

**Ujaas Energy Ltd.**

₹ 23

**Own your Sun !****Buy**

Apr 08, 2016

**Company Background**

Ujaas Energy Limited (Ujaas) is an Indore based company having 3 segments of business Transformer, Solar Power Plant Operation and Manufacturing & Sale of Solar Power Systems. It has installed over 115 MWs in five solar parks viz. , Rajgarh , Barod, Ichchhawar , Rojhani and Susner , in Madhya Pradesh . Ujaas is the pioneer of solar REC Mechanism in India. Apart from company's innovative PLUG & PLAY Ujaas Park model where it provides an end to end solution to the investors, the company has also done substantial solar roof top and site installations in various states of India under the allocation from SECI-Phase-II and under JNNSM. Ujaas has ranked at No 2 as India's Fastest Growing Company by a renowned magazine on Renewable Energy, Business World. The company has also made it onto prestigious Forbes Asia's 200 Best Under a Billion dollar Companies list.

**Key Highlights**

- ➔ In line with the industry trend and the shift to greener energy sources UJas has been regularly receiving orders the latest being Operation & Maintenance of Solar Photovoltaic Power Plant of 5MW Capacity from Rashtriya Ispat Nigam Limited worth 350 mn INR and Grid Connected Ground Mounted Solar Photo Voltaic Power Plant for Jaipur Airport worth 100 mn INR from Airport Authority of India.
- ➔ We expect rooftop solar to be the fastest growing segment once net metering policies are implemented in each state. With the potential target set to be revised to 40 GW for rooftop and off-grid solar projects, the pie has grown significantly and Ujaas has already developed their brand 'Ujaas Home' and 'Ujaas My Site' to capture a significant chunk.
- ➔ Further Ujaas also has developed a Plug and Play model for Large investors who wish to become Solar Power Producers The Ujaas™ Park. Here Ujaas provides a full turnkey solution under REC/ Preferential tariff etc. mechanism which is an opportunity to investors to setup own solar power producing units in fully developed Solar Parks. These plants are available for the customers after they are fully operational and start feeding power to the grid.

**Key Financials**

Year Ended 31 <sup>st</sup>	Mar 13	Mar 14	Mar 15
Revenue (INR mn)	2,479.2	5,406.5	1,335.8
Rev. growth (%)	574.25	118.07	(75.29)
EBITDA (INR mn)	510.4	1,011.0	500.8
Net profit (INR mn)	270.1	373.9	117.4
Shares outstanding (mn)	200.0	200.0	200.0
EPS (INR)	1.4	1.9	0.6
EPS growth (%)	193.59	38.43	(68.60)
P/E (x)	12.59	7.04	28.88
RONW (%)	22.83	25.54	6.99
ROCE (%)	18.54	16.57	4.06

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**Info Codes**

Reuters	: UJAA.BO
Bloomberg	: UJEL@IN
NSE	: UJAAS
BSE	: 533644

**Market Data**

52 Wk Range (₹)	: 32 / 14
Shares in Issue (mn)	: 200
Mkt. Cap (₹ bn)	: 4.52
BSE 2 Wk Avg Vol	: 139000

**Share Holding Pattern (%)**

Promoters	: 70.69
Public	: 29.31
Others	: 00.00

**Investment Theme**

Ujaas has something for everyone in the Solar Power Producing segment. The Ujaas Park for Large Investors, The Ujaas Site for those organisations who wish to derive a significant portion of power from captive plants and Ujaas Home for those who want their roofs to be better utilised and generate some extra money by net-metering. What it is currently waiting for is good government policies. The Government has also recognised the importance of Green Energy and its wide availability in India. At the Centre there is a lot of policy churning going on regarding various aspects of the same in terms of REC's, Net-metering, Roof top incentives, Captive incentives and so on. Looking at the tyargets Government has decided upto 2022. It is imperative that the Solar Power sector is all set to boom and we feel companies like Ujaas who have been in it for quite some time will be getting a competitive edge over new entrants.

