

GROUP 1

FINANCIAL STATEMENT ANALYSIS

WAAREE RENEWABLE TECHNOLOGIES LIMITED (WRTL)

EP61203 – FINANCIAL AND LEGAL ASPECTS OF
NEW TECHNOLOGY VENTURES

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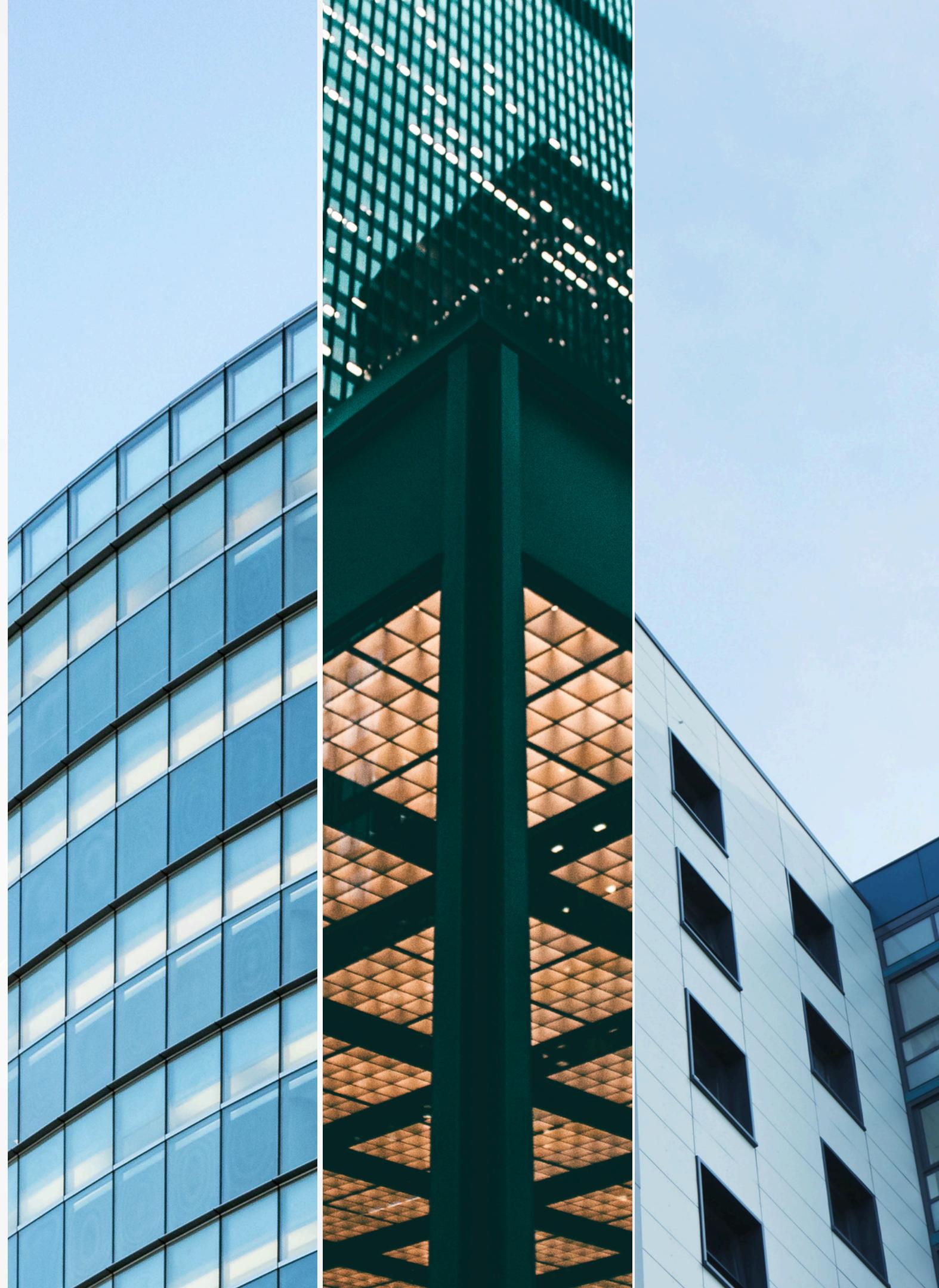
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WAAREE | RTL

