

## WAA Solar Limited

May 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	33.83	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB+; Stable

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) vide its press release dated January 03, 2025, had placed the rating of WAA Solar Limited (WSL) under the 'Issuer non-cooperating' category as WSL had failed to provide information for monitoring the rating despite repeated requests vide e-mail communications dated July 10, 2024, September 10, 2024, October 14, 2024, November 06, 2024, December 02, 2024, and numerous phone calls. WSL continues to be non-cooperative.

Thus, in pursuant to the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the ratings on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The revision in the rating of WSL is pursuant to SEBI's circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. SEBI has in this circular mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the CRA shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status". Also, CARE Ratings takes cognisance of deterioration in capital structure and debt coverage indicators of WSL on account of ongoing execution of the project awarded by Paschim Gujarat Vij Company Limited (PGVCL).

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The rating assigned to the bank facilities of (WSL) continue to remain constrained on account of vulnerability of power generation to variation in climatic conditions and technology risk associated with solar power projects, interest rate and client concentration risk. The rating also takes cognizance of corporate guarantees extended by WSL to its Special Purpose Vehicles (SPVs) and limited cushion in WSL's liquidity post downward revision in tariff rates from January 2024 and July 2023 onwards for its Surendranagar and Bhopal power plants, respectively.

The above rating weaknesses are, however, partially offset by the vast experience of its promoters in the infrastructure industry, presence of long-term power purchase agreement (PPA) with a strong counterparty i.e. Gujarat Urja Vikas Nigam Limited (GUVNL; rated CARE AA+; Stable/ CARE A1+) and its established track record of solar power generation marked by satisfactory capacity utilisation factor (CUF) and timely receipt of monthly payments since July 2013. The rating continues to factor adequate liquidity backed by presence of funded Debt Service Reserve Account (DSRA) for more than one quarter of debt servicing and sub-ordinated lien marked fixed deposit as per sanction terms.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of the last rating on March 26, 2024, the following were the rating weaknesses and strengths (updated on the basis of FY25 results published by the company):

#### Key weaknesses

##### Moderate capital structure and debt service coverage indicators

WSL's capital structure deteriorated and stood moderate as marked by an overall gearing of 0.64x as on FY25 end (0.21x as on FY24 end). Debt coverage indicators also stood moderate as indicated by PBILDT interest coverage of 1.48x in FY25 (4.55x in FY24) and total debt to GCA of 23.54 years in FY25 (2.65 years in FY24). Overall gearing adjusted for recourse nature of debt of SPVs remained high.

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

### **Vulnerability of power generation; technological risk with solar power project**

The CUF level of a solar power plant primarily depends upon solar radiation levels, climatic conditions, degradation of modules and technology used. Furthermore, the performance track record of the thin film type PV modules, used by WSL, in Indian conditions is relatively limited. Although, the modules and other equipment have been sourced from reputed suppliers, climatic variations as well as technological risk persists for the entire project duration.

### **Interest rate risk**

Considering the term loan availed is on a floating rate basis and the power tariff with GUVNL is fixed, WSL's profitability remains exposed to any upward revision in interest rates.

### **Foray in solar power generation under RESCO model**

WSL has been awarded Letter of Intent (LOIs) by Paschim Gujarat Vij Company Limited (PGVCL; rated CARE AA+; Stable/ A1+) for commissioning and operation of solar power plants at multiple location in Gujarat (47.50 MW - AC capacity) under Renewable Energy Service Company (RESCO) model at a rate of Rs.3/kWh for a period of 25 years. The total estimated cost of the project is around Rs.230 crore, of which Rs.184 crore will be funded through term debt which has already been sanctioned, and balance through support from the government in form of grant, and some portion of equity. Execution of 7MW has been completed till December 10, 2024, and 12MW more is expected to be completed by the end of January 2025. PPA has also been executed. While there are some land availability issues for some portion of the total capacity to be executed, extension of time is expected to be approved by PGVCL.

### **Key strengths**

#### **Experienced promoter group with established presence in the infrastructure industry**

WSL is a part of Vadodara-based Madhav group which has demonstrated satisfactory track record in executing various solar power projects on EPC basis for third parties as well as for group companies. The group has executed more than 90 MW solar power projects till August 31, 2023, in multiple states. WSL is promoted by Mr. Ashok Khurana and his son Mr. Amit Khurana, who possess vast experience in the infrastructure industry. The promoters are duly supported by a team of experienced professionals in their day-to-day operations.

