

Waaree Energies Limited - IPO

Recommendation: **Subscribe**

Renewables

Founded in 1990, Waaree Energies Limited (WEL) is India's largest solar module manufacturer and exporter. Between FY20 and FY24, its installed capacity surged 6x, reaching 13.3GW (up from 2GW in FY21), giving WEL a dominant 21% share of the domestic market and an impressive 44% share of India's solar module exports. WEL is currently establishing an 11.4GW integrated manufacturing facility, which includes a 5.4GW solar cell unit expected to be operational by FY25, and a 6GW fully integrated facility for ingots, wafers, and solar cells by FY27. This vertical integration aims to improve operational efficiency, lower costs, and reduce reliance on external suppliers. As solar energy plays a critical role in the global shift toward renewables, WEL is well-positioned to leverage this opportunity, backed by its market leadership, financial strength, and commitment to innovation and sustainability.

Issue Snapshot

Details	Information
Date of Opening	21st October 2024
Date of Closing	23rd October 2024
Price Band (Rs)	₹ 1427- ₹ 1503
Offer for Sale (Rs cr)	₹ 721.44 Cr
Fresh Issue (Rs cr)	₹ 3,600.00 Cr
Issue Size (Rs cr)	₹ 4,321.44 Cr
Face Value (Rs)	10
Registrar	Link Intime India Private Limited
Bid Lot	9 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%
Shareholding Pattern (Pre-Issue)	71.80%
Shareholding Pattern (Post-Issue)	64.30%

Dominating India's Solar Module Market:

Waaree Energies Limited (WEL) is a key player in India's solar energy market, boasting an installed capacity of 13.3GW. WEL is over 3x the size of its nearest competitor. Its consistent R&D investment, alongside the global shift towards green energy, has solidified its position, accounting for 44% of India's total solar module exports. WEL's strong 19.9GW order book (as of FY24) reflects its trusted client relationships and widespread product acceptance.

Achieving Expansion Through Backward Integration:

WEL is set to grow its capacity to 20.9GW by FY27, including the development of a U.S. manufacturing facility with an initial 1.6GW capacity, scalable up to 5GW by FY27. This growth is further supported by ongoing expansions in India, including a 5.4GW solar cell manufacturing facility (expected by FY25) and a fully integrated 6GW facility (by FY27). These expansions, along with WEL's commitment to high-efficiency solar modules through innovation and R&D, keep the company at the forefront of solar technology.

Industry-Leading Financial Performance:

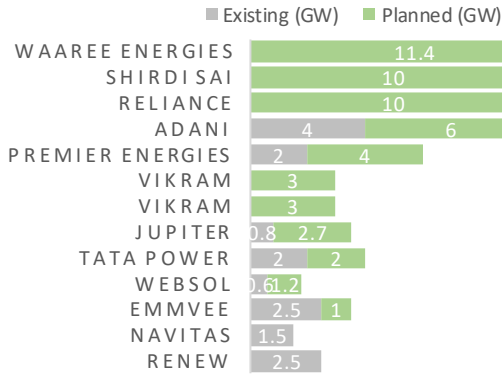
WEL has experienced impressive financial growth, driven by a 6x capacity expansion, favourable industry dynamics, and improved operational efficiency. Over FY21-24, WEL achieved a robust CAGR of 80% in revenue, 154% in EBITDA, and 204% in PAT. The company's prudent capital allocation, limited equity dilution, and low leverage contribute to its industry-leading ROE and ROCE.

Valuation and View:

By 2027, the company plans to achieve significant capacity expansions, targeting 11.4 GW of solar cell manufacturing, 20.9 GW of module manufacturing, and 6 GW of ingot and wafer production. At the upper price band, the expected market capitalization stands at approximately ₹39,500 crore, implying a P/E ratio of 31 and an EV/EBITDA multiple of 23. Given the company's robust growth trajectory, strategic capacity expansion, and market leadership, we recommend a **SUBSCRIBE** to the issue.

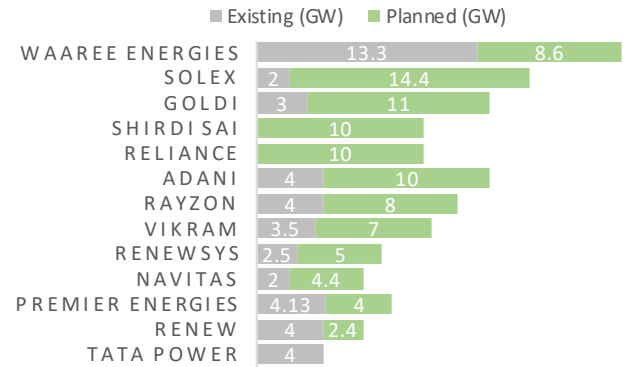
Key Insights in Charts

Solar Cell Manufacturing (GW)



