.e., revenue from the sale of power generating systems (EPC of solar power plants), and revenue from operations and maintenance of solar power plants. The PBILDT and PAT margin stood moderate at 13.91% and 9.71% respectively in FY24, as compared to 9.48% and 5.89% respectively in FY23. Consequently, the GCA of the company grew to Rs. 14.15 crores during, as compared to Rs. 1.31 crore in the previous fiscal.

Healthy order book albeit geographical concentration:

As per the DRHP filed by the company, SESPL's order book remains healthy at Rs. 752.31 for EPC projects and Rs. 47.39 crores for O&M projects as on August 31, 2024. The order book to Total Operating income (basis TOI of FY24) stands at 1.59x. However, the operations of SESPL are geographically concentrated to the states of Uttar Pradesh and Gujrat, thereby exposing the company to any regulatory risks revolving around solar EPC projects in these two particular states.

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

Reputed clientele albeit revenue concentration risk:

All the order received by Solarworld Energy Solutions Private limited are from reputed clientele which includes SJVN Limited (rated CARE AA+; Stable/ CARE A1+), Haldiram Snacks Private Limited, Satyapal Dharampal limited etc, which translates into low counterparty risk. However, despite having a reputed clientele, the entity faces a risk of revenue concentration since majority of the orders received from FY21 to FY23 have been from a single player. For example, Haldiram Snacks Private limited accounted for 88% of the total revenue realised in FY21, SJVN green energy limited accounted for 77% and 88% of the total revenue generated in FY22 and FY23 respectively. However, the company is now looking to diversify its clientele and has also bid for projects from NTPC Limited.

Experienced and resourceful promoters

SESPL is promoted by Mr. Kartik Teltia, who possesses more than one decade of experience in solar industry. He is responsible for strategy and planning and the finance division of the company. Furthermore, he is ably supported by Mr. Rishabh Jain, co-promoter, and a team of experienced professionals, forming a strong second line of management for project execution. The inhouse team has an expertise in both, the rooftop segment as well as the Ground mounted segment (through execution of turnkey projects).

Key weaknesses**Moderate financial risk profile**

The capital structure of the company remained moderate as marked by an overall gearing ratio of 0.91x and an adjusted overall gearing ratio of 0.96x as on March 31, 2024, as compared to 3.32x and 4.13x respectively as on March 31, 2023. The gearing, the overall gearing has improved on the back of improved net worth base supported by accretion of profits owing to healthy profitability. The Interest coverage ratio and Total Debt/PBILDT remained healthy at 10.29 times and 1.26 times respectively in FY24, improving from 3.63 times and 4.55 times respectively in the previous fiscal.

Business risk associated with tender-based orders

The company undertakes solar projects, which are awarded through the tender-based system. The company is exposed to the risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. Further, any changes in the government policy or private spending on projects are likely to affect the revenues of the company.

Presence in fragmented and competitive industry

The industry is fragmented, and the company faces competition from several established players. Its competitors include various large industry players like Vikram Solar, TATA Power, Rays Power Infra Limited etc and other EPC arms of several solar panel manufacturers. It also faces competition from several smaller players, who provide O&M services to solar power projects. Further, with increasing growth opportunities for solar energy sector due to government support/incentives, more players are entering the industry thereby increasing competition.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Issuer Rating](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Solar Power Projects](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Solarworld Energy Solutions Private Limited was set up in July 2013. The company is primarily engaged in Engineering Procurement and Commissioning of Solar Power Projects in India. These projects range from 100 Kw to Several hundred Mw. The company has completed projects for reputed companies such as SJVN Limited, Haldiram's Snacks Private Limited, Moon Beverages Limited etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	232.50	501.69
PBILDT	21.75	69.79
PAT	13.43	48.70
Overall gearing (times)	3.53	0.91
Interest coverage (times)	3.68	10.29

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

Detailed explanation of 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	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
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BBB-; Stable (22-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

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

Annexure-4: Complexity level of instruments rated: Not Applicable

Annexure-5: Lender details: Not Applicable

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.

Contact us

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About us:

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