May 05, 2025

Goldi Solar Private Limited: Ratings continue on watch with positive implications; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund-based limits	22.00	28.00	[ICRA]BBB; continues on rating watch with positive implications; assigned for enhanced amount
Long term - Fund-based limits - Term loan	6.65	4.21	[ICRA]BBB; continues on rating watch with positive implications
Short term - Non-fund based limits	113.00	182.00	[ICRA]A3+; continues on rating watch with positive implications; assigned for enhanced amount
Long term/Short term – Fund-based/Non-fund based - Proposed limits	61.35	0.79	[ICRA]BBB; continues on rating watch with positive implications/ [ICRA]A3+; continues on rating watch with positive implications
Total	**203.00**	**215.00**	

**Instrument details are provided in Annexure I*

Rationale

On April 14, 2025, Havells India Limited (HIL) announced the signing of a binding term sheet to invest Rs. 600 crore in Goldi Solar Private Limited[1] (Goldi Solar). HIL's investment is a part of a proposed fund-raise of up to Rs. 1,300 crore by Goldi Solar, which is expected to be completed by June 30, 2025, post approval from the Competition Commission of India (CCI). After the completion of this transaction, HIL's shareholding in Goldi Solar will range from 8.9-9.24%, subject to a total fund-raise of Rs. 1,050-1,300 crore. Within the proposed equity-raise, the existing shareholders infused Rs. 182-crore equity into the company in March 2025. HIL is present in the solar ecosystem through the sale of modules, invertors, solar cables and DC switchgears. Hence, this minority investment in Goldi Solar will ensure a consistent supply of solar modules and cells for HIL. As part of the conditions precedent to the transaction, HIL plans to enter into a master supply and service agreement with Goldi Solar for the supply of solar modules and cells. Following the announcement, ICRA had placed the outstanding ratings of the company on watch with positive implications on expectations that its capital structure would strengthen from the proposed equity-raise. ICRA will continue to monitor the developments related to the transaction and resolve the rating watch after the proposed investment is completed.

The ratings continue to factor in the company's healthy revenue growth over the past few years which is expected to be sustained over the medium term, supported by capacity expansion and a healthy order book position of around Rs. 6,819 crore as of February 2025. ICRA also notes the established presence of the company as one of the leading market players in the domestic solar module manufacturing industry. The ratings further continue to consider the favourable demand outlook for domestic module manufacturers and a strong policy support from the Government of India in the form of an Approved List of Models and Manufacturers (ALMM) to promote the domestic manufacturing of solar cells and modules.

The ratings, however, remain constrained by the company's leveraged capital structure and moderate debt metrics with a gearing of 1.3 times and total debt OPBIDTA of 2.4 times as on March 31, 2025, mainly due to the debt-funded capital expenditure in the recent years. Further, the TOL/TNW remains high at 7.1 times as on March 31, 2025, mainly due to high

[1] Goldi Sun Private Limited is a 100% subsidiary of Golar Solar Private Limited

dependence on creditors and customer advances for funding its working capital requirements. ICRA notes that the proceeds of the equity-raise are proposed to be used by Goldi Solar to repay its entire consolidated long-term debt and fund the capital expenditure (capex) requirements for increasing its module manufacturing capacity to 14.7 GW from 10.7 GW as on March 31, 2025. Once completed, the prepayment of the debt along with the scale-up in revenues and profitability is expected to improve the company's leverage and debt coverage metrics. However, the company has significant capex plans for setting up a 4-GW cell manufacturing capacity at an estimated investment of Rs. 2,400-2,500 crore over FY2026 and FY2027, funded through a mix of internal accruals and debt. While this would increase the company's leverage level, the expansion of the module manufacturing capacity and backward integration into cell manufacturing would scale up the revenues and profitability and is expected to support the company's debt coverage metrics.

The company's profitability also remains susceptible to the volatility in raw material prices and the foreign exchange fluctuations, as most of the raw materials are imported and constitute a significant portion of its cost structure. However, ICRA notes that for longer duration contracts for solar modules, the company has an agreement with buyers on a tolling basis, wherein the buyer procures the solar cells, and the company procures the other raw materials, thereby mitigating the solar cell price fluctuation risk. Also, for short duration contracts with buyers, the pricing of modules is based on the prevailing solar cell prices. Further, as soon as the order is confirmed by the buyer, the company immediately places an order for solar cells to mitigate the raw material and foreign exchange fluctuation risk. However, placing raw material orders timely on confirmation of the orders remains important to maintain its profitability margins.

