

Rating Rationale

31 Mar 2026

Loom Solar Pvt. Ltd.

Brickwork Ratings has assigned a long-term rating of BWR BBB with a Stable outlook as an Issuer Rating to Loom Solar Pvt. Ltd.

Facilities / instruments	Tenure	Present Rating#	Rating Action
Issuer Rating	Long Term	BWR BBB/ Stable	Assignment

#Please refer to the BWR website www.brickworkratings.com for the definition of the rating assigned.

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned a long-term rating of BWR BBB with a Stable outlook as an Issuer Rating to Loom Solar Pvt. Ltd.

The company's rating reflects an exceptionally strong and rapidly expanding financial and operational profile, driven by an experienced management team, stable market demand, and successful pan-India execution. Revenue has surged impressively over the past three fiscals, fueled by robust trading income and the successful integration of new in-house manufacturing capabilities. This tremendous topline growth is perfectly matched by significantly strengthened operating profitability and net margins, which have consistently accelerated year over year. Additionally, the company's financial risk profile remains highly resilient, characterized by low external debt reliance, moderate gearing, and exceptionally strong debt coverage metrics. Furthermore, the company boasts superior liquidity, supported by robust net cash accruals that comfortably dwarf its minimal repayment obligations. Together with well-utilized working capital lines, this ensures ample financial headroom for future capital expenditures and secures a highly stable foundation for sustainable, long-term expansion.

The Stable outlook reflects Loom Solar Pvt. Ltd strong standalone credit profile, robust operating cash generation and low leverage . The outlook also factors in superior liquidity and the company's ability to service debt obligations comfortably from operating cash flows.

KEY RATING DRIVERS

Key Credit Strengths-:

Favorable Government Policies Driving Solar Demand:

The company's business profile is significantly bolstered by India's aggressive pivot toward renewable energy and robust government interventions. Favorable protectionist policies, including a 40% basic customs duty on imported modules, the mandatory Approved List of Models and Manufacturers (ALMM), and the Production Linked Incentive (PLI) scheme, heavily shield domestic manufacturers from cheap imports and fundamentally enhance their cost competitiveness.

Furthermore, sweeping national initiatives provide unparalleled demand visibility. Mega programs like the PM Surya Ghar Muft Bijli Yojana targeting one crore households with enhanced 2025 to 2026 budgetary backing alongside the expanded PM KUSUM for agricultural solarisation and the CPSU scheme, ensure a massive, sustained pipeline for solar products. Recent regulatory catalysts, such as the September 2025 reduction of GST on solar devices from 12% to 5% and the newly introduced Draft Floating Solar Policy of February 2026, further optimize project economics, positioning the company to seamlessly capitalize on an expanding domestic market.

Experienced Leadership Driving Competitive Strength:

Loom Solar exhibits an exceptionally strong and stable management, driven by a visionary and highly experienced leadership team. Steered by co-founders Amol Anand and Amod Anand, alongside director Rajnish Kumar Khurana, the executive board brings deep domain expertise and a proven track record of rapidly scaling operations within the competitive renewable energy sector. Their collective strategic acumen is clearly reflected in the company's successful evolution into a leading national brand, backed by a vast network of over 10,000 dealers and a growing global footprint. Furthermore, the management demonstrates a proactive commitment to technological innovation, consistently launching cutting-edge solutions like bifacial modules and IoT-enabled batteries ahead of market curves. Supported by a robust technical division and over 150 dedicated professionals, the leadership maintains high operational efficiency and financial prudence. This cohesive, forward-thinking governance effectively mitigates execution risks, ensuring a highly resilient foundation for sustained, long-term expansion.

Scaling Operations:

The company demonstrates exceptional operational scaling strength, evidenced by its surging topline, which grew from Rs 151.46 Crs in FY 24 to Rs 396.52 Crs in FY 25, and further accelerated to Rs 581.52 Crs in just the first nine months of FY 26 (9MFY26). This rapid financial expansion is directly supported by a highly resilient distribution framework, comprising over 10,000 retail dealers, 250 regional distributors, and six strategically located regional warehouses ensuring next-day delivery capabilities across key markets. Furthermore, the company is aggressively scaling its manufacturing footprint to meet surging national demand. It is actively expanding its Palwal facility's capacity from 50 MW to 300 MW, while simultaneously developing a new 300 MW Greenfield integrated facility in Kosi and planning a 1 GWh battery storage hub in Meerut. Coupled with a successful B2B strategy securing marquee clients like ISRO and Indian Railways, the company exhibits a robust foundation for sustainable, large-scale growth.

Strong Financial Profile:

The company exhibits an exceptionally strong and rapidly expanding financial profile, characterized by robust year-over-year revenue and profitability growth. The company's topline surged from Rs 151.46 Crs in FY 24 to Rs 396.52 Crs in FY 25, driven largely by increased trading income and an expanded pan-India client base. This growth momentum further accelerated following the commencement of in-house solar panel manufacturing in April 2025, propelling revenue to an impressive Rs 581.52 Crs during just the first nine months of FY 26 (9MFY26). Commensurate with this massive topline expansion, the operating profitability has also strengthened significantly. The company reported an OPBDIT of Rs 86.88 Crs and a Profit After Tax (PAT) of Rs 61.44 Crs in FY 25. These figures witnessed substantial improvement in 9MFY26, with OPBDIT climbing to Rs 119.94

Crs and PAT reaching Rs 89.44 Crs, reflecting strong operational efficiency and highly sustainable financial resilience.