Execution with Pace & Comfort

COMPANY BACKGROUND

- **Company Overview:** WAREE, established in 2010, is a leading Indian solar manufacturer and renewable energy provider.
- **Product Portfolio:** Specializes in solar PV modules, inverters, solar power plants, and related solutions.
- **Market Focus:** Serves both domestic and international markets, with an emphasis on innovation, quality, and sustainability.
- **Mission:** Committed to reducing solar energy costs and promoting adoption across residential, commercial, and industrial sectors.



INDUSTRY OUTLOOK

- **Global & Indian Growth:** Solar energy is rapidly expanding, driven by rising energy demands, environmental concerns, and government support for sustainable energy.
- **India's Solar Goals:** India targets 100 GW of solar capacity by 2022 and 300 GW by 2030, boosting sector momentum.
- **Supportive Factors:** Favorable policies, tech advancements, and declining solar equipment costs make solar a promising investment.
- **Climate & Energy Awareness:** Increasing climate change awareness and energy security needs drive residential and commercial solar adoption.
- **Opportunity for WAREE:** Positioned to benefit from these trends, WAREE contributes to a sustainable energy future.



BALANCE SHEET FOR LAST 3 YEARS

EQUITIES AND LIABILITIES	Mar 22	Mar 23	Mar 24
SHAREHOLDER'S FUNDS			
Equity Share Capital	20.81	20.81	20.83
Total Share Capital	20.81	20.81	20.83
Reserves and Surplus	31.4	90.62	238.53
Total Reserves and Surplus	31.4	90.62	238.53
Total Shareholders Funds	52.21	111.43	259.36
NON-CURRENT LIABILITIES			
Long Term Borrowings	0.09	0	0
Deferred Tax Liabilities [Net]	0.65	0.6	8.16
Long Term Provisions	0.22	0.31	0.62
Total Non-Current Liabilities	0.96	0.91	8.78
CURRENT LIABILITIES			
Short Term Borrowings	0	0	10
Trade Payables	57.91	76.81	297.51
Other Current Liabilities	20.94	65.19	119.92
Short Term Provisions	0.04	0.1	0.45
Total Current Liabilities	78.89	142.1	427.89
Total Capital And Liabilities	132.06	254.45	696.02

ASSETS	Mar 22	Mar 23	Mar 24
NON-CURRENT ASSETS			
Tangible Assets	3.15	9.27	93.53
Intangible Assets	0	0	0
Capital Work-In-Progress	0	80.05	3.03
Fixed Assets	3.15	89.32	96.56
Non-Current Investments	0.22	0.22	0.22
Long Term Loans And Advances	0	0	0
Other Non-Current Assets	0.01	0.06	4.02
Total Non-Current Assets	3.39	89.6	100.8
CURRENT ASSETS			
Current Investments	0.56	0	9
Inventories	1.69	36.52	29.17
Trade Receivables	45.11	61.28	371.65
Cash And Cash Equivalents	38.57	12.74	116.82
Short Term Loans And Advances	38.01	38.86	45.53
Other Current Assets	4.74	15.44	23.04
Total Current Assets	128.67	164.85	595.22
Total Assets	132.06	254.45	696.02

BALANCE SHEET: ADDITIONAL INFORMATION

CONTINGENT LIABILITIES, COMMITMENTS			
Contingent Liabilities	3.7	19.3	4.42
EXPENDITURE IN FOREIGN EXCHANGE			
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS			
Dividend Remittance In Foreign Currency	-	-	-
EARNINGS IN FOREIGN EXCHANGE			
FOB Value Of Goods	-	-	-
Other Earnings	-	-	0
BONUS DETAILS			
Bonus Equity Share Capital	3.64	3.64	3.64
NON-CURRENT INVESTMENTS			
Non-Current Investments Quoted Market Value	-	-	-
Non-Current Investments Unquoted Book Value	0.22	0.22	0.22
CURRENT INVESTMENTS			
Current Investments Quoted Market Value	-	-	-
Current Investments Unquoted Book Value	-	-	9

