

June 30, 2025

RenewSys India Private Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|---|--------------------------------------|-------------------------------------|--|
| Long term – Fund based – Cash credit | 180.00 | 180.00 | [ICRA]A (Stable); reaffirmed |
| Long term – Fund based – Term loan | 282.84 | 282.84 | [ICRA]A (Stable); reaffirmed |
| Short term – Non-fund based – Others | 320.00 | 320.00 | [ICRA]A2+; reaffirmed |
| Long term/Short term – Unallocated limits | 192.16 | 192.16 | [ICRA]A (Stable)/[ICRA]A2+; reaffirmed |
| Total | 975.00 | 975.00 | |
| Commercial paper | 25.00 | 25.00 | [ICRA]A2+; reaffirmed |

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation of RenewSys India Private Limited (RenewSys) factors in the company's healthy revenue and profitability growth over the past few years, driven by capacity expansion and robust order inflows for its module manufacturing business. ICRA notes the company reported a strong revenue growth of 16.6% in FY2025 (provisional financials) and the operating profit margins also improved to 19.1% in FY2025 from 10.0% in FY2024 owing to scale benefit and execution of a few orders wherein RenewSys benefited from favourable pricing scenario. This growth trend is expected to be sustained over the medium term, supported by capacity expansion and a healthy order book position of ~Rs. 3,147 crore as of June 2025. The debt metrics of the company also remain healthy with interest cover of 16.0 times and total debt/OPBDITA of 0.7 times in FY2025.

The ratings also factor in the favourable business outlook for domestic solar module manufacturers because of the policy thrust from the Government of India (GoI) and the strong project pipeline in the solar power sector. The ratings continue to factor in the established presence of the company as one of the leading market players in the domestic solar module manufacturing industry. In addition, RenewSys is backward integrated into manufacturing encapsulants and backsheets, wherein it enjoys a healthy market position.

The ratings, however, remain constrained by RenewSys's ongoing debt-funded capital expenditure of ~Rs. 866 crore to increase the manufacturing capacity of modules by ~3.1 GW and of encapsulants by 40 million square meter (msqm) and setting up a ~0.6-GW cell manufacturing capacity. This will increase the company's leverage level and moderate its debt coverage indicators in the near term. Hence, a timely completion of the capital expenditure along with a commensurate scale-up in the revenues and profitability remains a key monitorable.

Also, the inclusion of solar cells under the Approved List of Models and Manufacturers (ALMM) from June 2026 has necessitated backward integration into solar cell manufacturing to remain competitive in the market. Hence, the company will have to incur additional capital expenditure to increase its cell manufacturing capacity in the medium term to maintain its market position. The company's profitability also remains susceptible to the volatility in raw material prices and the foreign exchange fluctuations, as its key raw materials are imported and constitute a significant portion of its cost structure. Nevertheless, hedging mechanism for forex risk and linking the price of modules to cell prices helps mitigate the risk to an extent.

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.

The Stable outlook reflects ICRA's expectation that RenewSys would be able to scale up its revenues, driven by a robust order book position and a favourable outlook for domestic module manufacturers, while maintaining healthy debt coverage indicators.

Key rating drivers and their description

Credit strengths

Established presence in solar module manufacturing industry with backward integration – RenewSys is an established player in manufacturing encapsulants, backsheets and solar modules with a current installed capacity of ~3.1 GW. The company has an operational track record of over a decade, catering to reputed market players, which indicates the quality of its products and its comfortable market position. RenewSys's operations are backward integrated with manufacturing capacities of 69 msqm of encapsulants and 24.0 msqm of backsheets as on March 31, 2025. Further, the company plans to increase the manufacturing capacity of modules by ~3.1 GW and of encapsulants by 40 msqm and set up ~0.6 GW of cell manufacturing capacity in FY2026.

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 Gol'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. Overall, this will support the revenue growth of the company, going forward.

Comfortable capital structure and coverage metrics– The company's revenue increased at a healthy CAGR of 24.8% over the last five years to Rs. 2,447.0 crore in FY2025 against Rs. 809.0 crore in FY2020, supported by capacity expansion and robust order inflows. The revenue growth is expected to remain healthy in the medium term, given its unexecuted order book and favourable demand prospects along with the ongoing capacity expansion. The company has an order book position of ~Rs. 3,147 crore as of June 2025. The company has a healthy financial risk profile with a gearing of 0.4 times as on March 31, 2025 and interest cover of 16.0 times and total debt/OPBDITA of 0.7 times in FY2025.

Credit challenges

Planned capex to ramp up overall capacity to increase the leverage and moderate coverage metrics – The company has an ongoing debt-funded capital expenditure of ~Rs. 866 crore to increase the manufacturing capacity of modules by ~3.1 GW and encapsulants by 40 million square meter (msqm) and setting up ~0.6 GW of cell manufacturing capacity. This will moderate the company's debt coverage indicators in the near term. Hence, a timely completion of the capital expenditure along with a commensurate scale-up in the profitability remains a key monitorable. Also, after the inclusion of solar cells under the Approved List of Models and Manufacturers (ALMM) list from June 2026, the company needs to backward integrate into solar cell manufacturing to remain competitive. Hence, the company will have to incur additional capital expenditure to increase its cell manufacturing capacity in the medium term to maintain its market position.

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, aluminium etc. Moreover, the company remains

dependent on imports for 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. 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 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 order confirmation remains important to maintain its profitability margins.

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.

Susceptible to intense competition and regulatory changes – The company faces intense competition from other players in the domestic market. 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.