Key Credit Weaknesses-:**High Fragmentation and Competitive Risk:**

The Indian solar manufacturing sector is characterized by intense fragmentation and the aggressive expansion of large, well-capitalized conglomerates. Operating within this fiercely contested environment, the company faces substantial pricing pressure that can heavily compress profit margins, particularly in the highly price-sensitive residential and commercial rooftop segments. The presence of numerous unorganized players offering cheaper alternatives further intensifies this dynamic, compelling the company to continuously invest heavily in research, development, and marketing to differentiate its brand and advanced product offerings. Consequently, maintaining its current market share requires navigating aggressive pricing wars alongside rapid technological shifts. If the company cannot sustain its cost-competitiveness or match the aggressive promotional spending and distribution muscle of larger, integrated peers, it may experience squeezed profitability and a deceleration in its anticipated growth trajectory over the medium to long term.

Exposure to Raw Material Price Volatility:

The company's profitability is highly susceptible to fluctuations in the prices of critical raw materials and components, such as solar cells, silicon wafers, aluminum, and lithium-ion cells. Since the domestic supply chain for these upstream components remains nascent, the company relies heavily on imports, exposing it to global commodity price cycles, geopolitical supply chain disruptions, and foreign exchange volatility. Furthermore, the solar and energy storage markets are fiercely competitive and highly price-sensitive, which inherently restricts the company's ability to immediately pass on sudden input cost escalations to its end consumers. Consequently, any sharp or prolonged spike in raw material costs can significantly compress operating margins. While effective inventory management and strategic procurement can provide a partial hedge, sustained inflationary pressures on core inputs remain a continuous and unavoidable threat to the company's overall financial stability and cash flow generation over the medium term.

Vulnerability to Shifting Regulatory Policies:

The company's operations are deeply intertwined with the evolving regulatory landscape and government policy frameworks governing the Indian renewable energy sector. Frequent alterations in tariff structures, such as the Basic Customs Duty (BCD) on imported solar cells and modules, alongside non-tariff barriers like the Approved List of Models and Manufacturers (ALMM) mandate, can significantly disrupt supply chain dynamics and inflate input costs. Furthermore, the company remains highly sensitive to modifications in central subsidy programs, such as the PM Surya Ghar Muft Bijli Yojana, and state-level net metering regulations, which directly dictate end-consumer demand and project viability. Inconsistent implementation of these policies across different states, varying grid-connectivity approvals by local DISCOMs, and sudden shifts in tax structures necessitate constant compliance agility. Any adverse or abrupt policy pivot could delay project executions, stretch working capital cycles, and ultimately constrain the company's revenue growth and profitability in a highly price-sensitive market.

Exposure to Debt-Funded Capex Risks:

The company faces moderate project execution and financial risks stemming from its substantial debt-funded capital expenditure program. Over the next three financial years (FY26 to FY28), the company plans to incur an estimated ₹106.55 crore to aggressively scale its manufacturing footprint, which includes expanding the Palwal facility's capacity to 300 MW, constructing a new integrated module and inverter factory in Kosi, and acquiring land in Meerut. Crucially, a significant Rs 87.40 crore of this proposed expansion will be financed through term loans. While these investments are vital for capturing surging domestic demand, the heavy reliance on external borrowing introduces inherent vulnerabilities. Unforeseen bottlenecks, such as delays in securing pending building plan approvals for the Kosi factory or disruptions in machinery commissioning, could postpone commercial operations. Consequently, such delays risk triggering cost overruns and pressuring the company's liquidity and debt coverage metrics before the new facilities can begin generating expected cash flows.

Auditor's Opinion: The company continues to demonstrate consistent year-over-year operational scaling and maintains a robust financial profile. However, the statutory auditor expressed certain qualified opinions regarding the company's certain non-compliances in the FY25 report. While management has submitted documentation evidencing the current status of compliance, the auditor has not yet officially validated these rectifications, as no subsequent audit has been conducted.

ANALYTICAL APPROACH: Standalone

For arrive at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria, as detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the company's ability to expand its operational scale, boost profitability, enhance liquidity and credit profile, and effectively manage the working capital will be critical factors influencing its ratings.

Positive Factors:

- Maintain positive revenue growth and achieve an operating margin of at least 30 % on a sustained basis, leading to higher net cash accruals.
- Timely completion and commercialisation of capex without any major cost or time overruns, leading to the sustenance of the financial risk profile.
- Compliance with the opinions made by the auditor in his audit report for FY 25.

