

# Waaree Energies Limited

Power | India

IPO | 19 October 2024

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## About the Company

**Waaree Energies Limited (WEL)** is the largest manufacturer of solar PV modules in India with the largest aggregate installed capacity of 12 GW as of Jun' 24 focusing on solar PV module manufacturing to provide quality, cost-effective sustainable energy solutions across markets and aid in reducing carbon footprint paving the way for sustainable energy. WEL has significantly expanded aggregate installed capacity from 2 GW in FY21 to 12 GW as of June '24 spread across 4 manufacturing facilities in Gujarat spread over 136.3 acres.

## Strong favorable policies and regulations for RE

The development of grid interactive renewable power has gained significant strength since Jun'08, a National Action Plan on Climate Change ("NAPCC") which included eight major national missions, with the one on solar energy the Jawaharlal Nehru National Solar Mission ("JNNSM") being central with continuous increase in solar power and Waaree leading the value chain in terms of the highest capacity of 12 GW and doubling to 21 GW, (4,2X of industry average), while the industry cumulative addition expected is 137-142 GW over FY25-29 in India. With a strong boost in solar manufacturing in India with favorable policies framework, PLI schemes, state specific benefits and availability of low-cost capital there lies exponential growth both in the domestic and exports markets.

## Doubling the existing capacity

WEL follow an expansion strategy of executing regular capacity additions (7x capacity additions in last 4 years) continuous upgradation of manufacturing technology and processes driven by demand and with a focus on incorporating Mono PERC, large size silicon wafer technology as well as other new emerging technologies including TopCon. WEL is proposing capacity expansion in 2 phases with solar cell capacity of 5.4 GW by FY25 and 7 GW of proposed module capacity includes fully integrated 6 GW facility for the manufacture of ingots, wafers, solar cells and solar PV modules and 1 GW of indo solar facility. WEL is also building a manufacturing facility in the US of 1.6GW for the international markets and looking to enter adjacent related businesses leveraging its core capabilities over the next few years.

## Continuous product advancements with newer technologies

WEL has a wide product offering enabled by capabilities in advanced module technologies with multiple configurations of products like mono facial, bifacial, BIPV flexible with various increase in size of silicon wafers for higher output and efficiency. WEL has built a scale in solar modules and enjoys multiple relationships with domestic enterprises/utilities in India covering 25 states and globally exporting to 26 countries worldwide. WEL has an pan India distribution network of 330 franchisees, digital platforms for sales and services and undertakes strong programs with electricians, MSME business with innovative schemes to drive growth.

## Financials in brief

WEL financials have seen an increase in revenue from Rs.2946 Crs in FY22 to Rs.11,633 Crs in FY24 which grew by a CAGR of 58.1% with improvement in margins and profitability with strong demand from the retail sales, industry requirements, and exports revenues has moved from 23% to 57.5% over FY22-24 with higher margins. WEL has a substantial order book as of Jun '24 with an order book of solar PV modules of 16.6 GW which included domestic orders, export orders, and franchisee orders and 3.75 GW of orders for our subsidiary, Waaree Solar Americas Inc. located in the United States.

## Our View

WEL has end to end offerings across the entire solar value chain as integrated solar PV module manufacturing, EPC and OM solutions, retail sales and plans to enter in green hydrogen electrolyzers. WEL has backward integrated manufacturing facilities with an NABL accredited laboratory, global certifications, multiple awards, diversified base of global and Indian customers and enjoys leadership in the retail segment with pan India distribution and network. We believe the current leadership in the domestic market, 44% share of India's module exports, organic and inorganic capacity expansion in multiple products of solar related products, focus on module upgrades steers the company to continue with strong earnings growth in the coming years.

**Hence, we recommend a SUBSCRIBE to the issue.**

## IPO Details

Price Band (Rs)	1427-1503
Face Value (Rs)	10
Issue Open/Closing Date	21-Oct-24/24-Oct-24
Fresh Issues (Crs)	3600
OFS (Crs)	721
<b>Total Issue (Crs)</b>	<b>4321</b>
Minimum Bid Qty. (Nos)	9
QIB / HNI / Retail	50%/15%/35%
<b>Implied Market Cap (Rs Crs)*</b>	<b>43179</b>

\*At higher band

## Object of the Issue

- ▶ Part financing the cost of establishing the 6GW of Ingot Wafer, Solar Cell and Solar PV Module manufacturing facility in Odisha, India.
- ▶ General corporate purposes.

