

Insolation Energy Limited

February 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.00	CARE BBB+; Stable	Assigned
Long Term / Short Term Bank Facilities	24.00	CARE BBB+; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Insolation Energy Limited (IEL) derive strength from established track record of the company of more than eight years in the renewable power segment, positive demand outlook with government support to the solar energy sector, good clientele base of the company, comfortable financial risk profile and adequate liquidity. The ratings also take into account sustained growth in IEL's scale of operations while maintaining moderate profitability supported by strong domestic demand as well as ramp-up of solar module manufacturing capacity, and healthy order book on hand providing medium term revenue visibility.

CARE Ratings Limited's (CareEdge Ratings) also takes into consideration successful commissioning of 3.00 gigawatt (GW) solar PV module capacity in H1FY26 (refers to the period Apr 01 to September 30) in IEL's subsidiary i.e. Insolation Energy Limited, increasing the overall capacity of ToPCon modules manufacturing capacity to 3.75 GW. Further, with the expected commissioning of an additional 1.5 GW module capacity in February 2026, the overall module capacity will increase to 5.25 GW. IGEPL has also been included in the Approved List of Models and Manufacturers (ALMM) for solar modules, enhancing its competitive positioning and market access.

The ratings, however, are constrained on account of susceptibility of IEL's profitability to fluctuation in raw material prices, technological obsolescence risk and stiff competition from organised players in the industry. The ratings also factor in implementation and stabilisation risk associated with on-going large sized capex in IGEPL for manufacturing solar cell and aluminum frames. The capital outlay for the capex is envisaged at ₹,1512 crore, funded through a 75:25 debt-internal accruals mix, which is expected to result in some moderation in its financial risk profile going forward; however, the same is expected to remain moderate.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with total operating income (TOI) exceeding ₹3000 crore while maintaining its comfortable PBILDT margin.
- Successful completion of its solar cell manufacturing capex within envisaged time and cost parameters resulting in PBILDT interest coverage of over 6x and total debt to PBILDT below 3 times on a sustained basis.

Negative factors

- Lower than envisaged scale of operations with TOI below ₹2000 crore or any significant moderation in PBILDT margin
- Any significant delay in solar cell project implementation impacting the debt coverage indicators with total debt to PBILDT above 4 times.
- Any adverse regulatory outcome which reduces the competitiveness of domestic manufacturers as against international players

Analytical approach: Consolidated. The list of the entities is placed in Annexure-6.

Outlook: Stable

'Stable' outlook reflects CareEdge Ratings' view that IEL is likely to sustain growth in its operating performance with healthy demand, favourable government policies and established relationship with reputed clientele

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

Detailed description of key rating drivers:

Key strengths

Significant scaling up of operations and moderate profitability

IEL, on a consolidated basis, reported a CAGR growth of 52.45% in its scale of operations during the past five year ending FY25. During FY25, IEL on a consolidated basis, reported significant y-o-y growth of 80% in its TOI to Rs. 1334.17 crore as compared to Rs. 737.17 crore in FY24 on the back of gradual scaling up of capacity and healthy domestic demand.

Further, owing to increase in contribution from sale of TopCon module, the PBILDT margin improved by 114 bps to 12.12% in FY25 as compared to 10.98% in FY24. Consequently, the PAT margin also improved by 193 bps to 9.46% in FY25 as compared to 7.52% in FY24. The gross cash accruals also witnessed a two-fold increase to ₹135.70 crore (PY: ₹63.29 crore), supported by the growing scale of operations.

As per the provisional financials of H1FY26, IEL reported y-o-y growth of 26% in its TOI to Rs. 777 crores (PY:Rs. 612) crore with a PBILDT margin of 13% (PY: 13%).

The group is currently operating on three models i.e. sales generated through 100+ dealer-distribution network across Rajasthan, Haryana & UP, direct sales to EPC contractors/clients and job work for manufacturing solar modules for reputed corporates.

Healthy order book position and good customer profile

IEL had a healthy unexecuted order book of 1,750 MW for solar modules aggregating to more than ₹2600 crore as on January 2026 end, which provides good revenue visibility over the medium term. The order book contains orders from leading developers such as National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), KPI Green Energy Private Limited, ACME Solar Holding Limited, etc. Further, in the EPC segment, the group has an unexecuted order book of 650 MW amounting to Rs. 350 to Rs. 400 crore.

With this order book on hand and ongoing solar module capacity addition of 4.5 GW (3 GW already commissioned), CareEdge Ratings expects the revenue to grow significantly over the medium term.

