

Waaree Renewable Technologies Limited

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	28.94	CARE A; Stable	Upgraded from CARE A-; Stable
Long-term / Short-term bank facilities	1,394.06	CARE A; Stable / CARE A1	Upgraded from CARE A-; Stable / CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings upgrade on bank facilities of Waaree Renewable Technologies Limited (WRTL), which is engaged in the business of providing engineering, procurement, and construction (EPC) solutions in the solar power sub-segment, factor in improvement in credit profile of WRTL's parent, Waaree Energies Limited (WEL, rated 'CARE A+; Stable/CARE A1+'), and satisfactory financial performance of the company in 9M-FY25 as reflected by profitability margins remaining in line with envisaged levels.

Ratings continue to factor in the strong and resourceful parentage by virtue of WRTL being a subsidiary of WEL, which is the largest solar PV module manufacturer of India with 1.4 GW of solar cell and 14.9 GW of solar module manufacturing capacities as of February 2025 end. Further, WRTL's order book position continues to remain healthy as reflected by an unexecuted order book for more than 3.4 GW aggregating to gross unexecuted contract value of ~₹3,700 crore as on December 2024 end.

However, the aforementioned rating strengths of WRTL are partially offset by the high competitive intensity in the renewable energy EPC segment and profitability margins susceptible to volatility in input prices. Further, CARE Ratings Limited (CARE Ratings) considers the nature of business operations, which requires utilisation of working capital limits to extend letters of credit (LCs) / bank guarantees (BGs) to vendors and customers. Going forward, the company's ability to execute underlying orders without any material cost or time overrun would be critical from a profitability perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the credit profile of the parent, WEL.
- Improvement in financial risk profile as reflected by significant improvement in profitability margins on a sustained basis.

Negative factors

- Deterioration in financial risk profile as reflected by lower-than-expected profitability margins and increase in operating cycle thereby adversely impacting the liquidity.
- Decline in total outside liabilities to tangible net worth (TOL/TNW) beyond 2.5x on a sustained basis.
- Weakening of the credit profile of the parent, WEL, or any change in linkages/support philosophy between the parent and WRTL.

Analytical approach: Consolidated plus factoring in parent support.

CARE Ratings has considered the consolidated financials of WRTL including all its subsidiaries as on December 31, 2024, to assess WRTL. The list of entities getting consolidated into WRTL is placed at Annexure-6.

Moreover, CARE Ratings expects WRTL's parent, WEL, to be willing to extend need-based support to WRTL, given the high strategic importance of WRTL for WEL.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook on the CARE A rating of WRTL reflects CARE Ratings' opinion that the company would benefit from its healthy order book position. The expectation of successful order book execution and sustained improvement in operational performance supports the outlook.

Detailed description of key rating drivers**Key strengths****Strong and resourceful parentage by virtue of being a part of the Waaree Group**

WEL is the largest solar PV module manufacturer of India with 1.4 GW of solar cell and 14.9 GW of solar module manufacturing capacity as on February 12, 2025. The group has an established position and clientele across India and overseas. Currently, it derives over 70% of its revenue from export sales and remaining ~30% revenue from domestic sales to utilities, enterprises, and franchises. WEL has nearly 390 franchisees in 25 states and two Union Territories across India, which provides a wide reach. The company is a part of the Approved List of Models and Manufacturers for modules (ALMM-I). Apart from the sale and manufacture of PV modules, the company provides EPC for solar power plants in India and overseas, and trades in other solar-related products such as solar water heaters and solar water pumps.

The stated posture of WEL towards WRTL remains strong as reflected by WRTL's contribution of ~10% to group's overall profitability and strong linkages between both the entities.

Strong financial position characterised by growth in topline, healthy profitability margins, and swift operating cycle

The financial position of the company is strong as reflected by growth in total operating income (TOI) from ~₹876 crore in FY24 to ~₹1,121 crore in 9M-FY25. The company has maintained operating profitability margins above 15% and net margins above 10% since FY23. The working capital intensity is moderate with inventory holding period of ~30 days and operating cycle of less than 50 days.

Healthy orderbook position providing revenue visibility over the near term

The company has a healthy unexecuted order book for over 3.4 GW aggregating to gross unexecuted contract value of ~₹3,700 crore as of December 2024 end providing revenue visibility to the company over the near term. Moreover, the order book constitutes contracts with reputed counterparties eliminating counterparty credit risk to a meaningful extent.

Key weaknesses**Susceptibility of profitability to volatility in the prices of key input**

WRTL undertakes EPC contracts (Turnkey and BOS - Balance of Supply) for construction of solar power projects across geographies to be commissioned within predefined timelines and cost. CARE Ratings notes that challenges with respect to increase in the prices of various inputs, cables, structures, and modules among others may impact the TOI and the profitability of the company.

While the risk of increase in the solar module prices is partly mitigated due to the fact that WRTL sources its modules from its parent, WEL, the company's ability to demonstrate strong project execution capabilities despite disruptions remains crucial from the credit perspective.

Moreover, CARE Ratings also makes a note of the fact that with sharp fluctuations in metal prices and challenges in land acquisition and receipt of prerequisite clearances, profitability of solar EPC players like WRTL may remain vulnerable.

High level of competitive intensity in the solar EPC segment

WRTL is a mid-sized player operating in an intensely competitive and fragmented industry. Its competitors include EPC arms of several independent power producers (IPPs), who comparatively hold a high bargaining power in terms of securing orders from

those respective developers. It also faces competition from several medium to small-sized players, who provide EPC and operations and maintenance (O&M) services to the same target segment.

Dependence on working capital limits to sustain business operations

Given the nature of business operations, the company requires working capital limits to extend LCs/BGs to its vendors and customers. As of December 2024 end, of the total sanctioned limits, working capital utilisation stood at 42%. Going forward, the company's ability to execute underlying orders without material cost or time overrun would be critical from a profitability perspective.

Liquidity: Adequate

As of December 2024 end, the company had free cash and bank balance of ~₹44 crore. This apart, the company had restricted cash balance of ~₹161 crore and unutilised working capital limits of ~₹800 crore as of December 2024 end. Due to the nature of the business, the company does not maintain a higher cash balance since working capital requirement is funded through external facilities from time to time.

Environment, social, and governance (ESG) risks

WRTL is dedicated to fostering sustainable living by championing environmental preservation, promoting health and safety through adoption of green energy practices, empowering children through educational initiatives, and actively engaging communities in environmental stewardship programmes. Notably, 43% of WRTL's board consists of independent directors, ensuring robust governance and diverse perspectives.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

WRTL, incorporated on June 06, 1999, is a majority owned subsidiary of WEL. WRTL is engaged in the business of providing EPC solutions to third-party renewable energy developers across the country and generation of power through renewable energy sources. The company is listed on the Bombay Stock Exchange (BSE).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	351	876	1,121
PBILDT	84	207	185
PAT	55	148	135
Overall gearing (times)	0.5	0.2	NM
Interest coverage (times)	15.8	30.6	NM

A: Audited; UA: Unaudited; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	1394.06	CARE A; Stable / CARE A1
Term Loan-Long Term	-	-	-	December 2033	28.94	CARE A; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	1394.06	CARE A; Stable / CARE A1	1)CARE A-; Stable / CARE A2 (24-Oct-24) 2)CARE A-; Stable / CARE A2 (10-May-24)	-	-	-
2	Term Loan-Long Term	LT	28.94	CARE A; Stable	1)CARE A-; Stable (24-Oct-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Wasang Solar One Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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