The ratings further note that the domestic module manufacturing sector is characterised by high competitive intensity and continues to attract new players because of the policy support towards green energy, keeping the profitability under check. A favourable policy environment has supported the competitiveness of the domestic industry and the continuation of the support remains critical to encourage domestic production. Moreover, there is continuous innovation on the product side in the global market and the company needs to constantly upgrade and invest in product development to keep abreast of the evolving technology. Also, ICRA notes that the company offers product warranty, which exposes it to risks pertaining to any devolvement of warranties, though the claims have remained low so far.

Key rating drivers and their description

Credit strengths

Established presence in solar module manufacturing industry - The Goldi Group is an established player and among the leading companies in the solar module manufacturing sector, with an operational manufacturing capacity of 10.7 GW (10.2 GW in Goldi Sun and 0.5 GW in Goldi Solar). The Group's manufacturing capacity is expected to increase further to 14.7 GW in FY2026 from 10.7 GW as of March 2025. The company enjoys an operational track record of over a decade, catering to reputed market players.

Favourable demand outlook for domestic module manufacturers to support revenue growth - The demand outlook for domestic solar module manufacturers remains favourable, supported by the energy transition targets announced by the Government of India with focus on the solar power sector, along with the GoI's plan to promote the development of the domestic solar PV manufacturing value chain. This is reflected through policies such as the imposition of BCD on imported cells and modules, the requirement of procuring solar modules & cells from domestic suppliers included in the approved list of module manufacturers (ALMM) and the notification of the production-linked incentive (PLI) scheme to improve the cost competitiveness of domestic manufacturers.

Healthy growth in scale and order book position - At a consolidated level, the Group's revenue increased by 95% to Rs. 3,426.1 crore in FY2025 against Rs. 1,756.6 crore in FY2024, supported by capacity expansion and healthy order inflows. The revenue growth is expected to remain healthy in the medium term, given its unexecuted order book, further capacity expansion plans and favourable demand prospects. The company has an order book position of around Rs. 6,819 crore as of February 2025 for the supply of solar modules and engineering, procurement and construction (EPC) contract work, which is to be executed in the next 12 months. Going forward, the company has capex plans for setting up a 4-GW cell manufacturing capacity which will further support the Group's revenues and profitability.

Credit challenges

Planned capex towards cell manufacturing capacity to increase debt levels - The company's capital structure remains leveraged, with a gearing of 1.3 times, along with moderate debt metrics with total debt /OPBIDTA of 2.4 times as on March 31, 2025, predominantly due to the recent debt-funded capacity expansion and working capital borrowings. The proceeds of the equity-raise are proposed to be used by Goldi Solar to repay its entire consolidated long-term debt and fund the capital expenditure (capex) requirements for increasing its module manufacturing capacity to 14.7 GW from 10.7 GW as on March 31, 2025. Once completed, the prepayment of the debt along with the scale-up in revenues and profitability is expected to improve the company's leverage and debt coverage metrics. However, the company has significant capex plans for setting up a 4-GW cell manufacturing capacity at an estimated investment of Rs. 2,400-2,500 crore over FY2026 and FY2027, funded through a mix of internal accruals and debt. While this would increase the company's leverage level, the expansion of the module manufacturing capacity and backward integration into cell manufacturing would scale up the revenues and profitability and is expected to support the company's debt coverage metrics.

Profitability exposed to fluctuations in raw material prices and foreign exchange rates - The company's profitability remains susceptible to fluctuations in raw material prices, such as solar cells, backsheet, glass and aluminium etc. among others. Moreover, the company remains dependent on the import of solar cells because of the lack of backward integration and limited capacities in India, exposing it to pricing and availability risks. The company is also vulnerable to any adverse movement in foreign exchange rates for the unhedged exposure mainly due to major dependence on imported raw material. Nonetheless, the company is mitigating this risk as a large part of the existing order book is primarily under a tolling arrangement (fixed tolling charges per module), wherein the key raw materials like solar cells, backsheet, glass etc are arranged by the customers.

The operations remain exposed to risks pertaining to any devolvement of warranties on the supply of solar modules. However, the warranty claims have remained low so far and are backed by insurance, which provides assurance on the quality of the company's products and services.

Susceptibility to intense competition and regulatory changes - The company faces intense competition from other players, resulting in moderate margin levels. Additionally, given the significant policy push towards domestic manufacturing, the competition is likely to increase, evident from the capex plans by some of the larger domestic players. Further, while the Government's regulations, targets and policies currently support the industry, the company remains vulnerable to changes in policies and tariff barriers.

Liquidity position: Adequate

The Group's liquidity position remains adequate, driven by expected sufficient cash flow from operations against debt obligations. The company has moderate cushion available in its working capital limits, with an average utilisation of nearly 60% against the sanctioned limits. Additionally, the liquidity is supported by free cash and bank balance of Rs. 150 crore as of February 2025 on a consolidated basis and the proposed fund-raise.