Comfortable financial risk profile

IEL's capital structure remained comfortable, with overall gearing of 0.18x as on March 31, 2025 (PY: 0.89x), supported by a strengthened net worth of ₹616.30 crore (₹108.19 crore in FY24) following a ₹395-crore QIP infusion and healthy profit accretion. Debt levels remained moderate at ₹108.09 crore, translating into a strong financial risk profile. Debt-protection metrics remained strong, with interest coverage of 21.98x and total debt/GCA of 0.67x in FY25 (PY: 7.81x and 1.19x).

As per the provisional financials for H1FY26, overall gearing continued to remain comfortable at 0.37 times. Debt metrics also continued to remain healthy with interest coverage of 12.75 times and total debt /GCA of 1.44 times.

Favourable demand for domestically manufactured solar modules amidst favourable regulatory environment

The demand prospect for domestic module manufacturers remains buoyant on account of various policy measures and schemes initiated by the Government of India (GoI) such as imposition of basic customs duty (BCD) of 40% and 25% on imported solar modules and solar cells, respectively, from April 01, 2022, and imposition of Approved List of Models and Manufacturers (ALMM-I) for domestic modules from April 01, 2024, which is expected to be a key growth driver for the domestic manufacturers by making them cost-competitive compared to Chinese players.

Furthermore, the Mandatory use of domestic content requirement (DCR) solar modules in solar installations under central government-aided schemes such as PM Surya Ghar Muft Bijli Yojana, and PM-KUSUM Yojana among others under which 40% raw material shall be domestically manufactured, strengthens the competitive position of homegrown players. Additionally, introduction of production-linked incentive (PLI) scheme to promote backward integrated plants is also expected to benefit domestic module manufacturers.

Going forward, CareEdge Ratings expects the demand prospects for the group to remain strong in the domestic market, given the favourable policy support by the Government. The company is also expected to benefit from the growing preference for DCR modules given its operational 3.75 GW module capacity and 4.50 GW upcoming cell capacity, which is likely to support its competitiveness in the near-to-medium term.

Key weaknesses

Implementation and stabilisation risk associated with the solar cell capex

IEL through its wholly owned subsidiary company i.e. Insolation Green Energy Private Limited (IGEPL) is undertaking backward integration at Narmadapuram, Madhya Pradesh by setting up a 4.5 GW TOPCon cell and 18,000 MT of aluminium framing manufacturing capacity at a planned outlay of ₹1512 crore, which is envisaged to be funded in a debt: internal accrual mix of 75: 25. The company has achieved financial closure for term loan of ₹1134 crore for this project. Commercial operations are expected to commence by December 2026, with production primarily geared toward in-house consumption.

Given the sizeable capital outlay, IEL remains exposed to execution risk which emanates from implementation of this project. The ability of the company to execute the planned capex without any major time and cost overrun would be critical from a credit standpoint. Furthermore, with availment of sizeable debt, CareEdge Ratings notes that the financial risk profile is expected to weaken over the medium term, although it is likely to remain moderate given the company's envisaged healthy accruals generation.

Stiff competition with presence of organized and unorganized players

Solar module manufacturing industry is highly competitive owing to presence of large number of organized and unorganized players. While the competition from imports is mitigated through policy measures like Approved List of Module Manufacturers (ALMM) and imposition of BCD, the company remains exposed to competition from other domestic manufacturers, especially with the announcement of large expansion plans by existing players and entry of new players.

Exposure of profitability to movement in raw material prices

The profitability of the group remains exposed to volatility in price movements of key raw material i.e. solar cells. Moreover, given the lack of backward integration and limited capacity in India, the company remains dependent on imports, exposing it to pricing and availability risks. Furthermore, the company is also required to procure solar cells from the domestic market for production of DCR (Domestic Content Requirement) panels, the prices of which is significantly higher compared to cells imported from China. The business also remains exposed to risks pertaining to any devolvement of warranties provided on the solar modules in absence of any policy in place.

Risk of technological obsolescence necessitates continuous upgrade of machineries

The PV module industry, including components such as cells is characterised by continuous product and process innovation, along with the rapid adoption of new technology. Given the risk of technological obsolescence, the industry players are required to undertake continuous upgrades and related investments to sustain the competitive advantage.

