FS Green Energies Limited

September 07, 2026

Facilities/Instruments	Name of the Regulator	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	RBI	45.00	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

Ratings assigned to bank facilities of FS Green Energies Limited (FSGEL), which is engaged in manufacturing solar photovoltaic (PV) modules, factor in its rapidly scaled manufacturing capacity, satisfactory operating and financial performance, healthy order pipeline and favourable demand prospects for domestically manufactured solar modules and cells. FSGEL commenced module manufacturing operations with a capacity of 572 MW in September 2024 and has scaled up its module manufacturing capacity to 5 GW by September 2025, which is listed to the full extent under Approved List of Models and Manufacturers (ALMM). The company reported total operating income (TOI) of ₹1,429 crore with an operating margin of 16.4% in FY26. The company has also developed an order pipeline of over 1.4 GW from a diversified customer base comprising solar project developers, engineering, procurement, and construction (EPC) contractors and renewable energy solution providers, providing revenue visibility over the near-to-medium term.

Ratings are further supported by the company's backward integration plans through setting up of a 2.1-GW solar cell manufacturing facility, which is targeted for commissioning by FY27 end, with plans to scale cell manufacturing capacity to 4 GW over the medium term. The demand prospects for domestic solar cell and module manufacturers remain favourable, supported by India's renewable energy capacity addition targets and policy measures, such as basic customs duty (BCD), ALMM-I and domestic content requirement (DCR) under various government-led solar schemes. The implementation of ALMM-II for solar cells from December 2026, mandating the use of ALMM-listed domestic cells for eligible projects, is expected to support demand for domestically manufactured solar cells. The credit profile also derives comfort from the satisfactory financial risk profile, characterised by overall gearing of 0.87x as on March 31, 2026, and adequate liquidity. However, given the capital expansion plans of the company and rapid scale up, debt coverage metrics will remain key monitorable.

Ratings remain constrained by FSGEL's modest operating track record, and execution and ramp-up risks associated with the 2.1-GW solar cell manufacturing project, involving a project cost of over ₹800 crore. The company has already tied up debt for the project and has infused the requisite equity as of August 2026, mitigating funding-related risks. Around 40% of the project cost has been incurred as of August 2026, with commissioning targeted by FY27 end. Given the sizeable project cost relative to the company's existing scale and its limited operating track record in cell manufacturing, timely completion, cost adherence and subsequent stabilisation and ramp-up of operations remain key monitorable. FSGEL's profitability remains vulnerable to variation in raw material prices and foreign exchange rates given its dependence on imported inputs, and intense competition and significant capacity additions in the solar module manufacturing industry. The company is also exposed to performance risk associated with modules. The debt-funded cell manufacturing capex exposes the company to interest rate fluctuation risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustained improvement in operating performance, with operating margins remaining above 20% over the medium-to-long term, and operating cycle remaining below 60 days.
- Maintenance of total debt /earnings before interest, taxation, depreciation, and amortisation (TD/EBITDA) below 2.0x on a sustained basis.
- Timely completion and stabilisation of the proposed 2.1-GW solar cell manufacturing project within the envisaged cost, and successful ramp-up of the facility translating to satisfactory plant utilisation levels.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in financial risk profile as reflected by the operating income being significantly lower than CareEdge Ratings' expectations, operating margins remaining lower than 14% on a sustained basis resulting in weakening of liquidity position.
- Any adverse regulatory outcome which reduces the competitiveness of domestic manufacturers against international players.
- Significant delay or cost overrun in the ongoing 2.1-GW solar cell manufacturing project, or slower-than-envisaged stabilisation and ramp-up of the facility, adversely impacting the financial risk profile.

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

Analytical approach: Standalone

CareEdge Ratings has adopted a standalone approach factoring in its business risk profile, financial risk profile, management capabilities, liquidity position, and the execution risks associated with its ongoing solar cell manufacturing project.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that the company will maintain its operating performance supported by its scaled-up module manufacturing capacity and healthy order pipeline. The outlook also factors in the company's ability to execute the ongoing 2.1-GW solar cell manufacturing project within the envisaged cost and timelines and ramp up operations as planned. The outlook is supported by the favourable demand prospects for domestically manufactured solar modules and cells over the near-to-medium term.

Detailed description of key rating drivers:

Key strengths

Rapid scale-up in module manufacturing capacity

FSGEL has demonstrated rapid scale-up in its solar module manufacturing operations, with ALMM-approved capacity increasing from 572 MW in September 2024 to 5 GW in September 2025. The company is among the top 10 domestic manufacturers based on ALMM-approved capacity. The expanded capacity provides the company with the ability to cater to larger orders and benefit from the increasing demand for domestically manufactured solar modules. However, sustaining adequate utilisation of the expanded capacity remains important given the significant capacity additions in the industry.

