

## Waaree Energies Limited

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	124.11 (reduced from 147.50)	'CARE BBB-; Stable' (Triple B Minus; Outlook: Stable)	Revised from 'CARE BBB' (Triple B)
Short-term Bank Facilities	114.50 (enhanced from 100.00)	'CARE A3' (A Three)	Revised from 'CARE A3+' (A Three plus)
<b>Total</b>	<b>238.61</b> <b>(Rupees Two Hundred Thirty Eight crore and Sixty One lakh only)</b>		

*Details of facilities in Annexure - 1*

### Detailed Rationale

The revision in ratings assigned to bank facilities of Waaree Energies Limited (WEL) takes into account WEL's increasing exposure to group entities in the form of loans and advances & corporate guarantees yielding no returns.

The ratings continues to derives comfort from diversified group & experienced promoter, strong technical competence, revenue visibility with growing order-book, moderate capital structure, sustained growth in revenue and Government's push for promoting solar energy in India. The ratings are however constrained due to performance risk of SPV modules, volatility in prices of raw materials, working capital intensive nature of operations and exposure to foreign exchange fluctuation risks.

Going forward, reduction in exposure in group entities, WEL's ability to increase its existing scale of operations and profitability, any sharp cancellation or delay in execution of EPC projects as per the timeline envisaged, and effective management of working capital requirements remains key rating sensitivities.

### Detailed description of key rating drivers

WEL's exposure to its group entities has increased to Rs.273.44 crore in FY16 (Rs.207.26 crore in FY15), accounting for 167.36% of its networth as on Mar 31, 2016. Furthermore, as on March 31 2016, aggregate of corporate guarantees extended by WEL against loans availed by its subsidiaries stood at Rs.415.53 crore. Of the total fund based exposure, majority of the exposure is with WaaNeep Solar Private Limited (WSPL; Rs.112.50 crore); Saswata Solar LLP (Rs.73.85 crore – which has been invested in Cesare Bonetti India Private Limited) and Waaree Industries Private Limited (Rs.41.86 crore – which has been invested in Cesare Bonetti India Private Limited & Cesare Bonetti Italy). While Cesare Bonetti India & Italy continue to incur losses, WSPL has commenced operations of 75 MW (out of 100 MW) solar power plants in phases between FY16 & 9MFY17.

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

Going forward reduction in exposure in group entities remains crucial for the performance of WEL.

WEL is gaining good order traction in all the product segments (mainly in solar EPC projects) due to various state government proactive policies to promote solar power projects. The company as on October 31, 2016 had an order book of Rs.642.98 crore (comprising of EPC – Rs.244.35 crore and Solar PV module supply of Rs.398.63) crore to be executed between November 2016 to March 2017.

WEL's operations though restricted to solar energy sector are diversified into various product lines which ranges from manufacturing of PV modules, trading of solar products, EPC services for setting up a solar project, etc. Due to such diversification, WEL enjoys a competitive advantage as it is able to cater all its customers' needs under one roof.

**Analytical approach followed** – Standalone financial performance of WEL

### **Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology – Manufacturing Companies](#)

[Financial Ratios – Non-Financial Sector](#)

### **Company 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 29.59% to the total turnover of the company in FY16. 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 (48 yrs) and his brother Shri Viren Doshi (46 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.

During FY16 (refers to the period April 1 to March 31), WEL has reported a PAT of Rs.22.80 crore on a total income of Rs.1,000.95 crore as against a PAT of Rs.27.37crore on a total income of Rs.800.57 crore in FY15.

During H1FY17 (refers to the period April 1 to September 30), the company has reported a PAT of

Rs.9.47 crore on a total income of Rs.409.23 crore.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure – 2

**Analyst Contact**

Name: Mr. Vineet Chamaria

Tel: #033-40181609

Mobile: #9051730850

Email: vineet.chamaria@careratings.com

***Note on complexity levels of the rated instrument:*** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**Annexure - 1****Details of Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund Based - LT-Cash Credit	-	-	-	70.00	CARE BBB-; Stable
Non-Fund Based - ST-BG/LC	-	-	-	113.50	CARE A3
Non-Fund Based - ST-Forward Contract	-	-	-	1.00	CARE A3
Term Loan-Long Term	-	-	March 2021	54.11	CARE BBB-; Stable

**Annexure - 2****Rating History (Last three years)**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Chronology of Rating history for past three years			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund Based - LT-Cash Credit	LT	70.00	CARE BBB-; Stable	-	1)CARE BBB (27-08-2015)	1)CARE BBB- (05-12-2014)	1)CARE BBB- (25-02-2014) 2)CARE BBB- (22-11-2013)
2.	Non-Fund Based - ST-BG/LC	ST	113.50	CARE A3	-	1)CARE A3+ (27-08-2015)	1)CARE A3 (05-12-2014)	1)CARE A3 (25-02-2014) 2)CARE A3 (22-11-2013)
3.	Non-Fund Based - ST-Forward Contract	ST	1.00	CARE A3	-	1)CARE A3+ (27-08-2015)	1)CARE A3 (05-12-2014)	1)CARE A3 (25-02-2014) 2)CARE A3 (22-11-2013)
4.	Term Loan-Long Term	LT	54.11	CARE BBB-; Stable	-	1)CARE BBB (27-08-2015)	1)CARE BBB- (05-12-2014)	1)CARE BBB- (25-02-2014)

## CONTACT

## Head Office Mumbai

**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

## CREDIT ANALYSIS &amp; RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

## AHMEDABAD

**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)

## BENGALURU

**Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

## CHANDIGARH

**Mr. Sajan Goyal**SCF No. 54-55,  
First Floor, Phase 11,  
Sector 65, Mohali - 160062  
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)

## CHENNAI

**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

## COIMBATORE

**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square  
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

## HYDERABAD

**Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)

## JAIPUR

**Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

## KOLKATA

**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

## NEW DELHI

**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

## PUNE

**Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691