Negative Factors:

- Decline in revenue causing the operating margin to fall below 10%, resulting in lower-than-expected net cash accrual.
- Stretched working capital cycle or higher than expected debt funded capex weakening the capital structure further.
- TOL/TNW exceeding 1.5x

LIQUIDITY INDICATORS: Superior

Liquidity is marked by strong accruals of Rs 61.55 Crs against negligible repayment obligations of Rs 4.90 Crs. With a gearing of 0.41 times as of March 31, 2025, the issuer has sufficient gearing headroom, raise additional debt for its capex. Its unutilized bank lines are more than adequate to meet its incremental working capital needs over the next one year.

The liquidity is expected to remain superior over the medium term, driven by robust net cash accruals that comfortably cover upcoming debt obligations. Specifically, the company projects accruals of Rs 132.60 Crs against a minimal debt repayment of Rs 3.08 Crs in FY 26, and Rs 181.90 Crs against Rs 3.36 Crs in FY 27. Additionally, the current ratio stood at a healthy 1.88x in FY 25 and is projected to stay well above unity going forward.

ESG Profile:

The company demonstrates an evolving ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks are driven by high water usage, waste generation, and reliance on energy-intensive processes, making the company's disclosures on these fronts particularly important. The company mitigates environmental risks by ensuring minimal liquid effluent discharge and maintaining inherently low direct emissions due to its non-combustion manufacturing process. Furthermore, it demonstrates responsible waste-management practices through the source segregation of glass scrap, aluminum frames, and e-waste, which are then disposed of exclusively through authorized recyclers.

Social: Social factors hinge on adherence to labor laws, accident prevention frameworks, and human capital development, offering vital insights into operational resilience. The company maintains equal opportunity employment practices based on merit and skill. Safety performance is supported by strict adherence to workplace safety standards, including the use of personal protective equipment, machine guarding, and fire safety systems. Additionally, operational resilience is bolstered by robust training initiatives, such as structured skill development for the workforce and corporate social responsibility funds deployed toward youth apprenticeship training and local community centers.

Governance: Governance assessment focuses on board independence, committee effectiveness, and the robustness of compliance systems, supported by disclosures on audit mechanisms and risk-management practices. The company's governance framework includes a commitment to regular statutory audits and defined management responsibilities. However, its governance profile is significantly constrained by severe compliance and reporting deficiencies. Specifically, the company has not maintained proper records showing full quantitative details and the situation of property, plant, and equipment because it lacks a fixed assets register. Furthermore, the company failed to provide interest on MSME dues against outstanding invoices and did not comply with ROC filing requirements for the same. Audit mechanisms also show critical weaknesses; the accounting software's audit trail feature was not operating effectively during the reporting period, the statutory auditor did not receive internal audit reports, and a proper register for related party transactions was not maintained as required under the Companies Act, 2013.

ABOUT THE ENTITY:

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Electrical Equipment	Heavy Electrical Equipment

Loom Solar Pvt. Ltd. is a leading Indian solar energy company incorporated on July 11, 2018. Headquartered in Faridabad, Haryana, the entity operates manufacturing units in Faridabad and Palwal. Under the leadership of directors Amol Anand, Amod Anand, and Rajnish Kumar Khurana, the company specializes in manufacturing advanced renewable energy products, specifically high-efficiency solar panels, lithium-ion batteries, and solar inverters, catering to residential, commercial, and agricultural sectors across India and international markets.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 2023	FY 2024	FY 2025
Result Type		Audited	Audited	Audited
Total Operating Income	Rs. in Crs	53.25	151.46	396.52
EBITDA	Rs. in Crs	3.23	13.24	86.88
PAT	Rs. in Crs	2.75	8.87	61.44
Tangible Net Worth	Rs. in Crs	12.31	21.18	83.12
TOL/TNW	Times	1.52	1.39	1.35
Current Ratio	Times	11.81	3.68	1.88

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: The key covenants are the standard terms as stipulated in the sanction letters.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA: Not Applicable

Any other information: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspension):

Sl. No.	Instrument	Current Rating (2026)			Rating History		
		Type	Amount (Rs. Crs.)	Rating	2025	2024	2023
1.	Issuer Rating	Long Term	0.00	BWR BBB/Stable /Assignment	Nil	Nil	Nil

Hyperlink/Reference to applicable Criteria

[Approach to Financial Ratios](#)

[Default Recognition and Default Curing Period](#)

[General Criteria](#)

[Manufacturing Company](#)

[Trading Entities](#)

Analytical Contacts	
Varsha Jasmin Rating Analyst varsha.j@brickworkratings.com	Nagaraj K Director - Ratings nagaraj.ks@brickworkratings.com
1-860-425-2742 media@brickworkratings.com	CustSupport@brickwrokratings.com

Loom Solar Pvt. Ltd.

Annexure-I: Details of Bank Facilities rated by BWR

SL. No.	Name of the Bank/Lender	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	Issuer Ratings	Issuer Rating	0.00	0.00	0.00	Simple##

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf). Investors' queries can be sent to info@brickworkratings.com.

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2. Issuer rating is not a recommendation to buy, sell, or hold securities and does not comment on market price or suitability for a particular investor.
3. An issuer rating does not guarantee repayment of debt / financial obligations. It is an opinion based on information available and does not guarantee performance.
4. The rating is based on information provided by the issuer and other sources believed to be reliable. However, CRA does not guarantee the completeness or accuracy of such information.

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