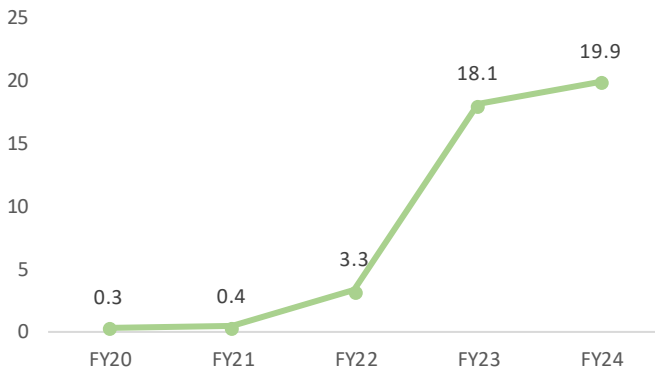
Source: Company, RHP

Solar Module Manufacturing (GW)



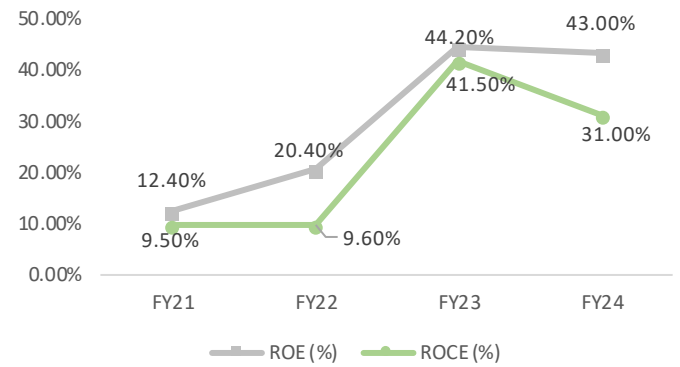
Source: Company, RHP

Order Book (GW)



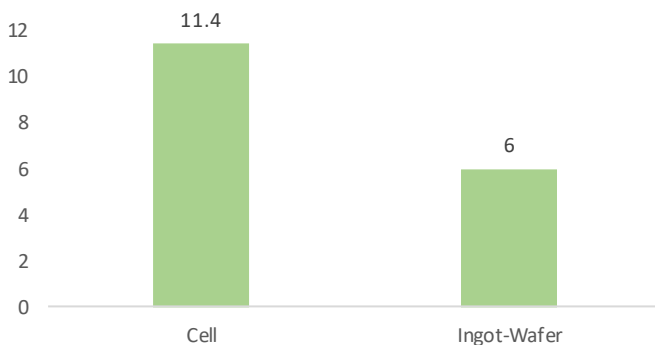
Source: Company, RHP

Robust Return Profiles (%)



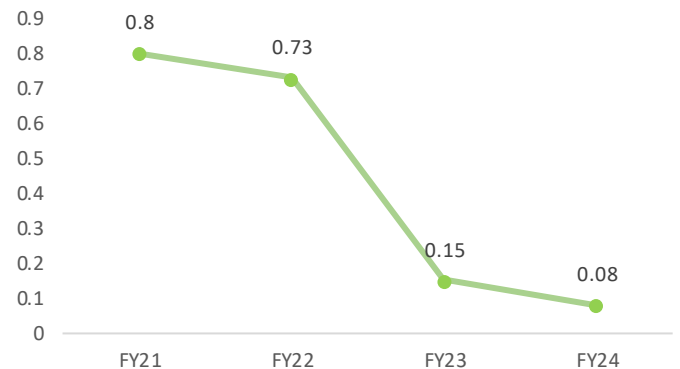
Source: Company, RHP

Planned Manufacturing Expansion (GW)



Source: Company, RHP

Debt-to-Equity (x)



Source: Company, RHP

Renewables

Peer Comparison

Installed and Upcoming capacity Comparison:

Company	Operational Capacity (as on June-24)	Under Construction Capacity	Enlisted Capacity as per ALMM List (Sep-24)	Market Share (%) as per ALMM List (Sep-24)
Waaree Energies	13.3 GW modules	6 GW Modules, 5.4 GW Cells	11,919 MW	21.10%
Vikram Solar	3.5 GW modules	Proposed 6 GW modules, 6 GW cells, 6 GW Ingot-Wafer capacity	2,250 MW	7.72%
Adani Solar	4 GW cells and modules	Proposed 7 GW Module and 3 GW integrated cells & modules	4,067 MW	6.80%
Mundra Solar PV	4.1 GW modules, 2 GW Cells	10 GW cell and module	2,561 MW	4.50%
Premier Energies	550 MW Module	1 GW modules, 1 GW cells	NA	NA
Websol Energy Systems	1.8 GW Cells	1.2 GW Cells, 2 GW Modules	1,636 MW	2.90%
RenewSys India	2.75 GW modules, ~0.1 GW cells	~1.9 GW	2,692 MW	4.80%
Emmvee Photovoltaic	3.5 GW modules	1.75 GW including 1.5 GW wafer-to-module capacity	248 MW	0.40%
Alpex Solar	848 MW modules	300 MW	NA	NA

Source: Company, RHP

Financial Performance Comparison:

