



Press Release

Gautam Solar Private Limited (GSPL)

May 15, 2024

Ratings

Instrument Facility /	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	18.00	IVR BB/Stable and Withdrawn (IVR Double B with Stable outlook and Withdrawn)	Reaffirmed with change in outlook to Stable from Negative, removed from 'Issuer Not Cooperating category' and withdrawn *	Simple
Short Term Bank Facilities – Bank Guarantee	54.55	IVR A4 and Withdrawn (IVR A Four and Withdrawn)	Reaffirmed, removed from 'Issuer Not Cooperating category' and withdrawn *	Simple
Total	72.55 (Rupees Seventy Two crore and Fifty Five lakh only)			

* The above action has been taken at the request of GSPL and 'No Objection Certificate' received from the banks who have extended the facilities which is rated by Infomerics and 'it is in line with Infomerics' policy of Withdrawal of the rating'.

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics has reaffirmed the ratings with change in outlook to Stable from Negative and removed from Issuer not cooperating category and simultaneously withdrawn the outstanding rating assigned to the bank facilities of GSPL at IVR BB/Stable / IVR A4, and simultaneously withdrawn the ratings with immediate effect. The withdrawal has been taken at the request of



Press Release

GSPL and 'No Objection Certificate' received from the bank who has extended the facilities, and which is rated by Infomerics.

The rating is withdrawn in accordance with Infomerics' policy on withdrawal of rating. The reaffirmation of the ratings to the bank facilities of GSPL derives strength from substantial improvement in total operating income, comfortable capital structure and debt protection metrics and experienced promoter with longstanding presence in the industry. The ratings are, however, constrained by decline in overall profitability margins, exposure to volatility in solar cell prices, intense competition and technological risk.

Key Rating Sensitivities: Not applicable as ratings withdrawn.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Substantial improvement in total operating income**

GSPL's total operating income has substantially increased by around 147% during FY21 to FY23 from Rs.142.79 crore to Rs.352.33 crore, due to increase in demand for solar panels, solar cells and solar photovoltaic cells which directly increased the total operating income. Total operating income has further increased to Rs.726.70 crore in FY24 (Prov.) (P.Y.: 352.33 crore), due to further increase in demand for solar products.

- **Comfortable capital structure and debt protection metrics**

The overall gearing and TOL/TNW stood comfortable at 0.16x and 0.77x in FY23 as against 0.13x and 0.87x in FY22. The debt protection metrics marked by interest coverage stood at comfortable levels at 12.75x in FY23 (P.Y.: 12.90x). Total debt/GCA stood comfortable level at 1.09x in FY23 (P.Y.: 1.03x).

- **Experienced promoter with longstanding presence in the industry**

GSPL is established by Mr. Brij Kishore Mohanka as a partnership firm in 1993 and later on his sons, Mr. Gautam Mohanka and Mr. Sharad Mohanka joined him in the business. Mr. Braj Kishore Mohanka possesses more than four decades of entrepreneurial



Press Release

experience in making structures for manufacturing units, airport hangers, warehouses through his association with another organisation before forming this firm. Mr. Gautam Mohanka and Mr. Sharad Mohanka also have more than a decade of experience in the solar industry. Promoters long presence and extensive experience in the manufacturing of solar module has helped the company in building strong supplier and customer network.

Key Rating Weaknesses

- **Decline in overall profitability margins**

EBITDA margin has declined during FY21 to FY23 from 8.77% to 6.21%, due to increase in raw material cost. EBITDA margin has remained stable and stood at 6.60% in FY24 (Prov.). In line with the EBITDA margin, PAT margin also has declined during FY21 to FY23 from 4.93% to 3.94%.

- **Exposure to volatility in solar cell prices**

In order to manufacture solar PV modules, the company require multiple raw materials and components, primarily solar PV cells. The price of solar PV cells remains volatile. Hence, the company's profitability remains exposed to volatility and linkage between price movement of solar cells and modules. Further, substantial part of raw materials, including solar cells, are imported from China and certain other countries, including Taiwan and Malaysia. Moreover, growth is exposed to changes in government policies.

- **Intense competition**

The market for solar PV modules is intensely competitive and continuously evolving with presence of traditional global and local solar manufacturing companies. Moreover, the government thrust towards domestic solar module manufacturing are attracting new players and existing players to expand their capacities and thereby leading to increase competition within the domestic manufacturing set-up.

- **Technological risk**

The company remains exposed to technological obsolescence risk. The solar module manufacturers are required to undertake continuous upgrades and related investments to sustain the competitive advantage.



Press Release

Analytical Approach: Standalone

Applicable Criteria:

[Policy of default recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on withdrawal of Ratings](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

Liquidity: Adequate

The liquidity of the company remains adequate marked by the sufficient cash accruals as against nil long-term debt repayment obligations. With no major capex and repayment obligations likely to be low as against the envisaged cash accruals, the liquidity is expected to remain adequate in the medium term. The free cash and cash equivalents balance stood at Rs.0.80 crore as on March 31, 2023. The fund based working capital utilisation levels of GSPL remains comfortable level with average utilisation levels at around 11% during the last 12 months ended March 2024.

About the Company

GSPL was incorporated in the name of 'Gautam Polymers' in 1993, by Mr. Brij Kishore Mohanka. In 2014, the name was rechristened to 'Gautam Solar Pvt Ltd' and the constitution of the company was reconstituted as a private limited company. GSPL is engaged in manufacturing of solar panel, Lithium Ferrous Battery, solar lights and structures.

Financials (Standalone)*:

For the year ended / As on	(Rs. Crore)	
	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	240.52	352.33
EBITDA	17.72	21.89
PAT	10.84	13.96
Total Debt	13.17	18.45



Press Release

For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Tangible Network	100.46	114.55
Ratios		
EBITDA Margin (%)	7.37	6.21
PAT Margin (%)	4.50	3.94
Overall Gearing Ratio (x)	0.13	0.16

**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

S. No	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (October 9, 2023)	Date(s) & Rating(s) assigned in 2022-23 (September 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (August 5, 2021)
1.	Long Term Bank Facilities – Cash Credit	Long Term	18.00	IVR BB/Stable and Withdrawn	IVR BB; INC *	IVR BB+; INC *	IVR BBB-/Stable
3.	Short Term Bank Facilities – Bank Guarantee	Short Term	54.55	IVR A4 and Withdrawn	IVR A4; INC *	IVR A4+; INC *	IVR A3

** Issuer did not cooperate; based on best available information*

Name and Contact Details of the Rating Analyst:

Name: Mr. Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.com

About Infomerics:



Press Release

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	–	–	--	18.00	IVR BB/Stable and Withdrawn



Press Release

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Short Term Bank Facilities – Bank Guarantee	–	–	–	54.55	IVR A4 and Withdrawn

Annexure 2: List of companies considered for consolidated analysis: Not applicable

Annexure 3: Facility wise lender details: Not applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.