Crisil Ratings

Rating Rationale

April 21, 2025 | Mumbai

Saatvik Green Energy Limited

Ratings upgraded to ‘Crisil A-/Stable/Crisil A2+'

Rating Action

Total Bank Loan Facilities Rated	**Rs.177.5 Crore**
Long Term Rating	**Crisil A-/Stable (Upgraded from 'Crisil BBB+/Stable')**
Short Term Rating	**Crisil A2+ (Upgraded from 'Crisil A2')**

Note: None of the Directors on Crisil Ratings Limited’s Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its ratings on bank facilities of Saatvik Green Energy Limited (Saatvik Green, previously, Saatvik Green Energy Pvt Ltd) to **‘Crisil A-/Stable/Crisil A2+’** from ‘Crisil BBB+/Stable/Crisil A2’.

The rating upgrade is driven by an increase in the scale of operations, adequate capacity utilisation and healthy operating margin, aided by robust domestic demand for solar PV (photovoltaic) modules, led by favourable government policies.

The company has achieved revenue of Rs 1,240 crore in the first nine months of fiscal 2025 (against Rs 635 crore for the same period last fiscal) and is estimated to exceed Rs 2,000 crore for the full fiscal, translating to over 80% year-on-year growth. Growth will be backed by significant ramp up in capacity, from 0.6 GW in fiscal 2023 to 1.8 GW as of April 2024, and 3.8 GW as of December 2024, with healthy utilisation levels of over 60% on a weighted average basis. In addition, government initiatives such as reimposition of the Approved List of Module Manufacturer (ALMM) policy from April 1, 2024, basic customs duty (BCD), etc should ensure strong demand for domestic module manufacturers. Orders worth Rs 4,657 crore as on February 28, 2025, provide strong revenue visibility for the next fiscal.

Operating margin is estimated at 14-15% in fiscal 2025, on par with ~14.4% reported for fiscal 2024, up from 4.5% in fiscal 2023, led by economies of scale and substantial decline in prices of upstream components such as polysilicon and solar cells, and execution of high-margin EPC orders. Solar cell prices have dropped by over 50% y-o-y till January 2025, primarily led by global overcapacities. The margin profile should sustain and remain at healthy levels over the medium term.

Saatvik Green is undertaking a greenfield capacity expansion under its wholly owned subsidiary - Saatvik Solar Industries Pvt Ltd (Saatvik Solar, (formerly known as S Cleantech Renewables Pvt Ltd) in Odisha and is expected to add 4 GW module capacity (by end of fiscal 2026) and 2.4 GW backward integrated cell line capacity (by end of fiscal 2027). This would entail total cost of Rs 1,850 crore, funded through 70% debt and balance via internal accrual. With this, the company will have a total module capacity of 8.8 GW and cell manufacturing capacity of 2.4 GW. Despite this, the financial risk profile is expected to remain comfortable with adequate debt protection metrices. Interest coverage is expected to be over 5-6 times and debt to EBIDTA in the range of 2-2.5 times in the medium term. Net cash accrual of Rs 350-550 crore expected in the medium term should suffice to fund the debt obligation of Rs 25-100 crore per fiscal in 2026 and 2027.

Crisil Ratings notes that Saatvik Green has filed the draft red herring prospectus (DRHP) in November 2024, with the Securities and Exchange Board of India, for an initial public offering (IPO) and subsequently re-filed it in March 2025. The proposed IPO consists of fresh issue proceeds up to Rs 850 crore. Successful completion of the IPO and utilisation of proceeds to reduce debt and partly fund the ongoing capital expenditure (capex) in Odisha, may further enhance the financial risk profile and remain monitorable.

These strengths are partially offset by susceptibility to the highly competitive nature of the industry, regulatory changes, volatility in raw material prices and timely execution and stabilisation of large upcoming projects.

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of Saatvik Green and its wholly owned subsidiaries, Saatvik Solar Industries Pvt Ltd, Saatvik Cleantech EPC Pvt Ltd and Saatvik Green Energy USA Inc, as all these entities are under a common management, with significant business and financial linkages.

Further, Crisil Ratings has treated unsecured loans extended by the promoter (Rs 11.41 crore as on March 31, 2024) as debt. The loan has been repaid as of December 31, 2024.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Significant growth in scale of operations with healthy operating efficiency and diversified customer base: Having commenced operations in fiscal 2017, Saatvik Green has demonstrated significant ramp-up in operations. Revenue rose to Rs 1,097 crore in fiscal 2024, from Rs 151 crore in fiscal 2021 and is estimated to cross Rs 2,000 crore in fiscal 2025, led by growth in size of the order book and overall capacities, and healthy utilisation levels. This is led by robust domestic demand, along with favourable government policies. Revenue is likely to nearly double in fiscal 2026, with orders worth Rs 4,656 crore outstanding as on February 28, 2025, offering strong revenue visibility. Post completion of capex in Odisha, the company will have a total module capacity of 8.8 GW by end of fiscal 2026, and a cell manufacturing capacity 2.4 GW by end of fiscal 2027.