**Invest in the Sunrise Industry !**

## Financial Statements

### Income Statement

(₹ mn)

Year end	Mar 13	Mar 14	% Chg	Mar 15	% Chg
Total Sales + Excise	2,458.1	5,260.1	114.0	1,085.5	(79.4)
Other Income	54.6	170.0	211.4	255.7	50.4
Change in Stocks	59.1	(71.2)	(220.5)	(27.3)	(61.7)
Raw Material Con.	1,930.5	4,168.8	115.9	666.8	(84.0)
Employee Exp.	37.4	73.4	96.3	49.8	(32.2)
Indirect Taxes	36.9	32.1	(13.0)	8.4	(73.8)
Other Exp.	56.6	73.6	30.0	88.1	19.7
Operating Exp.	2,002.3	4,419.1	120.7	840.4	(81.0)
Operating Profit	455.8	841.0	84.5	245.1	(70.9)
Total Interest	53.1	111.5	110.0	236.0	111.7
Gross Profit	457.3	899.5	96.7	264.8	(70.6)
Net Dep.	18.7	47.0	151.3	80.8	71.9
Total Taxation	168.5	478.6	184.0	66.6	(86.1)
Net Profit/Loss	270.1	373.9	38.4	117.4	(68.6)

### 4 Years Balance Sheet

(₹ mn)

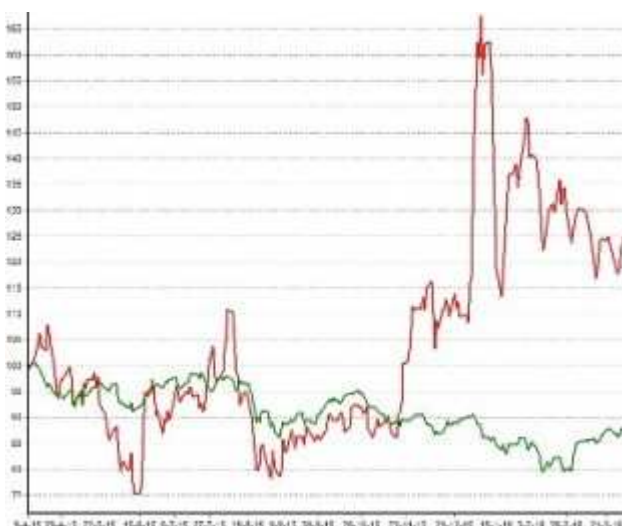
Balance Sheet as on 31 <sup>st</sup>	Mar 12	Mar 13	Mar 14	Mar 15
<b>SOURCES OF FUNDS</b>	<b>1,351.5</b>	<b>1,562.2</b>	<b>2,950.6</b>	<b>2,832.4</b>
Equity Share capital	200.0	200.0	200.0	200.0
Share Application Money	0.0	0.0	0.0	0.0
Preference Share Capital	0.0	0.0	0.0	0.0
Reserves & Surplus	865.5	1,100.6	1,427.6	1,532.9
Long Term Loans	221.5	246.9	1,223.9	1,098.6
Short Term Loans	64.5	14.7	99.1	0.9
<b>USES OF FUNDS</b>	<b>1,351.5</b>	<b>1,562.2</b>	<b>2,950.6</b>	<b>2,832.4</b>
Gross Block	412.5	434.6	1,988.2	1,992.3
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	15.4	34.0	81.0	162.1
Net Block	397.1	400.6	1,907.2	1,830.2
Capital Work in Progress	0.0	124.7	0.0	0.0
Investments	0.0	0.0	10.0	21.4
Current Assets	1,079.1	2,112.2	3,270.6	2,283.3
Less : Current Liabilities	124.7	1,075.3	2,237.2	1,302.5
Total Net Current Assets	954.4	1,036.9	1,033.4	980.8
Misc. Expenses not writtenoff	0.0	0.0	0.0	0.0
<b>NOTE</b>				
Bk Val Unquoted Investments	0.0	0.0	0.0	1.4
Mkt Val. Quoted Investments	0.0	0.0	10.0	20.0
Contingent Liabilities	257.9	65.4	1.1	1.1
Dividend (%)	5.0	10.0	20.0	5.0