## Strengths

- ▶ Largest solar PV module manufacturer in India well positioned to capture industry tailwinds in India and globally.
- ▶ Diversified base of global and Indian customers with a large order book.
- ▶ Advanced manufacturing facilities with global accreditation and extensive pan India retail network
- ▶ Consistent track record of financial performance and experienced management.

## Key Risks

- ▶ Failure of approval in extension of PLI schemes of proposed project awarded by GOI.
- ▶ Higher capacities in solar module will put pressure in pricing pressure.

## Key Financials

(Rs Crs)	FY22(12)	FY23(12)	FY24(12)
Capacity in GW	4.0	9.0	12.0
Order Book in GW	3.3	18.1	19.9
Revenue	2,946	6,860	11,633
EBITDA	203	944	1810
EBITDA Margin (%)	6.9	13.8	15.6
PAT	80	500	1274
PAT Margin (%)	2.7	7.3	11.0
RoE (%)	17.7	26.3	30.3
RoCE (%)	21.9	31.6	26.3
D/E ratio	0.72	0.15	0.08
Networth	427	1,826	4,075

Source: RHP

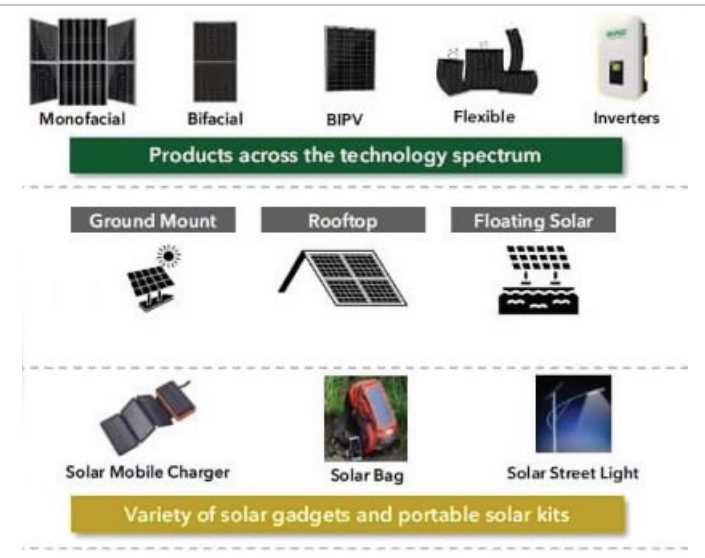
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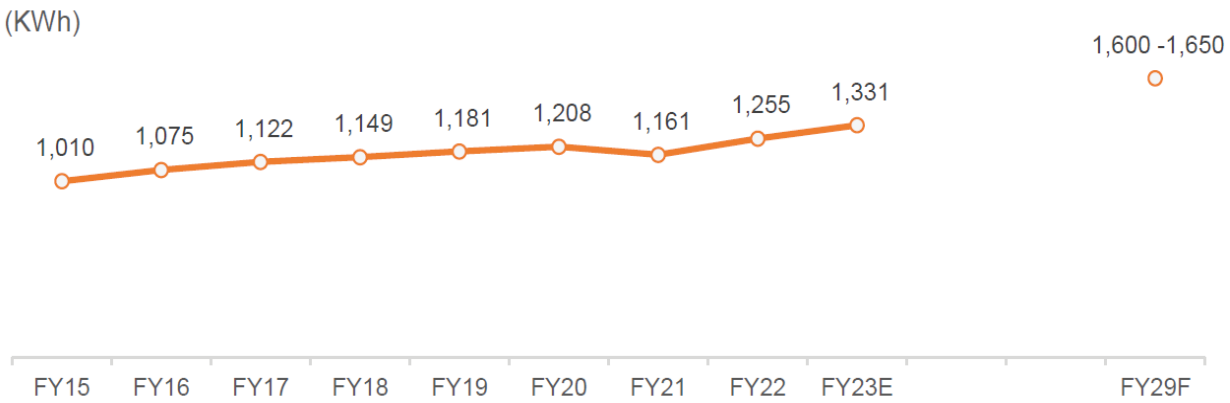
Email : vikas.i.jain@relianceada.com

