



Press Release

Enerlite Solar Films India Private Limited (ESFIPL)

August 30, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	72.59	IVR BBB-/Positive (IVR Triple B Minus with Positive Outlook)	-	Assigned	Simple
Long Term /Short Term Bank Facilities - Proposed	2.41	IVR BBB-/Positive /IVR A3 (IVR Triple B Minus with Positive Outlook / IVR A Three)	-	Assigned	Simple
Total	75.00 (Rupees Seventy-Five crore only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of ESFIPL derives comfort from the strong linkages with the B C Jindal Group, robust demand dynamics, government support for the solar power sector, and expected improvement in operating performance from FY25 onwards. However, the rating strengths are partially offset by the nascent stage of operations and leveraged capital structure.

The positive outlook reflects expected improvement from operating performance from FY25 onwards reflected by improved operating performance during 1QFY25 which will results in improvement in capital structure.

Key Rating Sensitivities:

Upward Factors

- Overall improvement in revenue and profitability leading to improvement in gross cash accruals resulting in overall improvement in liquidity.

Downward Factors

- Decline in revenue and profitability leading to deterioration in credit profile and the liquidity.
- Weakening of linkages with JPL and/or any deterioration in credit profile of JPL.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strong Linkages with B C Jindal Group**

ESFIPL is a part of B C Jindal Group and its flagship company Jindal Poly films Limited (JPL) holds 33% while rest is held by other group companies. ESFIPL has strong operating and strategic linkages. Apart from equity investments, JPL has infused Rs.49.07 crore through compulsorily redeemable preference shares and inter corporate deposits till FY24 (period refers to 01st April 2023 to 31st March 2024). Further, JPL has indicated that they will support the ESFIPL as and when it needs liquidity support. Further, JPL and ESFIPL plants are adjacent to each other which provides exchange of technical know-how. JPL and ESFIPL has common suppliers despite raw material is different which enables ESFIPL for faster delivery and bulk discounts.

- **Strong demand dynamics & Government Support for Solar Power Sector**

The demand for Ethylene Vinyl Acetate (EVA) films from domestic players is projected to increase significantly due to the Government of India's anti-dumping duty on imported EVA films, which are crucial raw material for solar modules. This policy shift, coupled with a favourable medium-term outlook for domestic solar module manufacturers, will likely drive-up demand for locally produced EVA films. Enhanced policy focus on domestic manufacturing, including the Basic Customs Duty on imported cells and modules, will further boost the competitiveness of local manufacturers. Additionally, the requirement for solar modules to be procured from suppliers listed in the Approved List of Module Manufacturers (ALMM), which currently features only domestic suppliers, will further benefit local EVA film producers.

- **Improvement in operating performance**

ESFIPL revenue has improved to Rs.43.08 crore in FY24 a growth of 142% on y-o-y basis driven by order execution. EBITDA turned positive during FY24 after losses at EBITDA levels during FY23 due to benefits of operating leverage. ESFIPL has achieved revenue and EBITDA of Rs.14.98 crore and Rs.1.80 crore at the end of 1QFY25



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respectively. Infomerics expects with second line which is expected to be operational by November 24, operating profile is expected to improve from FY25 onwards.

Key Rating Weaknesses

- **Nascent stages of operations**

With operations commencing in September 2022, the company is in its nascent stage of operations. The stabilization of operations risk persists, and achievement of projected turnover and profitability will be key monitorable, however the company benefits from the strong parent support.

- **Leveraged Capital Structure coupled with weak coverage indicators**

Driven by continuous net losses in FY23 and FY24, ESFIPL's Tangible Net Worth (TNW) was negative at Rs. -10.30 crore as of March 31, 2024, indicating a leveraged capital structure. The Debt Service Coverage Ratio (DSCR) was 0.39x in FY24, with shortfalls covered by unsecured loans from JPL. With operational stabilization, improvements in capital structure and debt service coverage are expected in the near term.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Rating criteria on Parent/Group Support](#)

*For arriving at the rating, INFOMERICS has considered the support from parent company – **Jindal Poly Films Limited (JPL)**, factoring the strategic importance of Enerlite Solar Films India Private Limited and moral obligations by way of 33% shareholding in the Company.*

Liquidity – Adequate



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ESFIPL's is expected to maintain an adequate liquidity profile, as its projected gross cash accrual for FY25-FY27 is estimated to be around Rs. 15-21 crore, which should comfortably cover its debt repayments of Rs. 3.92 crore each year from FY25 to FY27. The company has modest cash & bank balance of Rs. 0.82 crore as on June 30, 2024. The cash credit utilization stood at ~55% during last twelve months ended June 30, 2024, providing a satisfactory liquidity buffer. Furthermore, liquidity is supported by strong parent i.e. Jindal Poly Films Limited.

About the Company

Incorporated in 2020, ESFIPL into manufacturing of Ethylene Vinyl Acetate (EVA) film solar encapsulants. The company is part of B C Jindal Group. The company has installed capacity of 4320 TPA.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	17.77	43.08
EBITDA	-4.89	3.95
PAT	-8.71	-5.49
Total Debt	65.68	73.04
Tangible Net Worth	-4.49	-10.30
EBITDA Margin (%)	-27.53	9.17
PAT Margin (%)	-48.05	-12.57
Overall Gearing Ratio (x)	-14.63	-7.09
Interest Coverage (x)	-1.21	0.50

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	14.59	IVR BBB-/ Positive	-	-	-
2.	Long Term Fund Based Bank Facilities – Term Loan	Long Term	28.00*	IVR BBB-/ Positive	-	-	-
3.	Long Term Fund Based Bank Facilities – WCDL	Long Term	15.00^	IVR BBB-/ Positive	-	-	-
4.	Long Term Fund Based Bank Facilities – WCDL (Proposed)	Long Term	15.00	IVR BBB-/ Positive	-	-	-
5.	Long Term/ Short Term Bank Facilities (Proposed)	Long Term/ Short Term	2.41	IVR BBB-/ Positive/ IVR A3			

* Sublimit of Rs. 23.00 Crore for Capex Letter of Credit and the balance amount of Rs. 5.00 crore is yet to be disbursed.

^ Interchangeable sublimit in the form of cash credit and LC is Rs. 15.00 crore

Analytical contacts

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining



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registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Up to March 2028	14.59	IVR BBB-/ Positive
Term Loan	-	-	-	-	28.00*	IVR BBB-/ Positive
WC DL	-	-	-	-	15.00^	IVR BBB-/ Positive
WC DL - Proposed	-	-	-	-	15.00	IVR BBB-/ Positive
Bank Facilities - Proposed	-	-	-	-	2.41	IVR BBB-/ Positive/ IVR A3

* Sublimit of Rs. 23.00 Crore for Capex Letter of Credit and the balance amount of Rs. 5.00 crore is yet to be disbursed.

^ Interchangeable sublimit in the form of cash credit and LC is Rs. 15.00 crore

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-EnerliteSolar-aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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.