## Quarterly Income Sheets

(₹ mn)

Quarter Ended	Mar 15	Jun 15	Sep 15	Dec 15
Net Sales	499.7	117.8	526.9	456.7
Cost Of Sales	340.4	15.7	402.7	357.4
Operating Profit	159.3	102.1	124.2	99.3
Other Income	3.3	3.8	5.7	4.3
Adjusted PBDIT	162.6	105.9	129.9	103.6
Financial Expenses	50.7	35.4	33.9	32.1
Depreciation	19.6	19.8	20.0	20.0
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	92.3	50.7	76.0	51.5
Tax Charges	14.3	36.4	43.2	28.2
Adjusted PAT	78.0	14.3	32.8	23.3
Non Recurring Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Net Profit	78.0	14.3	32.8	23.3

## 52 Week Index Relative Percentage Appreciation



Ujaas vs SENSEX

## Risks Associated

- Since the company operates in the Renewable Energy sector the most important risk is of the Government Policies, Any unfavourable change in the Government Policies would damage the current business position of the company.
- There are several other challenges for the company, including land acquisition, transmission and financing. But the biggest challenge will be the enforcement of RPOs and the poor bankability of India's distribution companies (DISCOMs). Further as electricity is a concurrent subject, i.e., the centre and the states both legislate on it, the states have the option to disregard the central government directives.
- Growth of rooftop solar capacity is largely dependent on its financial competitiveness vis-a-vis grid power. High upfront cost is involved in putting up a rooftop solar system and may not be a viable for residential consumers. It is also dependent on state boards issuing net-metering policies else customers would require additional cost (upto 30% of the project) for installing batteries.
- Other than the above, the company faces traditional business risks such as un-anticipated labour costs, market risks such as interest rates, operational risks such as been supplier/distributor problems and execution challenges.

**In a Nutshell**

India ranks amongst the highest recipients of solar irradiation in the world with average solar irradiation of 5.10 kWh/m<sup>2</sup> for more than 300 sunny days. Thus solar energy has emerged as a preferred choice to meet the country's increasing energy requirements. There has been increasing focus on development of solar energy in India for reasons such as limited and depleting reserves of conventional energy generating fossil fuels, their impact on environment as well as on economy. The sector is poised to grow in leaps and bounds and is expected to become one of the largest globally in the next three years. India is already on track to add more solar capacity than Germany and enter the top five solar markets globally. By changing the solar specific Renewable Purchase Obligation (RPO) target for 2022 from 3% to 10.5% of all power consumption in the country (yet to be ratified under the Electricity Act 2003), India plans to increase its solar capacity from 20 GW by 2020 to 100 GW by 2022. The 100 GW target is split between 60 GW of utility scale projects and 40 GW of rooftop and other small grid-connected projects. Both central & state governments have announced a number of schemes and policies to accelerate solar development. The central government has taken the lead with the National Solar Mission (15 GW of projects by 2019) and initiatives such as the solar parks policy and an interest rate subvention scheme. Many states, including Andhra Pradesh (5 GW), Telangana (5 GW), Maharashtra (7.5 GW), Tamil Nadu (3 GW) and Karnataka (2 GW) have followed with huge targets. The company has been operating in the Solar Energy Segment for quite some years and has around 115 MW of generation plus expertise in rooftop installations etc. We therefore feel it has a rising future.

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**Rating Interpretation**

**Buy** : Expected to appreciate 20% or more over 12-months

**Accumulate** : Expected to appreciate 10% to 20% over 12-months

**Trade Buy** : Expected to appreciate more than 10% over 45-days

**Reduce** : Expected to depreciate up to 10% over 12-months

**Sell** : Expected to depreciate 10% or more over 12-months

**Trade Sell** : Expected to depreciate more than 10% over 45-days

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