Risk of technological obsolescence necessitates continuous upgrade of products – 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 a competitive advantage.

Liquidity position: Adequate

The company's liquidity position remains adequate, driven by expected sufficient cash flow from operations against debt repayment obligations of ~Rs. 116 crore in FY2026 and ~Rs. 216 crore in FY2027. The company also has sufficient cushion available in its working capital limits, with an average utilisation of ~4% of fund-based working capital limits (total sanctioned limits of Rs. 145 crore) in the last 12 months. Additionally, the liquidity is supported by a cash and bank balance of ~Rs. 89 crore (including encumbered bank balance of ~Rs. 80 crore) as on March 31, 2025.

Rating sensitivities

Positive factors – The rating could be upgraded if the company is able to demonstrate a significant increase in its scale while maintaining the healthy profitability and debt coverage metrics on a sustained basis.

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 adverse regulatory changes or any significant increase in indebtedness may trigger a downward rating action. The company's inability to maintain total debt/OPBITA below 2.0 times, on a sustained basis, could also trigger a downgrade.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on the company's standalone financial profile |

About the company

Renewsys, incorporated in 2011, is a backward-integrated manufacturer of PV modules and its key components, such as encapsulants {ethylene vinyl acetate (EVA) and polyolefin elastomer (POE)}, and backsheets. It is a renewable energy arm of the Enpee Group, a conglomerate established nearly six decades ago with presence in packaging solutions, construction products and services, FMCG (consumer packaged products), energy and chemicals.

RenewSys has a module manufacturing capacity of 3.1-GW, which is planned to be increased to 6.2-GW by FY2026. Further, its operations are backward integrated with manufacturing capacities of 69 msqm of EVA and 24.0 msqm of backsheets (as on March 31, 2025). The company is also setting up ~0.6 GW of cell manufacturing capacity. It has three manufacturing facilities in Hyderabad, Bengaluru and Maharashtra.

Key financial indicators (audited)

| RIPL Standalone | FY2023 | FY2024 | FY2025* |
|--|--------|--------|---------|
| Operating income | 1796.1 | 2098.0 | 2447.0 |
| PAT | 46.1 | 85.0 | 237.6 |
| OPBDIT/OI | 7.4% | 10.0% | 19.1% |
| PAT/OI | 2.6% | 4.1% | 9.7% |
| Total outside liabilities/Tangible net worth (times) | 1.0 | 0.8 | 0.9 |
| Total debt/OPBDIT (times) | 2.4 | 1.3 | 0.7 |
| Interest coverage (times) | 5.2 | 5.6 | 16.0 |

Source: Company, ICRA Research; * Provisional numbers; All ratios 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

| Current (FY2026) | | | | Chronology of rating history for the past 3 years | | | | | |
|--------------------------|---------------|--------------------------|----------------------------|---|---------------------------|--------|--------|-----------|----------------------------|
| | | | | FY2025 | | FY2024 | | FY2023 | |
| Instrument | Type | Amount rated (Rs. crore) | Jun 30, 2025 | Date | Rating | Date | Rating | Date | Rating |
| Fund-based - Cash credit | Long term | 180.00 | [ICRA]A (Stable) | Jun-03-24 | [ICRA]A(Stable) | - | - | Feb-28-23 | [ICRA]A-(Stable) |
| | | - | - | May-17-24 | [ICRA]A(Stable) | - | - | - | - |
| Fund-based - Term loans | Long term | 282.84 | [ICRA]A (Stable) | Jun-03-24 | [ICRA]A(Stable) | - | - | Feb-28-23 | [ICRA]A-(Stable) |
| | | - | - | May-17-24 | [ICRA]A(Stable) | - | - | - | - |
| Non-fund based - Others | Short term | 320.00 | [ICRA]A2+ | Jun-03-24 | [ICRA]A2+ | - | - | Feb-28-23 | [ICRA]A2+ |
| | | - | - | May-17-24 | [ICRA]A2+ | - | - | - | - |
| Unallocated limits | Long term and | 192.16 | [ICRA]A (Stable)/[ICRA]A2+ | Jun-03-24 | [ICRA]A(Stable)/[ICRA]A2+ | - | - | Feb-28-23 | [ICRA]A-(Stable)/[ICRA]A2+ |

| | | | | | | | | | |
|-------------------------|------------|------|-----------|-----------|-----------|---|---|-----------|---|
| | short term | | | | | | | | |
| | | - | - | May-17-24 | - | - | - | - | - |
| Commercial paper | Short term | 25.0 | [ICRA]A2+ | Jun-03-24 | [ICRA]A2+ | - | - | Feb-28-23 | - |
| | | - | - | May-17-24 | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|------------------------------------|----------------------|
| Long-term fund-based – Cash credit | Simple |
| Long-term fund-based – Term loans | Simple |
| Non-fund based – Other | Very Simple |
| Unallocated limits | NA |
| Commercial paper | 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 | Cash credit | NA | NA | NA | 180.00 | [ICRA]A (Stable) |
| NA | Term loans | FY22-FY23 | NA | FY28-FY30 | 282.84 | [ICRA]A (Stable) |
| NA | Non-fund based others | NA | NA | NA | 320.00 | [ICRA]A2+ |
| NA | Unallocated limits | NA | NA | NA | 192.16 | [ICRA]A (Stable)/[ICRA]A2+ |
| Yet to be placed | Commercial paper | NA | NA | NA | 25.00 | [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 – Not Applicable

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