Rating sensitivities

Positive factors – The rating watch will be resolved after the completion of the proposed fund-raise. ICRA could also upgrade the rating if the company is able to demonstrate a sustained increase in its earnings, leading to an improvement in the debt coverage metrics along with a strengthening of the liquidity position.

Negative factors – Pressure on the ratings could arise if the company witnesses a sharp deterioration in its revenues and profitability that would weaken the debt coverage metrics. Further, any stretch in the working capital cycle that weakens the liquidity position, or any larger-than-expected debt-funded capex adversely impacting the leverage of the company would be the credit negatives. A specific credit metric for downgrade includes a DSCR below 1.4 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken consolidated view of Goldi Solar Private Limited and its subsidiary, Goldi Sun Private Limited, given the common management team and the significant operational linkages between the companies, besides the strategic importance of Goldi Sun for its parent Goldi Solar. ICRA has considered the consolidated financials of Goldi Solar Private Limited and its subsidiaries, the details of which are provided in Annexure II

About the company

Goldi Solar Private Limited was incorporated in 2011 by Mr. Ishverbhai Dholakiya. It has one of the leading solar module manufacturing facilities in India. It has a 500-MW operating module line at its plant in Pipodara, Surat (Gujarat). Goldi Sun Private Limited, a 100% subsidiary of Goldi Solar, has a 10.2-GW solar module line located at Navsari and Kosamba, Gujarat. The Group also derives a small portion of the revenue from the solar EPC business.

Key financial indicators (audited)

Consolidated	FY2023	FY2024	FY2025*
Operating income (Rs. Crore)	1,489.3	1,756.6	3,426.1
PAT (Rs. crore)	48.4	59.4	164.8
OPBDIT/OI (%)	6.4%	6.8%	8.1%
PAT/OI (%)	3.3%	3.4%	4.8%
Total outside liabilities/Tangible net worth (times)	4.9	6.1	7.1
Total debt/OPBDIT (times)	3.3	2.7	2.4
Interest coverage (times)	4.4	3.0	4.0

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional financials*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current (FY2026) May 05, 2025	Chronology of rating history for the past 3 years FY2026 Date	FY2026 Rating	FY2025 Date	FY2025 Rating	FY2024 Date	FY2024 Rating	FY2023 Date	FY2023 Rating
Fund-based limits	Long term	28.00	[ICRA]BBB; rating watch with positive implications	Apr 24, 2025	[ICRA]BBB; placed on rating watch with positive implications	Jul 31, 2024	[ICRA]BBB (Stable)	Feb 02, 2024	[ICRA]BBB (Stable)	-	-
Term loan	Long term	4.21	[ICRA]BBB; rating watch with positive implications	Apr 24, 2025	[ICRA]BBB; placed on rating watch with positive implications	Jul 31, 2024	[ICRA]BBB (Stable)	Feb 02, 2024	[ICRA]BBB (Stable)	-	-
Non-fund-based limits	Short term	182.00	[ICRA]A3+; rating watch with positive implications	Apr 24, 2025	[ICRA]A3+; placed on rating watch with positive implications	Jul 31, 2024	[ICRA]A3+	Feb 02, 2024	[ICRA]A3+	-	-
Fund-based/ Non-fund based - Proposed limits	Long term/ Short term	0.79	[ICRA]BBB; rating watch with positive implications/ [ICRA]A3+; rating watch with positive implications	Apr 24, 2025	[ICRA]BBB; rating watch with positive implications/ [ICRA]A3+; rating watch with positive implications	Jul 31, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Feb 02, 2024	[ICRA]BBB (Stable)/ ICRA]A3+	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term - Fund-based limits	Simple
Long term - Fund-based limits - Term loan	Simple
Short term - Non-fund based limits	Very Simple
Long term/Short term – Fund-based/Non-fund based - Proposed limits	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, is available on ICRA's website: Click Here

Annexure-I: Instrument details

ISIN No	Instrument name	Date of issuance/Sanction	Coupon rate	maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund-based limits**	NA	NA	NA	28.00	[ICRA]BBB; rating watch with positive implications
NA	**Term loan**	FY2023	NA	FY2027	4.21	[ICRA]BBB; rating watch with positive implications
NA	**Non-fund based limits**	NA	NA	NA	182.00	[ICRA]A3+; rating watch with positive implications
NA	**Fund-based/ Non-fund-based - Proposed limits**	NA	NA	NA	0.79	[ICRA]BBB; rating watch with positive implications/ [ICRA]A3+; rating watch with positive implications

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
Goldi Solar Private Limited^	100.00%	Full consolidation
Goldi Sun Private Limited	100.00%	Full consolidation
Goldi Harsha Ventures LLP	100.00%	Full consolidation
Goldi Solar Inc.	100.00%	Full consolidation

Source: Annual report FY2024; ^Parent company

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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