

DECEMBER 05, 2014

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF WAAREE ENERGIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long Term Bank Facilities	151.35	CARE BBB- (Triple B Minus)	Reaffirmed
Short Term Bank Facilities	90.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	241.35		

Rating Rationale

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, sustained growth in the revenue over FY12-FY14 (refers to the period April 01 to March 31), moderate capital structure, healthy order book position providing strong revenue visibility and favourable long term prospects for the solar power industry. The rating are, however, constrained by the decline in profitability in FY14, high exposure to group companies, performance risk of the Solar Photo Voltaic (SPV) modules, profitability susceptible to volatility in raw-material prices, working capital intensive nature of operations, exposure to foreign exchange fluctuation and intense competition.

Effective utilization of existing and upcoming capacities, any delay in execution of the EPC projects as per the timeline envisaged and effective management of working capital requirement along with timely realisation of the debtors forms the key rating sensitivities.

Background

Waaree Energies Limited (incorporated in 2007 as Waaree Energies Private Limited), part of Waaree group of Mumbai, started operations with trading in solar modules and ventured into manufacturing of solar photovoltaic (PV) modules in Surat, Gujarat in 2010. The current installed capacity is 250 MW (increased from 30 MW in FY11).

Apart from sale of SPV modules, WEL is also engaged in setting up of solar power plants (like on-grid system, off-grid system, roof-top applications) which involves installation of modules and other auxiliary equipments for power storage and evacuation. Further, WEL also deals in solar products like solar lantern, solar street lights, home lighting systems, etc. WEL has the capacity to manufacture SPV modules from 3 Watt peak (Wp) to 300 Watt peak and has various certifications to market its products in India and abroad through a wide distribution network in the form of branches, dealers and distributors.

In FY14 (refers to the period April 1 to March 31), WEL achieved a profit of Rs.0.3 crore on a total income of Rs.334.9 crore.

As per the provisional estimates, during 7MFY14, the company reported PBILDT of Rs. 19.9 crore on total income of Rs.192.8 crore.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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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CIN - L67190MH1993PLC071691