Waaree Energies Ltd — 19 Mar 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**CARE A** → **CARE A+** (Long Term) • **CARE A2+** → **CARE A1+** (Short Term) • **1 Notch Upgrade**
Outlook (Current vs Previous)	**Stable** vs **Stable**
Key Drivers of Change	1. **IPO De-leveraging:** Raised **□3,600 Cr** via primary issuance, significantly strengthening the capital structure (Gearing at **0.3x**). 2. **Profitability Expansion:** 9MFY25 EBITDA margins improved to **17.2%** (vs 13% in FY23) due to better scale and capacity utilization. 3. **Backward Integration:** Successful start of **1.4 GW cell production** (moving toward 5.4 GW total cell capacity) reducing import reliance. 4. **Revenue Visibility:** Order book surged to **~□50,000 Cr (~26.5 GW)**, providing multi-year revenue security.
Rated Instruments	• **Term Loans:** □1,904 Cr (CARE A+; Stable) • **BG/LC (Non-fund):** □2,690 Cr (CARE A+; Stable / CARE A1+) • **Working Capital:** □810 Cr (CARE A+; Stable / CARE A1+) • **Forward Contract:** □150 Cr (CARE A+; Stable / CARE A1+)
Key Observations	**Strengths:** • Largest Indian module manufacturer (**14.9 GW** capacity). • Strong policy tailwinds (ALMM, BCD of 40% on imports, PM Surya Ghar scheme). • Diversified customer base across utility-scale, rooftop, and exports (US plant operational). **Risks:** • **□9,000 Cr Odisha Capex:** Massive execution risk for deeply integrated 6 GW wafer-to-module project. • **Raw Material Volatility:** Susceptible to polysilicon/wafer price swings and FX risk on 50% cell imports. • **New Ventures:** Exposure to high-risk Green Hydrogen & BESS segments (~15% of capital).
Investor Impact	• **Margins:** Expected to remain in double digits; further upside as cell manufacturing ramps up. • **Leverage:** TD/EBITDA to stay **< 1.0x** despite drawing □5,500 Cr debt for Odisha project. • **Growth:** Rapid expansion in US and domestic markets; acquisition of Enel Green Power India adds **~2.6 GW** EPC/supply pipeline. • **Dilution:** Low risk in the near term following the □3,600 Cr IPO.
Agency / Cross Analysis	**Same Agency (CARE):** What changed vs April 2024 review is the successful conversion of "project stage" cell lines into "operational" status and the massive equity cushion from the IPO. Financials outperformed CARE's previous base case (9MFY25 TOI of **□10,441 Cr** is nearly equal to full FY24). **Conclusion: Fundamental Improvement** in solvency and business model (from assembler to integrated manufacturer).
Final Inference	**Strong "Real Improvement" Signal.** The upgrade confirms that WEL has successfully utilized equity markets to de-risk its massive expansion. While execution risk in Odisha remains, the current order book and 0.3x gearing provide a massive safety buffer for equity holders.