

April 02, 2026

Nuevosol Energy Private Limited: Ratings upgraded and removed from Issuer Not-Cooperating category

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short term – Fund based – Cash credit	5.00	-	-
Long term/Short term – Non-fund based – others	23.00	11.50	[ICRA]BB+(Stable)/[ICRA]A4+; upgraded from [ICRA]B–(Stable) ISSUER NOT COOPERATING/[ICRA]A4 ISSUER NOT COOPERATING and removed from Issuer Not Cooperating category
Long term – Fund based – Cash credit	6.00	3.00	[ICRA]BB+ (Stable); upgraded from [ICRA]B–(Stable) ISSUER NOT COOPERATING and removed from Issuer Not Cooperating category
Long term – Fund based – Others	-	21.50	[ICRA]BB+ (Stable); upgraded from [ICRA]B–(Stable) ISSUER NOT COOPERATING and removed from Issuer Not Cooperating category
Long term – Fund based – Term loan	-	12.00	[ICRA]BB+ (Stable); upgraded from [ICRA]B–(Stable) ISSUER NOT COOPERATING and removed from Issuer Not Cooperating category
Long term/Short term –Fund based/Non-fund based- Unallocated limits	24.00	10.00	[ICRA]BB+(Stable)/[ICRA]A4+; upgraded from [ICRA]B–(Stable) ISSUER NOT COOPERATING/[ICRA]A4 ISSUER NOT COOPERATING and removed from Issuer Not Cooperating category
Total	58.00	58.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has upgraded the ratings of Nuevosol Energy Private Limited (NEPL) and removed it from the Issuer Not-Cooperating (INC) category owing to NEPL's cooperation in concluding the rating exercise.

The ratings factor in NEPL's extensive experience in manufacturing precision components and its established customer relationships that support repeat business. The ratings also factor in a healthy capital structure and comfortable debt metrics, reflected in a gearing of 0.1x (PY: 0.1x) and TOL/TNW of 0.4x (PY: 0.5x) as on March 31, 2025, and total debt/OPBDITA at 0.4x (PY: 0.3x) and interest coverage at 14.6x (PY: 27.0x) in FY2025.

The ratings are constrained by high customer concentration and the company's moderate and volatile scale of operations. Around 90–99% of the consolidated operating income over the three years ended FY2025 was derived from the top five customers, with more than 50% contributed by the largest customer. The company has high dependence on a limited customer base with a predominantly export-oriented revenue profile, largely concentrated in the US and Germany. Consequently, any moderation in order inflows from the key customers or geographies has the potential to materially impact the revenues and profitability, as observed in the past. This is evident from the volatility in the company's operating income, which increased

from Rs. 104.8 crore in FY2021 to Rs. 327.5 crore in FY2023, before declining to Rs. 187.2 crore in FY2025; the revenues are expected to remain range-bound at Rs. 190-200 crore in FY2026. Similarly, the operating margins have been volatile, from peaking at 22.5% in FY2023 to moderating thereafter to 13.4% in FY2025, indicating margin volatility driven by variability in order mix and changing macro- and micro-level conditions. The operating margin has been supported by a higher share of export orders, particularly in the post-Covid period, when the company benefitted from the China+1-related diversification trends.

Also, NEPL's profitability remains susceptible to foreign exchange fluctuation risk, given the sizeable share of export revenues and the absence of a formal hedging mechanism. Further, as the company's sales orders are largely fixed price in nature, the operating margins are exposed to the volatility in raw material prices, which could adversely impact the profitability in case of any adverse movement in input costs. However, this risk is partially mitigated by the company's practice of undertaking order-backed procurement for majority of its export sales, along with a periodic (monthly) reset of selling prices for export orders.

ICRA notes the company's ongoing efforts to diversify into the domestic market; however, given the history of significant receivable write-offs between FY2018 and FY2022, the ability to scale up the domestic business on a sustained basis, despite the adoption of improved collection safeguards, remains to be seen.

