

AUGUST 27, 2015

## CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF WAAREE ENERGIES LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	149.72	<b>CARE BBB (Triple B)</b>	Revised from CARE BBB- [Triple B Minus]
Short term Bank Facilities	100.00	<b>CARE A3+ (A Three Plus)</b>	Revised from CARE A3 [A Three]
<b>Total Facilities</b>	<b>249.72</b>		

**Rating Rationale**

The revision in ratings is on account of the improvement in the financial profile marked by growth in revenue and profit levels and improvement in the capital structure during FY15 combined with favourable solar sector outlook.

The ratings continue to draw strength from the experience of the promoters with presence in diverse business segment, technical competence resulting in strong execution capabilities, moderate capital structure, healthy order book position providing strong revenue visibility and favourable long term prospects for the solar power industry. The ratings are, however, constrained by high exposure towards group companies, performance risk of the Solar Photo Voltaic (SPV) modules, volatility in raw-material prices, working capital intensive nature of operations, exposure to foreign exchange fluctuation.

The ability of the company to further improve the profitability; any delay in execution of the EPC projects as per the timeline envisaged and reduction/further exposure in group & associate companies are the key rating sensitivities.

**Background**

Waaree Energies Limited (incorporated in 2007 as Waaree Energies Private Limited) is involved in manufacturing of Solar Photo Voltaic (SPV) modules at its manufacturing facility located at Surat in Gujarat. The company started operations with trading in solar modules and thereafter ventured into manufacturing of solar photovoltaic (PV) modules in Surat, Gujarat in 2010. The company over the years has increased its installed capacity from 30 MW in FY11 to its current operating capacity of 500 MW (250 MW added during FY15). Apart from sale of SPV modules, WEL is also engaged in setting up of solar power plants EPC (like on-grid system, off-grid system, roof-top applications) which contributed about 37% to the total turnover of the company in FY15. Further, WEL also deals in solar products like solar lantern, solar street lights, home lighting systems, etc.

WEL is currently the flagship company of the Waaree Group of Mumbai. Waaree Group is promoted by Mr. Hitesh Doshi (47 yrs) and his brother Shri Viren Doshi (45 yrs) of Mumbai. Both the brothers are first generation entrepreneur and commenced their maiden business venture in 1990. Mr. Hitesh Doshi manages the day-to-day operations of the group with support from his brother and experienced professionals.

In FY15 (refers to the period April 1 to March 31), WEL achieved a profit of Rs.27.37 crore on a net sales of Rs.783.21 crore.

As per the provisional estimates, during Q1FY15, the company reported PAT of Rs.16.60 crore on net sales of Rs.288.85crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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