Liquidity: Adequate

The company's liquidity is adequate, supported by healthy gross cash accruals generated with scaling up of operations and moderate utilisation of working capital limits. The company reported positive cash flow from operations of ₹40.38 crore in FY25 as against negative cash flow from operations in FY24, while average utilisation of fund-based limits remained moderate at around 83% for the 12 months ended August 31, 2025. Liquidity is further aided by a satisfactory operating cycle of 20 days, driven by a conservative inventory policy of maintaining stock for about one month and sales largely executed on an advance basis or backed by 30–60-day letters of credit. Gross cash accruals are projected at ₹246–₹517 crore in FY27–FY28 against maximum annual repayment obligation of ₹88 crore, indicating adequate debt-servicing capability over the medium term.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks:

Particulars*	Compliance and action taken by the company
Environmental	<ol style="list-style-type: none"> 1. Core operations are green by nature, with solar panel manufacturing contributing 99.31% of total turnover. 2. The company has implemented water conservation and waste-management initiatives, with policies covering water usage, waste handling, and overall environmental protection. 3. R&D and capex investments aimed at reducing environmental impact accounted for 100% of total capex, though representing 0.00083% of turnover, indicating targeted but early-stage sustainability technology adoption.
Social	<ol style="list-style-type: none"> 1. The company reported 139 permanent employees and 282 workers. 2. Workforce gender distribution was 87.05% male among employees and 96.10% male among workers, with no differently-abled employees reported in FY25. 3. AIL spent ₹95.84 lakh on CSR, primarily in Jaipur, Rajasthan, directed toward healthcare, renewable energy adoption, social welfare, and environmental protection. 4. The company maintains welfare and safety practices as part of its HR and sustainability governance.
Governance	<ol style="list-style-type: none"> 1. The company follows SEBI-mandated BRSR guidelines and reports on consolidated operations, illustrating improved governance maturity.

Particulars*	Compliance and action taken by the company
	2. It maintains a Business Continuity Plan and Disaster Management Plan, ensuring operational resilience. 3. Paid-up capital stands at ₹22.03 crore, reflecting business growth and strong governance practices around disclosures and shareholder communication.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

Insolation Energy Limited (IEL) was incorporated in October 2015 by first generation promoters Mr. Vikas Jain and Mr. Manish Gupta. Initially established as a private limited company, IEL was subsequently listed on the BSE SME Platform in October 2022. The company operates a 200 MW solar module manufacturing facility, producing modules in the 40W–400W range, primarily using polycrystalline and monocrystalline technologies. IEL also undertakes trading of solar power conditioning units (PCUs) and lead acid batteries.

On December 11, 2024, IEL made preferential allotment of 12,02,300 equity shares (face value of Rs. 10 per share and premium of Rs. 3,277 per share), aggregating to Rs. 395.19 crore to the non-promoter category.

At the consolidated level, IEL, together with its wholly owned subsidiary Insolation Green Energy Private Limited (IGEPL), had a combined solar module manufacturing capacity of 3.95 GW as on December 31, 2025, comprising 3.75 GW under IGEPL and 0.20 GW under IEL. The group is further engaged in developing IPP assets under the KUSUM Scheme (Components A and C) and is expected to commission approximately 30 MW of IPP capacity in FY26.

The group's EPC and allied service operations are carried out under another subsidiary of IEL, Insolation Infra Private Limited (IIPL; 80% holding of IEL). IIPL undertakes EPC of solar power projects, solar park development, and IPP based generation and also executes operations and maintenance (O&M) contracts.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	737.17	1334.17	777.00
PBILDT	80.96	161.71	102.00
PAT	55.47	126.19	80.00
Overall gearing (times)	0.89	0.18	0.37
Interest coverage (times)	7.81	21.98	12.75

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

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
Fund-based - LT-Term Loan		-	-	December 2030	16.00	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	24.00	CARE BBB+; Stable / CARE A2

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 2025-2026	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
1	Fund-based - LT/ ST-Cash Credit	LT/ST	24.00	CARE BBB+; Stable / CARE A2				
2	Fund-based - LT-Term Loan	LT	16.00	CARE BBB+; Stable				

LT: Long term; ST: Short 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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple

Annexure-5: Lender details

To view 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	Insolation Green Energy Private Limited	Full	Managerial, Operational and Financial Linkages
2	Insolation Infra Private Limited	Proportionate	
3	MGVI Green Infra One Pvt Ltd	Proportionate	
4	MGVI Green Infra Two Pvt Ltd	Proportionate	
5	MGVI Green Infra Three Pvt Ltd	Proportionate	
6	MGVI Green Infra Four Pvt Ltd	Proportionate	
7	MGVI Green Infra Five Pvt Ltd	Proportionate	

Note on complexity levels of rated instruments: CareEdge 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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