#### **Established track record of power generation operations and long-term PPA with GUVNL resulting in low counter party credit risk**

WSL had commissioned 10.25-MW (AC - 10 MW) grid-connected solar plant in January 2012 and has operational track record of over 11 years till August 31, 2023. WSL has entered into a long-term PPA of 25 years with GUVNL for supply of entire generation capacity at a fixed tariff of Rs.15/ kWh for the first 12 years (till January 2024) and Rs.5/kWh thereafter. GUVNL is a wholly owned subsidiary of Government of Gujarat (GoG), has a strong financial risk profile. Long-term PPA with GUVNL alleviates the counterparty credit risk, ensures assured offtake and cash flow sustainability, indicated by receipt of payments from GUVNL within 5-10 days of monthly invoices raised by WSL (till August 2023) against 30 days permissible payment period as per PPA. Latest details of receipt of payments are not available.

#### **Moderate generation levels**

During FY23, WSL reported average CUF levels of 18.76% (17.89% in FY22); improvement in power generation was on account of favourable weather conditions at both the plant location and thereby TOI grew to Rs.25.81 crore (Rs.23.52 crore in FY22). However, average CUF levels during 5MFY24 declined to 17.73% (18.31% in 5MFY23), due to cyclonic storm in the Gujarat state during mid of June – July 2023. While generation data for FY24 and FY25 are not available, WSL's TOI stood at Rs.26.08 crore during FY24 and Rs.27.65 crore during FY25. Despite reduction in tariff, TOI has sustained historical levels owing to EPC income being booked by WSL. However, margins from the EPC business are relatively lower compared to solar power generation business, resulting in lower profitability and cash accruals during FY25.

#### **Satisfactory operations of guaranteed group entities**

WSL has extended its un-conditional and irrevocable corporate guarantee towards the debt of two operational SPVs/ associates of the Madhav group namely Madhav (Phoolsagar Niwas Shahpura Corridor) Highways Private Limited (MPHPL) and Madhav (Sehora Silodi Corridor) Highways Private Limited (MSHPL). As per last available information, both the SPVs were self-sustainable and generating cash surplus.

**Liquidity: Adequate**

WSL's liquidity remained adequate characterized by defined cash-flow mechanism, maintenance of adequate funds in DSRA, comfortable tail period of five years and timely receipt of payments from GUVNL within 5-10 days of monthly invoices raised. As on September 30, 2024, WSL had funded DSRA of Rs.5.25 crore (incl. interest accrued thereon) in the form of fixed deposit (FD) [more than one quarter of debt servicing obligations] and sub-ordinated FD of Rs.12.66 crore (incl. interest accrued thereon), in line with sanction terms. Free cash and bank balance stood low at ~Rs.4 crore as on September 30, 2024. Post downward revision in tariff rates for WSL's solar power plants, the cushion in its liquidity to is envisaged to remain limited.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

**Applicable criteria**

[Policy in respect of non-cooperation by issuers](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

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[Solar Power Projects](#)

**About the company and industry****Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power Generation

Incorporated in November 2009, Vadodara-based WSL is a subsidiary of Madhav Power Private Limited, promoted by Mr. Ashok Khurana and Mr. Amit Khurana. The promoters of WSL were the erstwhile promoters of MSK Projects India Limited, which was subsequently taken over by the Welspun group (now known as Welspun Enterprises Limited). WSL had commissioned 10.25- MW (AC -10 MW) grid interactive solar PV power project at District Surendranagar, Gujarat, which was operational since January 2012. WSL signed a Power Purchase Agreement (PPA) for 25 years with GUVNL under the Gujarat Solar Policy 2009 framework for the sale of entire generated solar power. WSL has also commissioned a 0.10 MW grid interactive solar PV power project at Rajabhoj Airport, Bhopal, which was operational since July 2013. Apart from the above, WSL has sponsored Madhav group's various project specific SPVs in the road construction and solar power segments.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	15.26	26.08	27.65
PBILDT	11.38	17.85	7.31
PAT	1.35	4.40	1.22
Overall gearing (times)	1.13	0.21	0.64
Interest coverage (times)	2.68	4.55	1.48

A: Audited UA: Unaudited; 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
Term Loan-Long Term		-	-	March, 2032	33.83	CARE BB+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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 2025-2026	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
1	Term Loan-Long Term	LT	33.83	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB+; Stable; ISSUER NOT COOPERATING* (03-Jan-25)	1)CARE BBB+; Stable (09-Oct-23)	1)CARE BBB+; Stable (21-Sep-22)

\*Issuer did not cooperate; based on best available information.

LT: Long 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	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

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

**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](mailto:care@careedge.in) for clarifications.

## Contact us

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