The Stable outlook reflects ICRA's opinion that the company will be able to sustain its operating performance and maintain comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Established track record in manufacturing of high precision components - NEPL has an operational track record of over a decade in the design and manufacturing of precision components. It operates three manufacturing units, all of which are located in Telangana. At present, its product portfolio comprises specialised hooks, clamps, assemblies and sheet metal components, which are majorly used in solar module mounting and racking systems. The company's long-standing presence in the sector is reflected in its established relationships with key customers, enabling it to secure repeat orders over the years. While the current end-use industry for these high-precision components is primarily the solar energy sector, NEPL's in-house capabilities provide it with the flexibility to cater to a wider range of industries requiring similar high-precision engineered components

Healthy capital structure and comfortable debt metrics - NEPL's capital structure remains healthy and the debt coverage metrics are comfortable, supported by steady cash flow generation, a moderate net worth base and limited reliance on debt. This is reflected in the gearing of 0.1x (PY: 0.1x) and TOL/TNW of 0.4x (PY: 0.5x) as on March 31, 2025, and total debt/OPBDITA at 0.4x (PY: 0.3x) and interest coverage at 14.6x (PY: 27.0x) in FY2025.

Credit challenges

Customer concentration risk - NEPL has high customer concentration risk, with 90–99% of the consolidated operating income over the three years ended FY2025 derived from the top five customers, including more than 50% contribution by the largest customer. The company is highly dependent on a limited customer base with a predominantly export-oriented revenue profile, largely concentrated in the US and Germany. Such dependence on a limited customer and geographic base exposes the company to the risk of a material decline in revenues and profitability in the event of a slowdown in demand from any key customer or in a specific geographic region, or any adverse change in business relationship.

Further, NEPL's revenue is currently concentrated in the solar energy sector as majority of its manufactured products are used in solar racking and mounting solutions. To mitigate sector and customer concentration risk, the company is pursuing diversification across the export and domestic market and targeting new end-use segments such as healthcare mobility and aerospace, although the execution and scale-up of these initiatives remain to be demonstrated.

Moderate and volatile scale of operations - NEPL has a moderate and volatile scale of operations, with the revenue increasing from Rs. 104.8 crore in FY2021 to Rs. 327.5 crore in FY2023, before declining to Rs. 187.2 crore in FY2025. The growth in revenue in FY2023 was primarily driven by an increase in export volumes, particularly to the US market. However, the export volumes declined in FY2024 and FY2025, moderating the overall revenue. The decline in exports during this period was attributable to elevated inventory levels with NEPL’s customers, which resulted in deferred order placements. Similar volatility was also observed in the operating margins, which remained healthy and peaked at 22.5% in FY2023 and moderated thereafter to 13.4% in FY2025. The volatility in margin was caused by a variability in order mix and changing macro- and micro-level conditions.

Profitability susceptible to foreign exchange fluctuations and volatility in raw material prices - NEPL’s profitability remains susceptible to foreign exchange fluctuation risk, given the sizeable share of export revenues and the absence of a formal hedging mechanism. Further, as the company’s sales orders are largely fixed price in nature, the operating margins are exposed to the volatility in raw material prices, which could adversely impact the profitability in the event of adverse movements in input costs. However, this risk is partially mitigated by the company’s practice of undertaking order-backed procurement for majority of its export sales, along with the periodic (monthly) reset of selling prices for export orders.

Liquidity position: Adequate

NEPL’s liquidity position is adequate, supported by healthy cash flow from operations and an adequate buffer in the form of undrawn working capital limits. The projected cash flow is expected to be adequate to meet the annual term debt repayment obligations during FY2026–FY2029, which are in the range of Rs. 2.11 crore to Rs. 3.64 crore per annum. The average utilisation of the fund based working capital limit is ~18% for the 15 months ended December 2025. Also, it has ~Rs. 15 crore of free cash and bank balance as on February 28, 2026.