BALANCE SHEET ANALYSIS

PARAMETERS	MAR 22	MAR 24
SHAREHOLDER FUNDS	52.21	259.36
CURRENT LIABILITIES	78.89	427.89
SHORT TERM BURROWINGS	8.85	13.84
NON-CURRENT ASSETS	3.15	95.53
CURRENT ASSETS	128.67	595.22
EARNINGS BEFORE TAX (EBT)	29.95	200.29
CASH AND CASH EQUIVALENTS	125.82	73.17
EQUITY DIVIDEND RATE	10%	50%

KEY OBSERVATIONS

- Equity and Liabilities:** Strong growth in shareholder funds, though rising current liabilities (mainly trade payables) require liquidity management.
- Debt Levels:** Minimal short-term borrowing shows a conservative approach, keeping interest costs low.
- Asset Composition:** Increased investment in infrastructure supports growth; rising current assets and receivables highlight strong sales but need collection improvement.
- Working Capital and Liquidity:** Cash reserves have decreased significantly, which, combined with high receivables, suggests a need to focus on cash flow management.

PROFIT LOSS STATEMENT FOR LAST 3 YEARS

INCOME	Mar 22	Mar 23	Mar 24	Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	25.95	79.81	200.29
Revenue From Operations [Gross]	153.5	341.58	867.26	Profit/Loss Before Tax	25.95	79.81	200.29
Revenue From Operations [Net]	153.5	341.58	867.26	Tax Expenses-Continued Operations			
Other Operating Revenues	0.06	0.15	0.1	Current Tax	5.41	20.45	43.8
Total Operating Revenues	153.56	341.73	867.36	Deferred Tax	0.4	-0.04	7.55
Other Income	14.35	5.18	7.83	Tax For Earlier Years	-0.26	0	0
Total Revenue	167.91	346.92	875.19	Total Tax Expenses	5.55	20.4	51.35
EXPENSES				Profit/Loss After Tax And Before ExtraOrdinary Items	20.4	59.41	148.94
Purchase Of Stock-In Trade	5.54	0	0	Profit/Loss From Continuing Operations	20.4	59.41	148.94
Operating And Direct Expenses	127.81	252.96	644.9	Profit/Loss For The Period	20.4	59.41	148.94
Changes In Inventories Of FG,WIP And Stock-In Trade	0	0	0	Year	Mar-22	Mar-23	Mar-24
Employee Benefit Expenses	5.6	9.78	17.3				
Finance Costs	1.47	1.18	3.86				
Depreciation And Amortisation Expenses	0.16	0.18	2.58				
Other Expenses	1.38	3.01	6.26				
Total Expenses	141.96	267.11	674.9				
Year	Mar-22	Mar-23	Mar-24				

OTHER ADDITIONAL INFORMATION

EARNINGS PER SHARE			
Basic EPS (Rs.)	9.8	28.54	14.3
Diluted EPS (Rs.)	9.8	28.44	14.29
VALUE OF IMPORTED AND INGENIOUS RAW MATERIALS			
STORES, SPARES AND LOOSE TOOLS			
DIVIDEND AND DIVIDEND PERCENTAGE			
Equity Share Dividend	1.04	1.04	2.08
Equity Dividend Rate (%)	10	10	50

PROFIT AND LOSS ANALYSIS

PARAMETERS	MAR 22	MAR 24
REVENUE GROWTH	153.5	867.26
OTHER INCOME	14.35	7.83
OPERATING EXPENSES	127.81	644.9
EMPLOYEE BENEFITS	5.6	17.3
FINANCE COSTS	1.47	3.86
EARNINGS BEFORE TAX (EBT)	29.95	200.29
NET PROFIT	20.40	148.94
EARNINGS PER SHARE (EPS)	28.53	14.3

