

February 25, 2025

Gold Plus Glass Industry Limited: Ratings downgraded; outlook revised to Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long Term – Fund Based – Term Loan	636.22	411.03	[ICRA]BBB+ (Negative); downgraded from [ICRA]A- (Stable) and Outlook revised to Negative from Stable
Long Term – fund based – Cash credit	190.00	220.00	[ICRA]BBB+ (Negative); downgraded from [ICRA]A- (Stable) and Outlook revised to Negative from Stable
Short Term – Non Fund based limits	45.00	30.00	[ICRA]A2; downgraded from [ICRA]A2+
Total	871.22	661.03	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of Gold Plus Glass Industry Limited (GPGIL) and its subsidiary, Gold Plus Float Glass Private Limited (GPF GPL, together referred to as the company/Gold Plus), while assigning the credit ratings. GPF GPL has significant operational and financial linkages with its parent, as the day-to-day operations of both the entities are handled by the same management.

The ratings downgrade factors in the deterioration in the company's credit profile, owing to a decline in earnings over the past 12-15 months and the consequent moderation in its debt coverage metrics. Over the past 18 months, material capacity addition by domestic float glass manufacturers (~3,200 TPD of capacity added) led to pressure on realisations, moderating the earnings for various players. As GPF GPL commercialised two float lines (800 TPD each; Line-3 in June 2023 and Line-4 in June 2024) as well as a solar glass line (300 TPD line from February 2024), the company's performance was impacted by losses recorded during the stabilisation phase for the lines (especially Line-4 and solar glass line). Accordingly, the company's margins declined to 15.4% in FY2024 from 27.4% in FY2023 and further declined to 9.6% in 10M FY2025 (on a consolidated basis); ICRA notes that the margins in GPGIL on a standalone basis (which only houses the company's established float glass Line-1 and Line-2 in Roorkee) stood at ~17% during 10M FY2025. The stabilisation of the float glass lines (Line-4 achieved an improved yield in January 2025), coupled with steady demand in the industry, is likely to help improve its earnings, going forward. Nonetheless, the solar glass line is yet to stabilise and the time period for stabilisation of the same will be monitored. The debt coverage indicators of the company have weakened materially owing to a moderation in profitability and a material increase in leverage on account of the capex undertaken to set up the new lines. Even as the earnings are expected to improve, going forward, the debt coverage indicators are likely to remain modest (DSCR estimated to be in the range of 1.1-1.3 times in FY2026) because of high debt servicing obligations.

ICRA notes that the company had filed a DRHP in February 2024 to raise funds to deleverage its balance sheet (plans to raise up to Rs. 500 crore). While the company received approval from the regulator in June 2024, the fund-raising plans have not yet materialised. ICRA will continue to monitor the progress in this regard and evaluate the impact of the same on the company's credit profile.

The ratings continue to factor in favourably the expectation of improvement in Gold Plus' operational performance, aided by healthy demand. Further, no material capacity addition in the industry is expected in the near term by domestic manufacturers, which is likely to support realisations. Even as the industry remains exposed to the threat from imports impacting realisations/earnings, the imposition of anti-dumping duty (ADD) continues to support domestic players to a large extent. From

December 2024, ADD has also been imposed on solar glass. The same is expected to help improve realisation and aid in stabilisation of the solar glass line for the company, going forward.

The company's profitability continues to remain sensitive to price fluctuations and availability of fuel and key raw materials. Considering the energy-intensive nature of operations, the company's ability to protect its margins remains a key rating sensitivity. The company plans to undertake margin accretive projects such as backward integration for raw materials by setting up its own silica mines in Uttar Pradesh and Karnataka, which would cater to both its plants. Further, to save the power costs, it has tied up for renewable energy supply (utilising conventional energy at present) for its Kanagala (Karnataka) plant. These new initiatives are expected to benefit the company from FY2026, thus helping it generate improved operating margins.

The Negative outlook factors in ICRA's expectation that even though the company's earnings are expected to improve going forward, the debt coverage metrics for the entity would remain under pressure over the near term in the backdrop of material debt servicing obligations.

Key rating drivers and their description

Credit strengths

One of the leading players in domestic float glass industry – Gold Plus is the second largest manufacturer of float glass in India, with an installed capacity of 1,250 TPD at its Roorkee plant. There is a second plant at Kanagala (Karnataka), set up under GPFGPL, wherein the manufacturing capacity was enhanced to 1,600 TPD from 800 TPD in FY2025 following the establishment of a new line with 800 TPD capacity. The company has also established a solar glass line in the plant with a capacity of 300 TPD. The company's business profile is supported by experienced promoters and a sizeable market share in the float glass segment along with a pan-India presence.