Company	Market Cap (INR Crs)	Module Capacity (GW)	Total Revenue (FY24, INR Crs)	EBITDA (INR Crs)	EBITDA Margins (%)	PAT (INR Crs)	PAT Margin (%)	Debt-to-Equity (x)
Waaree Energies	n.a.	13.3	11,397.6	1,574.4	13.80%	1,274.4	11.20%	0.08x
Premier Energy	51,122	4	3,143.8	477.8	15.20%	231.4	7.40%	2.17x
Vikram Solar	n.a.	4	2,524.0	398.6	15.90%	79.7	3.20%	1.92x

Source: Company, RHP

Financial Consolidated

Income Statement

Particulars (INR Crs)	FY21	FY22	FY23	FY24	Q1'FY25
Revenue	1,953.0	2,854.3	6,750.9	11,397.6	3,408.9
Cost of materials consumed	1,673.9	2,253.1	6,158.0	9,321.8	2,002.8
Changes in inventories	-73.1	63.6	-1,006.9	-562.0	510.3
Gross Profit	352.2	537.6	1,599.8	2,637.8	895.8
Gross Margin (%)	18.03%	18.83%	23.70%	23.14%	26.27%
Employee benefits expense	48.1	56.9	123.8	177.2	63.3
Other expense	208.4	369.7	641.4	886.2	280.0
EBITDA	95.7	110.9	834.6	1,574.4	552.4
EBITDA Margin (%)	4.90%	3.89%	12.36%	13.81%	16.20%
Depreciation & amortization	32.3	43.3	164.1	276.8	75.8
EBIT	63.5	67.7	670.5	1,297.6	476.7
EBIT Margin (%)	3.25%	2.37%	9.93%	11.38%	13.98%
Other Income	30.0	91.6	109.5	235.2	87.5
Finance costs	30.9	40.9	82.3	139.9	33.7
Exceptional Items	4.1	-	-20.6	341.3	-
PBT	66.5	118.4	677.2	1,734.2	530.5
Tax expenses	20.9	38.7	176.9	459.8	129.4
PAT	45.6	79.7	500.3	1,274.4	401.1
PAT Margin (%)	2.34%	2.79%	7.41%	11.18%	11.77%
Diluted EPS	2.4	3.8	21.6	47.9	14.93

Cash Flow

Particulars (INR Crs)	FY21	FY22	FY23	FY24
Cash flow from operating activities	71.7	700.9	1,560.2	2,305.0
Cash flow from investing activities	-250.2	-674.9	-2,093.8	-3,340.3
Free cash flows	-126.2	204.4	694.8	962.7
Cash flow from financing activities	157.3	98.5	642.5	909.2
Net Change	-21.2	124.5	108.9	-126.0
Beginning Cash and cash equivalents	33.9	12.8	139.2	253.7
Ending Cash and cash equivalents	12.8	139.2	253.7	121.4

Balance Sheet

Particulars (INR Crs)	FY21	FY22	FY23	FY24
PPE	232.1	564.8	991.2	1,149.4
Capital work-in-progress	1.2	122.7	537.0	1,341.3
Right of use assets	48.1	46.5	100.2	287.0
Investment property	0.3	0.3	0.3	0.3
Intangible assets	7.7	7.7	7.3	6.9
Goodwill on consolidation	7.0	6.3	6.3	6.3
Financial assets	126.5	56.0	167.3	114.0
Deferred tax assets	3.8	18.0	14.3	83.2
Income tax assets (net)	3.3	1.5	0.1	0.1
Other non-current assets	92.9	69.4	112.9	312.1
Total non-current assets	522.8	893.2	1,937.0	3,300.6
Inventories	368.0	538.2	2,708.9	2,585.5
Trade receivables	118.2	92.5	312.6	971.4
Cash and cash equivalents	12.8	139.2	253.7	121.4
Bank balances	97.4	227.2	1,482.8	3,657.8
Financial assets	106.2	194.8	98.2	172.2
Other current assets	67.7	152.3	626.8	504.8
Total current assets	770.3	1,344.2	5,482.9	8,013.1
Total Assets	1,293.2	2,237.4	7,419.9	11,313.7
Equity share capital	197.1	197.1	243.4	263.0
Other Equity	195.6	242.7	1,618.5	3,885.5
Total Equity	392.7	439.9	1,861.9	4,148.5
Borrowings	188.8	189.0	145.8	102.6
Lease liabilities	44.4	42.7	38.1	207.5
Long-term provisions	32.6	41.4	69.3	108.1
Deferred tax liabilities (net)	8.8	26.4	47.9	37.1
Other non-current liabilities	1.4	0.4	327.7	1,235.5
Total non-current liabilities	275.9	299.9	628.8	1,742.1
Borrowings	92.4	124.1	127.7	214.7
Trade payables	357.2	534.8	1,431.6	1,475.2
Other current liabilities	57.8	663.9	2,363.5	2,142.4
Total current liabilities	624.5	1,497.6	4,929.2	5,423.1

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