KEY OBSERVATIONS

- **Revenue Growth:** Strong expansion and demand for products/services, despite fluctuations in non-core income.
- **Operating Expenses:** Significant increase aligned with revenue growth, underscoring scalability but necessitating careful cost management.
- **Employee and Finance Costs:** Rising employee expenses reflect business expansion, with finance costs remaining manageable alongside revenue growth.
- **Profitability:** Core earnings and net profit indicate robust growth, with effective revenue-to-profit conversion, although EPS volatility reflects adjustments in dividends and potential equity changes.

RATIO ANALYSIS

Liquidity Ratios

LIQUIDITY RATIOS	2020	2024
CURRENT RATIO	2.07	1.39
QUICK RATIO	2.07	1.32
CASH RATIO	0.5	0.87

Profitability Ratios

PROFITABILITY RATIOS	2020	2024
RETURN ON EQUITY	-VE	57.4%
RETURN ON ASSETS	-0.3%	21.4%
RETURN ON INVESTED CAPITAL	140.2%	58%
RETURN ON CAPITAL EMPLOYED	4.4%	75.8%

Solvency Ratios

SOLVENCY RATIOS	2020	2024
DEBT-TO-EQUITY	1.20	0.038
DEBT-TO-CAPITAL	0.55	0.037
INTEREST COVERAGE	0.88	52.88
DEBT-TO-ASSETS	0.54	0.014