Healthy order pipeline with established customers

FSGEL has developed an order pipeline of over 1.4 GW from a customer base comprising solar project developers, EPC contractors and renewable energy solution providers, providing revenue visibility over the near-to-medium term. The order pipeline is expected to support the utilisation of the company's expanded manufacturing capacity. Sustained order inflows and timely execution of orders will remain important for maintaining the company's operating scale and capacity utilisation.

Satisfactory operating and financial performance

Despite commencing module manufacturing operations only in September 2024, FSGEL reported TOI of ₹1,429 crore and operating margin of 16.4% in FY26. The operating margin remains broadly comparable with industry peers. Profitability is expected to improve with the commissioning and stabilisation of the cell manufacturing facility, supported by higher value addition from backward integration. The financial risk profile remains satisfactory, with overall gearing of 0.87x and total debt to gross cash accruals (TD/GCA) of 2.45x as on March 31, 2026.

Favourable demand outlook for domestic solar manufacturing

The demand outlook for domestic solar module and cell manufacturers remains favourable, supported by India's renewable energy capacity addition targets and government measures, such as ALMM, DCR, BCD, and various solar schemes. ALMM List-II for solar PV cells, applicable from December 2026, is expected to support demand for domestically manufactured cells by requiring eligible projects to use cells from ALMM-listed domestic manufacturers. The supportive policy environment is expected to benefit FSGEL's module business and its proposed entry into cell manufacturing.

Backward integration through solar cell manufacturing

FSGEL is undertaking a 2.1-GW solar cell manufacturing project as part of its backward integration strategy, with commercial operations targeted from April 2027. The facility is expected to reduce dependence on imported cells, enhance value addition and provide greater control over the supply chain. The company has also envisaged scaling its cell manufacturing capacity to 4 GW over the medium term. Successful commissioning and ramp-up of the facility would strengthen the company's competitive position and support improvement in profitability.

Key weaknesses

Execution risk associated with solar cell project

Ratings remain constrained by execution risk associated with FSGEL's ongoing 2.1-GW solar cell manufacturing project, entailing a revised project cost of ₹793 crore. The project is being funded through ₹500 crore of term debt and the balance through equity and internal accruals, with ~₹297 crore incurred as of July 2026. Given the sizeable project cost relative to the company's existing

operating scale and its limited track record in cell manufacturing, timely completion, cost adherence and subsequent stabilisation and ramp-up of the facility remain key monitorable. Any significant delay or cost overrun could adversely impact the company's liquidity and financial risk profile.

Exposure to intense competition and input price volatility
The solar module manufacturing industry remains highly competitive, with significant capacity additions by established and emerging players. The resultant pressure on module realisations and utilisation could impact FSGEL's operating margins. Volatility in solar cell and other key raw material prices could affect profitability, particularly in periods of limited pass-through to customers.

Foreign exchange risk from imported inputs
FSGEL remains exposed to foreign exchange risk due to its dependence on imported solar cells and other raw materials, largely denominated in US dollars. Adverse currency movements could increase input costs and exert pressure on profitability. The proposed cell manufacturing facility is expected to reduce the company's dependence on imported cells once commissioned and stabilised.

Liquidity: Adequate
The company has adequate liquidity, supported by aggregate cash and bank balances of ~₹128.8 crore as on March 31, 2026. This comprises ~₹37.6 crore of free cash and bank balances and ~₹91.2 crore of restricted balances towards debt service reserve account (DSRA) requirements and working capital margins. The company has fund-based working capital limits aggregating of ₹90 crore, providing additional cushion to meet working capital requirements and bridge temporary cash flow mismatches.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Project stage companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

Incorporated in October 2022, FSGEL is engaged in manufacturing solar PV modules. The company has an ALMM-approved solar module manufacturing capacity of 5 GW. The company is also setting up a 2.1-GW solar cell manufacturing facility at Karjan, Vadodara, with commercial operations targeted from April 2027, which is expected to provide backward integration to its module manufacturing operations.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	261.74	1429.08
PBILDT*	42	231
PAT	29	152
Overall gearing (times)	0.79	0.87
Interest coverage (times)	6.89	7.67

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: Not applicable

For complexity level of instruments rated refer to Annexure-1

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST	RBI	Simple	-		-	-	45.00	CARE BBB; Stable / CARE A3+

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 2026-2027	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
1	Fund-based-LT/ST	LT/ST	45.00	CARE BBB; Stable / CARE A3+				

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

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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