Going forward, no major capex is envisaged, and the working capital intensity is expected to remain broadly at the FY2025 levels. However, NEPL has a planned investment of Rs. 11.5 crore over FY2026 and FY2027 in its associate company, which is in the process of setting up a manufacturing facility for aluminium frames used in solar panels. The timely commissioning of the facility without material cost overruns or incremental funding support from NEPL remains important, as elevated cash outflows could weigh on the liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade NEPL’s ratings if the company is able to maintain healthy earnings on a sustained basis, while maintaining healthy debt coverage metrics and liquidity position

Negative factors – Pressure on the ratings could arise if there is moderation in the revenue and profitability on a sustained basis thereby impacting debt coverage metric and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power Transmission
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidation

About the company

NEPL is engaged in the design and manufacturing of precision stainless steel and aluminium components. Its product portfolio primarily comprises precision components, assemblies and structural systems used in solar installations, including parts for ground-mounted structures, rooftop frames, panel supports, clamps, brackets and related hardware. The company is also present in the healthcare mobility segment, manufacturing high-precision components used in equipment structures and support systems, and in the aerospace segment, with capabilities in precision machining, fabrication and assembly of components using high-performance materials. It has an operational track record of over a decade and has three manufacturing units in Telangana. NEPL caters to both domestic and export markets, with exports primarily to the US, Germany and Austria.

Key financial indicators (audited)

NEPL - Consolidated	FY2024	FY2025
Operating income	255.4	187.2
PAT	27.5	19.2
OPBDITA/OI	17.2%	13.4%
PAT/OI	10.8%	10.2%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDITA (times)	0.3	0.4
Interest coverage (times)	27.0	14.6

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Short term	-	-	Apr 22, 2025	[ICRA]A4; ISSUER NOT COOPERATING	-	-	Feb 23, 2024	[ICRA]A4; ISSUER NOT COOPERATING
Non-fund based - Others	Long term/Short term	11.50	[ICRA]BB+ (Stable)/[ICRA]A4+	Apr 22, 2025	[ICRA]B-(Stable); ISSUER NOT COOPERATING/[ICRA]A4; ISSUER NOT COOPERATING	-	-	Feb 23, 2024	[ICRA]B-(Stable); ISSUER NOT COOPERATING/[ICRA]A4; ISSUER NOT COOPERATING
Fund based - Cash credit	Long term	3.00	[ICRA]BB+ (Stable)	Apr 22, 2025	[ICRA]B-(Stable); ISSUER NOT COOPERATING	-	-	Feb 23, 2024	[ICRA]B-(Stable); ISSUER NOT COOPERATING
Fund based - Others	Long term	21.50	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund based - Term loan	Long term	12.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Unallocated limits	Long term/Short term	10.00	[ICRA]BB+ (Stable)/[ICRA]A4+-	Apr 22, 2025	[ICRA]B-(Stable); ISSUER NOT COOPERATING/	-	-	Feb 23, 2024	[ICRA]B-(Stable); ISSUER NOT COOPERATING/

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
					[ICRA]A4; ISSUER NOT COOPERATING				[ICRA]A4; ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term / Short Term – Non-fund Based – others	Simple
Long-Term – Fund Based – Cash Credit	Simple
Long-Term – Fund based – Others	Simple
Long-Term – Fund based – Term Loan	Simple
Long Term / Short Term –Fund based/Non fund based- Unallocated limits	Not Applicable

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	Long term /Short term – Non-fund based – Others	NA	NA	NA	11.50	[ICRA]BB+(Stable)/ [ICRA]A4+
NA	Long term – Fund based – Cash credit	NA	NA	NA	3.00	[ICRA]BB+ (Stable)
NA	Long term – Fund based – Others	NA	NA	NA	21.50	[ICRA]BB+ (Stable)
NA	Long term – Fund based – Term loan	December 2025	NA	FY2031	12.00	[ICRA]BB+ (Stable)
NA	Long term/Short term –Fund based/Non-fund based- Unallocated limits	NA	NA	NA	10.00	[ICRA]BB+(Stable)/ [ICRA]A4+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Nuevosol Energy Private Limited	100% (rated entity)	Full consolidation
Nuevosol Manufacturing Private Limited	100%	Full consolidation
Nuevosol Manufacturing (Private) Limited (Sri Lanka Entity)	100%	Full consolidation
Nuevosol Inc	100%	Full consolidation
Premier Green Aluminium Private Limited	20%	Equity method

Source: Company

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