Turnover Ratios

TURNOVER RATIOS	2020	2024
ASSET TURNOVER	0.07	1.31
RECEIVABLES TURNOVER	0.84	3.54

GENERIC RATIO ANALYSIS

MARGIN RATIOS

MARGIN RATIOS	2020	2024
GROSS MARGIN	69%	26%
EBITDA MARGIN	61.8%	23.6%
EBIT MARGIN	-	23%
NET MARGIN	-3.7%	17%

SALES GROWTH AND OUTSTANDING SHARES

Sales Growth: Peaked at 1920.53% in 2021, showing rapid expansion

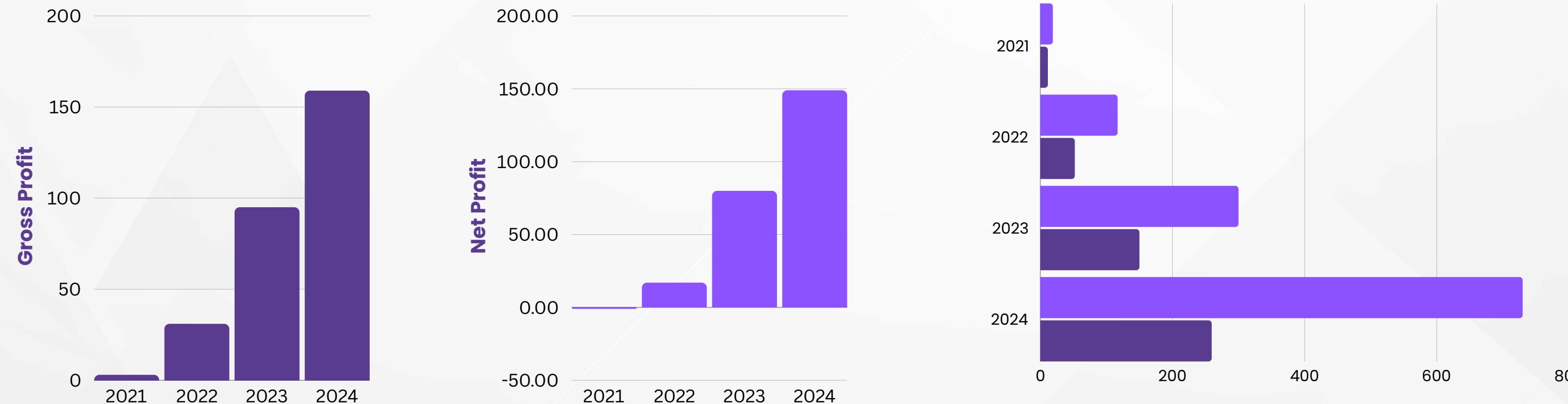
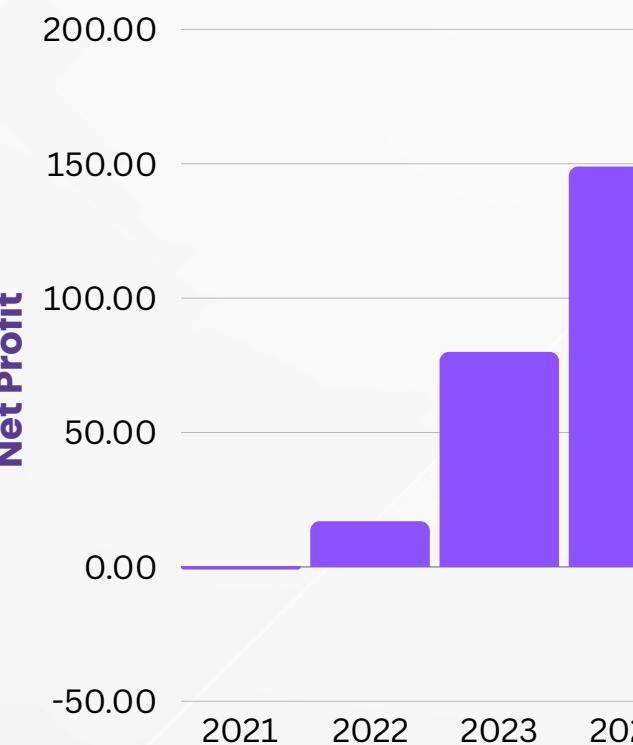
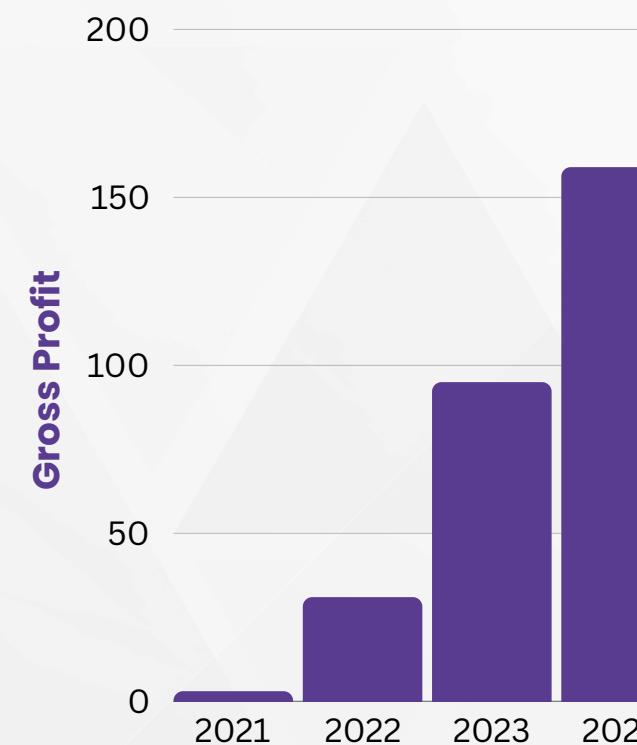
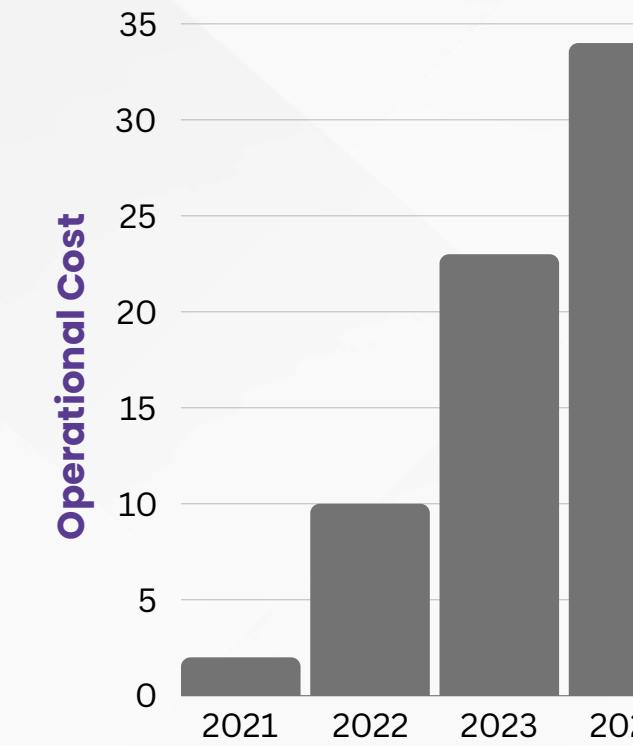
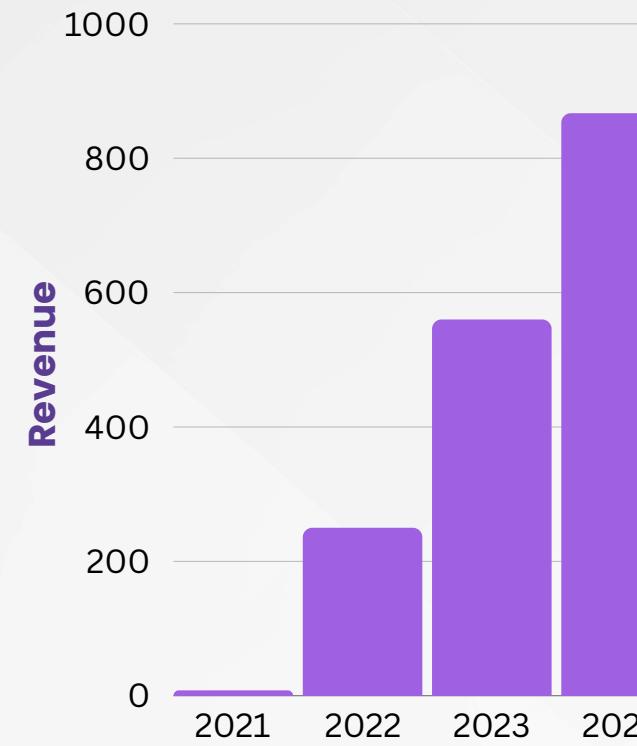
Outstanding Shares: Increased in 2024, possibly diluting existing value