Exhibit 1: End-to-end offerings across the entire solar chain



Source: RHP

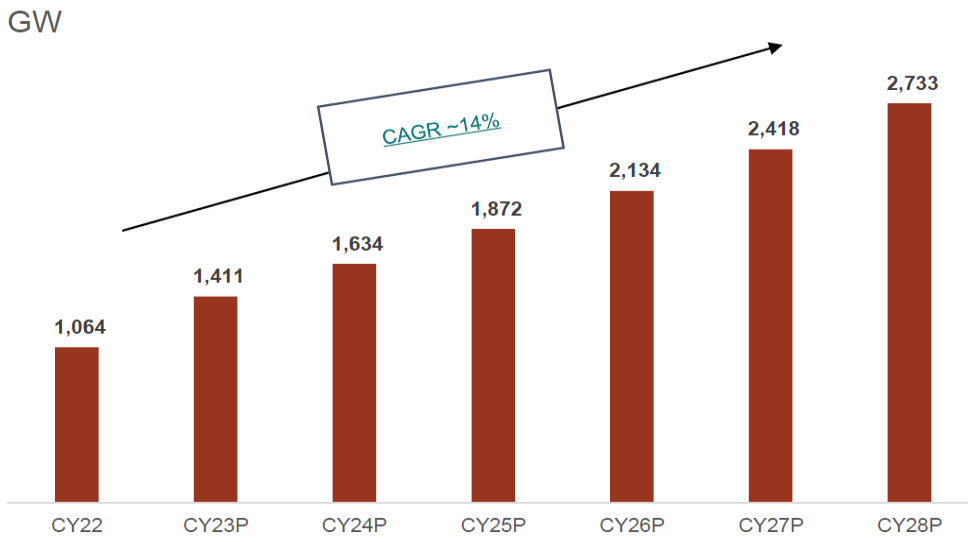
Exhibit 2: Per capita electricity consumption-India



E: Estimated; F: Forecast

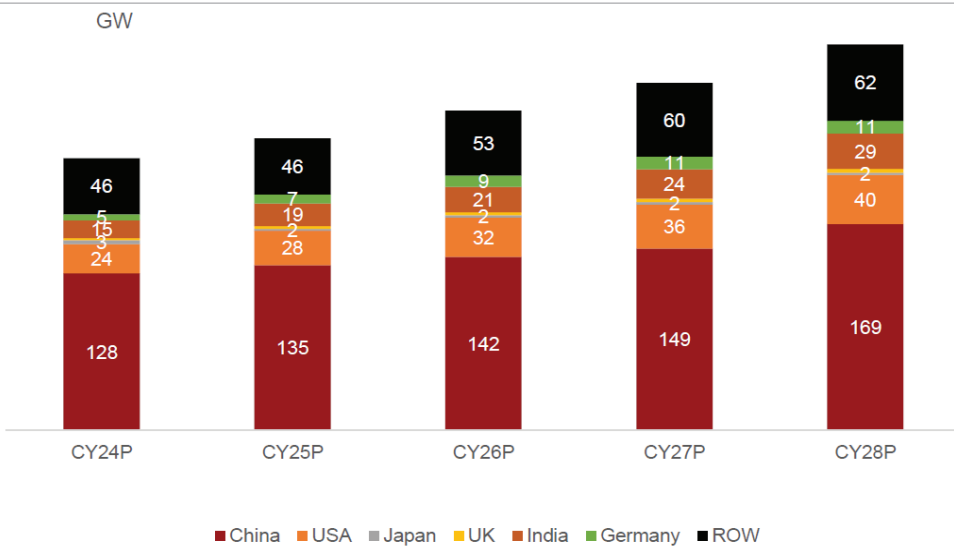
Source: RHP, Central Electricity Authority of India (CEA), CRISIL MI&A Consulting

Exhibit 3: Projected growth in global installed capacity base in solar PV over 2023 to 2028