Healthy business prospects, supported by increasing demand in end-user industry and favourable regulatory policies – To support local manufacturers from lower-priced imports, the Government of India (GoI) levied ADD on imports from Malaysia in FY2021. The same strengthened the business prospects of domestic players through import substitution as well as alleviation of pricing pressure (from imports) to an extent. The GoI also imposed other non-tariff measures such as requirement of a BIS certification for glass sold in India from April 2022, which also restricts the dumping of cheap low-quality glass from other countries. From December 2024, ADD has also been imposed on solar glass from China. The same is expected to improve realisation and aid in stabilisation of the solar glass line for the company, going forward.

Credit challenges

Financial leverage to remain high due to sizeable capex incurred – The company's leverage ratios subsequently deteriorated in FY2024, and the gearing rose to 1.4 times (0.7 times in FY2023). The Total Debt to OPBDITA reached 6.9 times in FY2024 (2.2 times in FY2023) owing to a decline in margins. The leverage and coverage metrics are likely to deteriorate further in FY2025 as the company's performance in 10M FY2025 has been weak with a fall in margins. Even though a sustained improvement in coverage indicators is expected from FY2026, with stabilisation of the new lines leading to an increase in margins along with scheduled repayments of debt, the balance sheet of the entity is expected to remain leveraged. In this regard, any progress on the company's fund-raising plans would be monitored.

Moderate debt coverage indicators; sizeable debt repayments over near-to-medium term – Gold Plus has material debt repayment obligations over the near-to-medium term, pertaining to debt availed for capacity expansion/refurbishment. The company's external debt stood at Rs. 2,104.6 crore as of January 31, 2025. Accordingly, the consolidated repayments are expected to remain sizeable at ~Rs. 55 crore in Q4 FY2025 and ~Rs. 215 crore in FY2026. Even as the earnings are expected to improve going forward, the debt coverage indicators are expected to remain modest (DSCR estimated to range at 1.1-1.3 times in FY2026) led by high debt servicing obligations.

Exposed to volatility in fuel and raw material costs – As glass manufacturing is an energy-intensive process, the company's profitability is highly exposed to the volatility in fuel prices. Additionally, silica sand and soda ash account for 75-80% of the

total raw material costs. Its profitability remains sensitive to the price fluctuations and availability of these input materials from proximate sources. However, ICRA draws comfort from the fact that Gold Plus has been able to pass on the price hikes to the customers. Further, its manufacturing lines at both the plants are fuel-fungible between natural gas and furnace oil, allowing the company to switch between the two depending on economic considerations, which is a positive. In addition, access to its own silica mines would support continued availability of the same and reduce its price volatility, which would help the company maintain healthy margins, going forward.

Float glass industry tends to be cyclical in nature owing to irregular capacity addition – The float glass industry is cyclical because of irregular capacity addition. The industry is highly capital intensive in nature with economically viable capacity addition in the range of 550-600 TPD. This leads to lumpy capacity addition in the sector, which may impact float glass prices. This was visible during FY2024 and 10M FY2025, which witnessed a ~30% growth in domestic capacity, i.e. 3,200 TPD capacity addition, leading to a significant decline in glass prices. As a minimum period of 18-24 months is required for setting up a new line, no new capacity addition is expected over the medium term which will support realisations. However, the situation and market dynamics, with improvement in realisations, will be monitored.

Liquidity position: Adequate

Gold Plus' liquidity position remains adequate. The consolidated debt repayments of ~Rs. 55 crore in Q4 FY2025 and ~Rs. 200 crore in FY2026 are expected to be met from its internal cash flow generation and existing buffer in the working capital limits of ~Rs. 30 crore (as of February 2025). The company's utilisation of WC limits remains high as the same has increased significantly over the recent past, given that the internal accruals are also being deployed towards the ongoing construction of the Karnataka plant. With relatively new lines in operation post the completion of the capex programme, the near-term capex outgo for maintenance requirements are expected to remain minimal.

Rating sensitivities

Positive factors – The outlook on the long-term rating may be revised to Stable on the back of an improvement in the company's operating performance, leading to a material enhancement in its credit metrics/liquidity position on a sustained basis. Any material deleveraging undertaken would also be considered favourably.

Negative factors – The company's inability to improve its earnings on account of muted sales or pricing/cost pressure/longer-than-expected time period for ramping up new lines, resulting in continuation of weak credit metrics, could lead to ratings downgrade. Further, any deterioration of the company's liquidity position may result in a negative rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has taken a consolidated view of GPGI and its subsidiary, GPFGPL, while assigning the credit ratings, given the common management and significant operational and financial linkages between the entities. For arriving at the ratings, ICRA has considered the estimated consolidated financials of GPGIL, details of which are enlisted in Annexure II.