SUMMARY INTERPRETATIONS

- **Liquidity:** Fluctuating, with a stable cash position by 2024.
- **Solvency:** Reduced leverage, lowering financial risk and enhancing interest coverage.
- **Profitability:** Improved ROE, ROA, and ROCE indicate efficient resource use and strong returns.
- **Margins:** Declined overall, suggesting higher costs but maintaining core profitability.
- **Turnover:** Asset turnover improved, though receivables turnover needs credit management focus.
- **Growth:** Strong sales growth in 2021; share increase in 2024 suggests potential dilution.

TREND ANALYSIS

YEAR (2021-2024)



Current and Non-Current Liabilities Trend

- Non-Current Liabilities: Declined further in FY23 as Waaree reduced debt.
- Current Liabilities: Increased, reflecting operational growth in FY23.

Profitability Ratios Trend

- Gross Margin: Stable but slightly fluctuating
- EBITDA Margin: Improving due to operational efficiencies
- Net Profit Margin: Rising, particularly in FY23 due to better cost management

COMPARATIVE ANALYSIS

Matrix comparison	Sub Matrix	Waaree Renewable	Gensol Engineering
Liquidity Ratios	Current Ratio	2.57	3.24
	Quick Ratio	1.5	3.17
	Quick Ratio (assumed)	0.8	2.07
Leverage Ratios	Debt-to-Equity	0.2	2.53
	Interest Coverage	5.1	4.07
	Debt-to-Capital	0.4	0.72
Profitability Ratios	Net Profit Margin	17%	7.10%
	EBITDA Margin	22%	17%
	Return on Equity	20%	12.90%
Growth Ratios	Sales Growth	~247%	138.22%
Asset Management Ratios	Return on Capital Employed	15%	3.70%
	Inventory Turnover Ratio	High	Moderate



Strengths: Higher profitability ratios, efficient capital utilization, stronger ROE, and robust sales growth.

Considerations: Slightly lower liquidity ratios compared to Gensol, though these are still above industry norms.



FY 23



FY 23



Strengths: Strong liquidity ratios, ample cash reserves, and manageable interest coverage.

Considerations: High leverage (D/E ratio) and lower profit margins suggest a more aggressive growth strategy that could amplify risks if market conditions worsen.

WAAREE RENEWABLE TECHNOLOGIES LIMITED VS GENSOLO ENGINEERING LIMITED



Profitability vs Sales Growth



Efficiency vs Profitability

Company	Profitability	Sales growth
Waaree	FY24 net profit grew by 157.2% to ₹64.48 crore from ₹25.07 crore in FY23	Sales grew significantly, from ₹73.88 crore in FY23 to ₹324.19 crore in FY24
Gensol	Steady growth from consulting services and solar project installations	Lower profit margin, stable growth grew by 58% from last year

Company	Efficiency	Profitability
Waaree	High-efficiency solar products like bifacial and monocrystalline PERC panels	Increased revenue and profit from high-efficiency products
Gensol	High efficiency increased by 58% in operations, focusing on cost control in its consulting and solar installations.	Profit increased by 29% from last year. Lower OPM than Waaree due to consulting business model.

Waaree Renewable Technologies limited vs Gensol Engineering Limited

Liquidity Vs Profitability

Company	Liquidity	Profitability
waaree	Strong liquidity with large project orders (e.g- 991 crore project).	Profitable growth from expanding EPC business and project orders.
Gensol	Moderate debt, maintaining sufficient liquidity for project expansion. cash balance of 43 crore with 150 crore FDS.	Adequate coverage ratio supports stable profitability 15% profit margin.

Sales Growth vs Market Evaluation

Company	Sales Growth	Market Valuation
Waaree	Significant sales growth (340% increase in FY24).	High stock performance with a market cap of ₹2,911 crore.
Gensol	Reported a 49 percent YoY rise in consolidated revenue and a 52 percent jump in profit	Moderate valuation of 850 crore. aligned with stable consulting revenue growth

Dividend vs Capex

Company	Dividend Payout	Capex
Waaree	Low dividend payout, focusing on reinvestment. dividend yeild 0.13 %	Significant capex in solar EPC and global expansions. dividend yeild 0.1%
Gensol	Minimal dividend as earnings are reinvested in project growth	Focused on enhancing technical assets and project capabilities

SUMMARY ON FINANCIAL HEALTH OF WRTL

Strong Sales Growth - WRTL has experienced robust sales growth, fueled by rising demand for renewable energy solutions and expanding market share. This positions the company well in a rapidly growing and high-demand sector.

Profitability Improvement - The company's profit after tax (PAT) reached ₹148.04 crores in FY 2024, marking a 167.55% increase from the previous year. This growth in profitability indicates effective cost management and successful project execution.

Strong Project Execution - The company completed key projects in solar power, including a 5 MW project in Chhattisgarh and an 87.5 MW project in Madhya Pradesh showing strong future growth.

Focus on Renewable Source Energy - As a key player in India's solar energy market, Waaree Renewable Technologies is well-positioned to benefit from the growing demand for solar power and government incentives promoting clean energy.