Operating margin was healthy during fiscal 2024 and estimated at 14-15% for fiscal 2025 (against around 4.5% in fiscal 2023) led by economies of scale and decline in prices of key inputs such as polysilicon and solar cells, and execution of high-margin EPC contracts. Return on capital employed is estimated to remain healthy at 25-30% in the medium term.

Saatvik caters to reputed clients such as Larsen & Toubro, Enrich Energy Pvt Ltd, Shree Cement Ltd, among others. Steady focus on adding new customers has led to high growth in the order book. top five customers formed less than 40% of revenue, depicting significant diversification in the customer base.

Favourable demand outlook for the solar industry: Amid growing emphasis for solar power in India, Saatvik is well-positioned to benefit from long-term plans of the government to increase generation from renewable sources. Introduction of protectionist measures, such as basic customs duty (BCD) of 40% and 25% on imported solar modules and solar cells, respectively, from April 2022; and reimposition of ALMM for government projects, along with incentivising domestic players under the production linked incentive (PLI) scheme, makes domestic modules more cost competitive vis-à-vis the imported ones. Government-approved schemes such as Kisan Urja Suraksha Utthan Mahabhiyan, Central Public Sector Undertaking and rooftop scheme should also drive up demand. Further, the MNRE plans to introduce an approved list of models and manufacturers for solar PV cells (ALCM). Under ALCM, all modules approved under ALMM are required to use cells from the ALCM list. Further, all projects where ALMM is applicable also need to use cells from the ALCM list. This will support the demand for domestic cells.

Adequate financial risk profile: The financial risk profile remains comfortable, marked by networth estimated at over Rs 300 crore as on March 31, 2025, as against Rs 121 crore reported as on March 31, 2024. Despite the current debt-funded capex, debt protection metrics should remain comfortable with interest coverage of 5-6 times and net cash accrual to adjusted debt ratio of 0.25-0.30 time in the medium term. Gross current assets are expected to remain high at 150-170 days, led by the large inventory maintained in the last quarter of the year, when majority of sales take place. Net cash accrual to debt repayment ratio should be comfortable over 5 times, despite the debt-funded capex.

Weaknesses:

Susceptibility to volatility in commodity prices and foreign exchange (forex) rates and intense competition: Profitability remains vulnerable to sharp fluctuations in raw material prices, which form 75-80% of the operating income. While prices of key inputs such as polysilicon and solar cells have declined significantly during fiscal 2025, they are dependent on global factors, a key monitorable. The company also remains exposed to fluctuations in foreign exchange rates as majority of raw material is imported.

The company is exposed to increasing competition from domestic as well as imported modules. This is on account of large capacity additions planned in the domestic market to meet increasing demand. Furthermore, Indian manufacturers face competition from Chinese imports. Prices of modules and cells have dipped significantly in China, due to the supply glut, amid restrictions imposed by the US on Chinese imports. However, implementation of BCD and ALMM should enable the group to remain cost-competitive . Any further material reduction in prices of imports remains monitorable.

While implementation of BCD (40% and 25% BCD on imported solar modules and solar cells, respectively, from April 2022) makes Indian players cost-competitive, cost of inputs and ability to pass on changes in cost to customers will be monitorable, considering proposed ALCM for cell manufacturing from June 2026, which could make cells manufactured in India costlier.

Exposure to project execution and stabilisation risk: Saatvik has commissioned an additional module line of 2 GW under its subsidiary, Saatvik Solar in fiscal 2025, and is further expected to add a 4 GW module line and 2.4 GW cell line under Saatvik Solar. This makes the company vulnerable to timely execution and stabilisation of the project. However, Saatvik Green's record of successful execution of capacity expansion projects lends support. Timely completion of the project and commensurate ramp up of expanded capacities will remain monitorable.

Liquidity: Adequate

Net cash accrual of Rs 350-550 crore expected per fiscal over the medium term, should suffice to cover the term debt obligation of Rs 90-170 crore and ongoing capex requirement. Bank limit utilisation averaged around 86% over the 12 months through February 2025. Further, need-based financial support from the promoters and the Shree Ganesh group is also available.

Outlook: Stable

Saatvik Green is expected to sustain the growth momentum in its business risk profile amid healthy demand and order book position, favourable government policies and increasing operational capacities. The financial risk profile is expected to remain comfortable despite the debt-funded capex being undertaken, with comfortable debt to Ebitda (earnings before interest, depreciation, tax and amortisation) and interest coverage ratios.

Rating sensitivity factors

Upward factors:

- Healthy ramp-up of existing and upcoming capacities, coupled with sustenance of operating margin above 15% at the consolidated level, resulting in significant improvement in operating cash accrual
- Improvement in debt coverage indicators, backed by increased accrual and/or faster-than-expected debt reduction, strengthening the capital structure and debt coverage ratios from current levels

Downward factors

- Slower-than-expected ramp-up in operations, resulting in decline in operating margin and weakening of debt coverage indicators, for instance, interest coverage below 3 times on a sustained basis
- Substantial delay in project execution, resulting in material time and cost overrun

About the Company

Incorporated in 2015, by the promoters of the Shree Ganesh group, Saatvik manufactures solar PV modules. These modules are for residential, commercial, and industrial off-grid/on-grid applications. The company has an installed capacity of 3.8 GW as on December 31, 2024, at its facilities at Ambala, Haryana, of which 3.2 GW capacities are under Saatvik Solar, a 100% subsidiary of Saatvik Green.