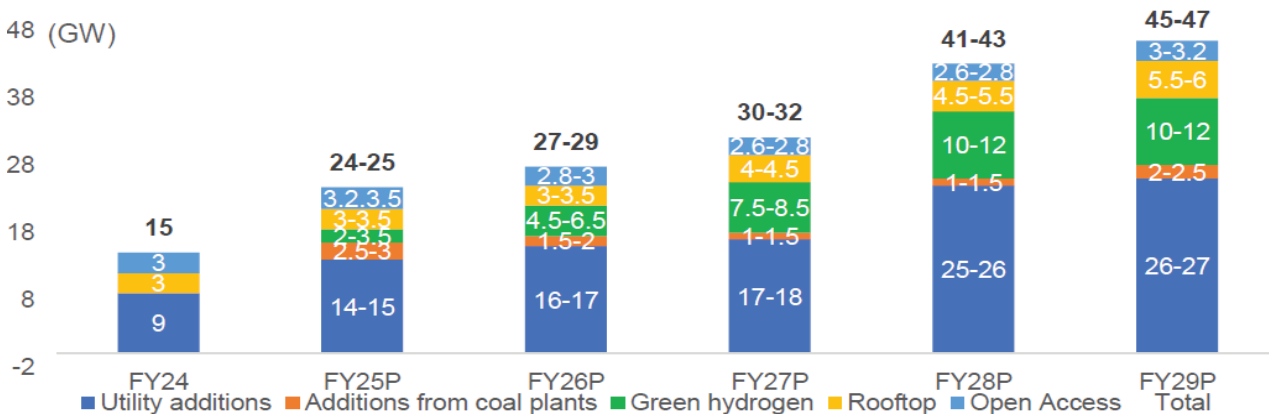
[P]: Projected; Source: RHP, IRENA, IEA Renewables 2023, CRISIL MI&A Consulting

Exhibit 4: Projected annual solar capacity additions in major economies



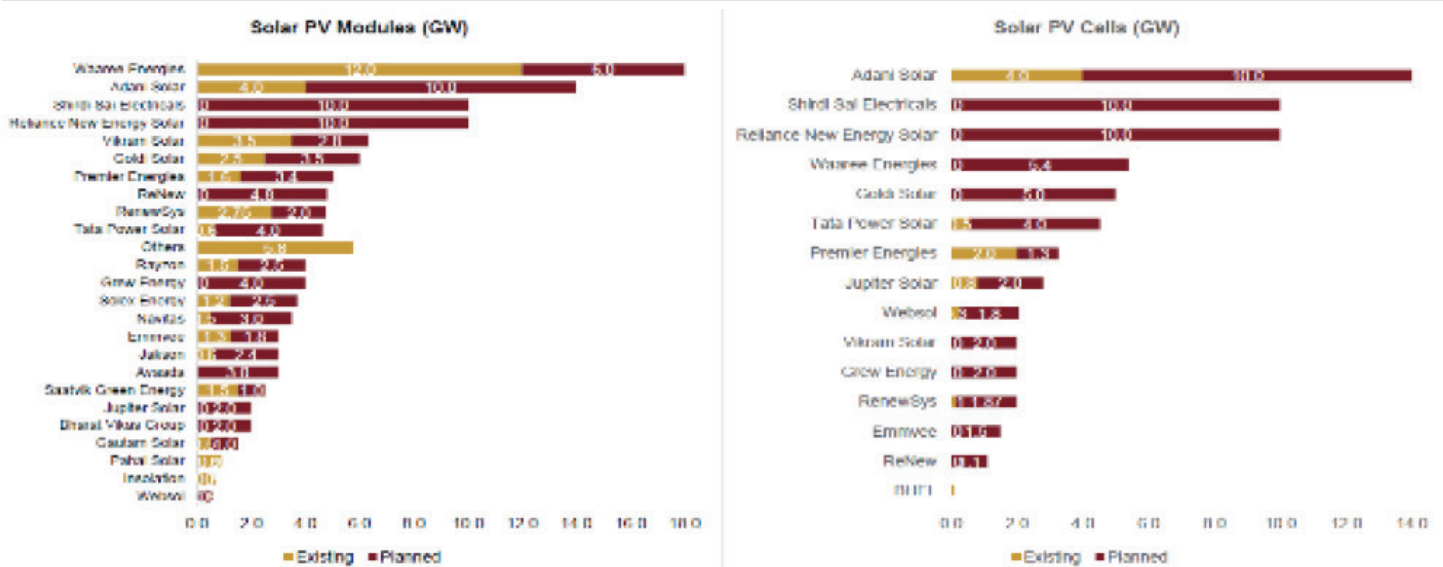
Utility Scale PV systems, (P): Projected  
 Source: RHP, IRENA, IEA Renewables 2023, CRISIL MI&A Consulting

Exhibit 5: Solar capacity additions of 137 GW to 142 GW expected over Fiscals 2025-2029



Source: RHP, CRISIL MI&A Consulting

Exhibit 6: Existing and planned capacity additions



Source: RHP; Company websites, Industry, "Waaree" from PLI scheme results, CRISIL Consulting

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