About the company

Incorporated in 1985, GPGIL is the second-largest float glass manufacturing company in India with an annual production capacity of 2,050 TPD (including 800 TPD under GPFGPL). The company had set up its first glass manufacturing line in January 2009 with an annual capacity of 470 TPD (Line 1), which was further augmented in 2018 with its second greenfield facility of 700 TPD capacity (Line 2). The Line I was subsequently refurbished in October 2019 as its capacity increased to 550 TPD. Both the units are in Roorkee (Uttarakhand). GPGIL manufactures clear float glass and higher value-added tinted glass for

architectural applications. With glass being a freight-intensive product, the company generates most of its revenues from North India (~51%), followed by East India (~21%), West India (~18%) and South India (~10%).

GPGGPL is a wholly-owned subsidiary of GPGIL. It was set up in 2021 to house the two new float lines with a combined capacity of 1,600 TPD for manufacturing different kinds of glasses in Karnataka. One line was set up in June 2023 and the second one in June 2024. Following the completion of the ongoing capacity expansion plans, the company's annual production capacity has increased to ~2,850 TPD of float glass and 300 TPD of solar glass.

Key financial indicators (audited)

Gold Plus (consolidated)	FY2023	FY2024
Operating income	1,424.2	1,789.2
PAT	217.1	28.3
OPBDIT/OI	27.4%	15.4%
PAT/OI	15.2%	1.6%
Total outside liabilities/Tangible net worth (times)	1.0	1.8
Total debt/OPBDIT (times)	2.2	6.9
Interest coverage (times)	10.4	2.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2025)					Chronology of rating history for the past 3 years					
FY2025					FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	411.03	Feb 25, 2025	[ICRA]BBB+ (Negative)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 22, 2022	[ICRA]A- (Stable)	Jul 08, 2021	[ICRA]BBB (Stable)
									Dec 16, 2021	[ICRA]BBB+ (Stable)
Cash credit	Long Term	220.00	Feb 25, 2025	[ICRA]BBB+ (Negative)	Dec 22, 2023	[ICRA]A- (Stable)	Sep 22, 2022	[ICRA]A- (Stable)	Jul 08, 2021	[ICRA]BBB (Stable)
									Dec 16, 2021	[ICRA]BBB+ (Stable)
Non fund-based limits	Short Term	30.00	Feb 25, 2025	[ICRA]A2	Dec 22, 2023	[ICRA]A2+	Sep 22, 2022	[ICRA]A2+	Jul 08, 2021	[ICRA]A3+
									Dec 16, 2021	[ICRA]A2
Fund based limits	Long Term/Short Term	-	Feb 25, 2025	-	Dec 22, 2023	-	Sep 22, 2022	[ICRA]A- (Stable)/ [ICRA]A2+	-	-
Unallocated Limits	Short Term	-	Feb 25, 2025	-	Dec 22, 2023	-	Sep 22, 2022	-	Jul 08, 2021	[ICRA]A3+
									Dec 16, 2021	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – fund based – Cash credit	Simple
Short Term – Non Fund based limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loan-1	FY2022	NA	FY2026	27.40	[ICRA]BBB+ (Negative)
NA	Term Loan-2	FY2022	NA	FY2025	5.15	[ICRA]BBB+ (Negative)
NA	Term Loan-3	FY2023	NA	FY2025	3.67	[ICRA]BBB+ (Negative)
NA	Term Loan-4	FY2024	NA	FY2030	88.35	[ICRA]BBB+ (Negative)
NA	Term Loan-5	FY2023	NA	FY2028	73.56	[ICRA]BBB+ (Negative)
NA	Term Loan-6	FY2023	NA	FY2028	50.25	[ICRA]BBB+ (Negative)
NA	Term Loan-7	FY2024	NA	FY2029	99.00	[ICRA]BBB+ (Negative)
NA	Term Loan-8	FY2024	NA	FY2029	63.65	[ICRA]BBB+ (Negative)
NA	Long Term – fund based – Cash credit	NA	NA	NA	220.00	[ICRA]BBB+ (Negative)
NA	Short Term – Non Fund based limits	NA	NA	NA	30.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Gold Plus Glass Private Limited	Rated Entity	Full consolidation
Gold Plus Float Glass Private Limited	100.00%	Full consolidation
Amplus Poorva Private Limited	30.00%	Equity Method

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