The Shree Ganesh group comprises Shree Ganesh Fats Pvt Ltd ('Crisil A/Stable'), Kamla Oleo Pvt Ltd ('Crisil A/Stable'), Kamla Organics Pvt Ltd, M. K. Proteins Limited ('Crisil A/Stable') and SGF Industries Pvt Ltd ('Crisil A/Stable').

Key Financial Indicators (consolidated)*

Particulars	Unit	2024	2023
Revenue	Rs crore	1097	618
Profit after tax (PAT)	Rs crore	100	5
PAT margin	%	9.2	0.8
Adjusted debt/adjusted networth	Times	2.2	7.1
Interest coverage	Times	10.2	2.1

**Crisil Ratings-adjusted figures.*

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	84.50	NA	Crisil A-/Stable
NA	Non-Fund Based Limit	NA	NA	NA	49.00	NA	Crisil A2+
NA	Working Capital Demand Loan	NA	NA	NA	9.00	NA	Crisil A2+
NA	External Commercial Borrowings	NA	NA	NA	15.51	NA	Crisil A-/Stable
NA	Long Term Bank Facility	NA	NA	NA	19.49	NA	Crisil A-/Stable

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Saatvik Solar Industries Pvt Ltd (formerly S Cleantech Renewables Pvt Ltd)	Subsidiary	100.00%
Saatvik Cleantech EPC Pvt Ltd	Subsidiary	100.00%
Saatvik Green Energy USA Inc	Subsidiary	100.00%

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	128.5	Crisil A-/Stable / Crisil A2+		--	24-06-24	Crisil BBB+/Stable / Crisil A2	06-09-23	Crisil BBB/Stable / Crisil A3+	31-10-22	Crisil BBB/Stable	Crisil BBB/Stable
			--		--	07-06-24	Crisil BBB+/Stable / Crisil A2		--		--	--
Non-Fund Based Facilities	ST	49.0	Crisil A2+		--	24-06-24	Crisil A2	06-09-23	Crisil A3+		--	--
			--		--	07-06-24	Crisil A2		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	44	HDFC Bank Limited	Crisil A-/Stable
Cash Credit	30	The Federal Bank Limited	Crisil A-/Stable
Cash Credit	10.5	Axis Bank Limited	Crisil A-/Stable
External Commercial Borrowings	15.51	Energy Access Relief Fund B. V.	Crisil A-/Stable
Long Term Bank Facility	19.49	HDFC Bank Limited	Crisil A-/Stable
Non-Fund Based Limit	10	Axis Bank Limited	Crisil A2+
Non-Fund Based Limit	25.01	HDFC Bank Limited	Crisil A2+
Non-Fund Based Limit	13.99	HDFC Bank Limited	Crisil A2+
Working Capital Demand Loan	9	Axis Bank Limited	Crisil A2+

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Ramkumar Uppara Media Relations **Crisil Limited** M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com **Kartik Behl** Media Relations **Crisil Limited** M: +91 90043 33899 B: +91 22 6137 3000 **kartik.behl@crisil.com** **Divya Pillai** Media Relations **Crisil Limited** M: +91 86573 53090 B: +91 22 6137 3000 **divya.pillai1@ext-crisil.com**	Anuj Sethi Senior Director **Crisil Ratings Limited** B:+91 44 6656 3100 anuj.sethi@crisil.com Aditya Jhaver Director **Crisil Ratings Limited** B:+91 22 6137 3000 aditya.jhaver@crisil.com Anuj Kabra Senior Rating Analyst **Crisil Ratings Limited** B:+91 22 6137 3000 ANUJ.KABRA@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 3850 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to Crisil Ratings. However, Crisil Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

Crisil is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by Crisil Ratings Limited ('Crisil Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as Crisil Ratings provision or intention to provide any services in jurisdictions where Crisil Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between Crisil Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

Crisil Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, Crisil Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall Crisil Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of Crisil Ratings and Crisil Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of Crisil Ratings.

Crisil Ratings or its associates may have other commercial transactions with the entity to which the report pertains or its associates. Ratings are subject to revision or withdrawal at any time by Crisil Ratings. Crisil Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

Crisil Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For more detail, please refer to: https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html. Public ratings and analysis by Crisil Ratings, as are required to be disclosed under the Securities and Exchange Board of India regulations (and other applicable regulations, if any), are made available on its websites, www.crisilratings.com and https://www.ratingsanalytica.com (free of charge). Crisil Ratings shall not have the obligation to update the information in the Crisil Ratings report following its publication although Crisil Ratings may disseminate its opinion and/or analysis. Reports with more detail and additional information may be available for subscription at a fee. Rating criteria by Crisil Ratings are available on the Crisil Ratings website, www.crisilratings.com. For the latest rating information on any company rated by Crisil Ratings, you may contact the Crisil Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 3850.

Crisil Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on Crisil Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: **https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html**