



Press Release
GEIE Solar products India Private Limited
December 06, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.50	ACUITE B+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	9.50	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	10.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long term rating of 'ACUITE B+' (read as ACUITE B Plus) on the Rs. 0.50 Cr. bank facilities of Geie Solar Products India Private Limited (GSIPL). Acuite has also withdrawn its rating on proposed short term facilities of Rs.9.50 Cr. without assigning any rating as it is a proposed facility of Geie Solar Products India Private Limited (GSIPL).

The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for reaffirmation

The rating reaffirmation factors in the company's established track record of operations of over two decades in the industry and long-standing experience of its management. The rating also factors in moderate scale of operations which increased to Rs.48.84 Cr. for FY2024 as against Rs.31.26 Cr. in FY2023. Additionally, the operating profit margin improved to 5.87 percent in FY2024 from 1.50 percent in FY2023. The improvement in margins is attributed to reduction in raw material prices. Further, the financial risk profile of the company remain average marked by modest net-worth, low gearing and healthy debt protection metrics.

However, the rating is constrained by GSIPL's intensive nature of working capital operations, and its low networth base.

About the Company

Established as a partnership firm in 2006 and later incorporated as a private limited company in 2013, GEIE Solar Products India Private Limited is engaged in the manufacturing of various kind of solar products. The Ghaziabad based company is currently managed by directors Mr. Krishna Kadariya and Mr. Sapan Das.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Geie Solar Products India Private

Limited while arriving at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

The promoters of the company have long experience in solar product industry. The company promoters are Mr. Krishna Kadariya and Mr. Sapan Das. Mr. Krishna Kadariya, the managing director, has vast experience in the solar product industry. He is ably supported by other key managerial personnel who are professionally running the company. Acuité believes that GSPIPL will continue to benefit from its promoter's extensive experience in the industry.

Improved Operating Performance

The company reported an improvement in revenue to Rs. 48.84 Cr. in FY2024, as against Rs. 31.26 Cr. in FY2023 and Rs. 15.93 Cr. in FY2022. This growth was primarily driven by increased demand of its products on the back of implementation of the PM Surya Ghar Yojana, with an allocation of approximately Rs. 2.5 lakh crore, along with an additional Rs. 1.1 lakh Cr. allocated for other ongoing renewable energy projects across India. The rise in manufacturing activity, along with various state government schemes supporting solar energy, contributed to this revenue growth. The company also has good clientele base with clients like The Director Uttar Pradesh New & Renewable Energy, Patanjali Renewable Energy Pvt Ltd. and Jharkhand Renewable Energy Development Agency. The company has maintained a healthy operating margin which stood at 5.87% in FY2024, as compared to 1.50% in FY2023 and 3.42% in FY2022. The improvement in margins is attributed to a reduction in raw material costs. Further, the PAT margin stood at 3.96% in FY2024, as against 1.59% in FY2023 and 1.73% in FY2022.

Weaknesses

Average Financial Risk Profile

The financial risk profile of the company improved, however, remained average marked by modest net worth, low gearing and healthy debt protection metrics. The company's networth increased to Rs.4.43 Cr. as on 31 March 2024 as against Rs.2.00 Cr. as on 31 March 2023 due to accretion of profit to the reserves and an addition to share capital. The capital structure of the company improved with the gearing of 0.48 times as on 31 March 2024 as against 1.64 times as on 31 March 2023. The total debt of the company stood at Rs. 2.13 Cr. as on March 31, 2024 as against Rs. 3.28 Cr. as on 31 March 2023. The total debt comprises of working capital borrowing of Rs. 0.46 Cr. as on 31 March 2024, long term debt of Rs. 0.65 Cr, unsecured loan from promoter of Rs.0.35 Cr. and CPLTD of Rs. 0.66 Cr. as on 31 March 2024.

The debt protection metrics improved and stood healthy as reflected by the Debt Service Coverage Ratio (DSCR) at 2.41 times for FY24 against 1.73 times for FY23 and the Interest Coverage Ratio (ICR) of 8.92 times for FY24 as against 4.31 times for FY23. The improvement is due to an increase in operating profits. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 5.02 times for FY24 as against 14.05 times for FY23.

Working Capital intensive nature of operations

The working capital operations of GSPIPL improved yet remained working capital intensive marked by high GCA days of 178 days in FY2024 as against 331 days in FY2023. The improvement in GCA days is led by improvement in inventory and debtor days. The inventory days stood at 67 days in FY2024 as against 102 days in FY2023. The debtor days stood at 58 days in FY2024 as against 163 days in FY2023. The company also has good client base with clients like The Director Uttar Pradesh New & Renewable Energy, Patanjali Renewable Energy Pvt Ltd., Jharkhand Renewable Energy Development Agency. The creditor days stood at 97 days in FY2024 as against 177 days in FY2023.

Rating Sensitivities

Not Applicable

Liquidity Position Adequate

The company has an adequate liquidity position as reflected by moderate net cash accruals against the maturing debt obligations. The company has generated net cash accruals worth Rs. 2.00 Cr. in FY2024 as against repayment obligation of Rs.0.63 Cr. for the same period. The unencumbered cash and bank balance of the company stood at Rs.3.01 Cr. on March 31, 2024 as against Rs.1.09 Cr. on March 31, 2023. The current ratio stood at 1.12 times as on March 31, 2024 as against 1.10 times on March 31, 2023.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	48.84	31.26
PAT	Rs. Cr.	1.93	0.50
PAT Margin	(%)	3.96	1.59
Total Debt/Tangible Net Worth	Times	0.48	1.64
PBDIT/Interest	Times	8.92	4.31

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Sep 2023	Proposed Short Term Bank Facility	Short Term	9.50	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	0.50	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
17 Jun 2022	Proposed Short Term Bank Facility	Short Term	9.50	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	0.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- Stable)
23 Mar 2021	Proposed Short Term Bank Facility	Short Term	9.50	ACUITE A4 (Assigned)
	Cash Credit	Long Term	0.50	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUTE B+ Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.50	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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