

## WAAREE ENERGIES LTD

21-10-2024 - 23-10-2024

Industry: Other Electrical Equipment

Price Band: ₹1,427 - 1,503

Recommendation: Subscribe for long term

Post Implied Market Cap: - ₹41,177 - ₹43,179Cr

### Key Data

Issue Size (₹ Cr)	4,285 - 4,321
Fresh (₹)	3,600
OFS (₹)	721
No. of shares offered	30,027,750 - 28,752,095
Face Value (₹ /share)	10
Bid Lot	9

### About the Company

Waaree Energies Ltd (Waaree Energies,) India's largest solar PV module manufacturer, has an installed capacity of 12 GW as of June 2024. Operating since 2007, the company focuses on providing sustainable energy solutions. It increased capacity from 4 GW in 2022 to 12 GW by mid-2024 and recently commissioned a 1.3 GW facility in Noida through its subsidiary, Indosolar Ltd. Waaree operates five manufacturing units across 143 acres. The company has 12 direct Subsidiaries and 3 step-down Subsidiaries. Of the subsidiaries Waaree Renewable Technologies is listed on the BSE and Indosolar is listed on the BSE and NSE.

### Investment Rationales

- Largest solar PV module manufacturer in India well positioned to capture industry tailwinds and growth prospects for solar energy in India and globally:** Waaree Energies expanded its installed capacity from 4 GW in 2022 to 12 GW by June 2024 and commissioned an additional 1.3 GW facility at Indosolar. The Indian government's push for domestic solar PV manufacturing through favourable policies, including the Domestic Content Requirement, Performance Linked Incentive (PLI) scheme, Approved List of Models and Manufacturers (ALMM), and a 40% customs duty on solar modules, benefits Waaree. Additionally, growing global demand, U.S. tariffs on Chinese solar products, and the China-plus-one strategy offer Waaree export opportunities.
- Diversified base of global and Indian customers with a substantial order book:** Company has built strong relationships with a diverse customer base, servicing over 1,000 clients in India and 12 overseas by June 2024. The company exports to several countries, including the U.S., Canada, and Italy, with export revenues comprising 57.64% of FY2024 operations. Waaree is establishing a 1.6 GW solar PV module facility in Houston, Texas, expandable to 5 GW by FY2027, to cater to U.S. and global demand. Its top 10 customers accounted for over 56% of revenues, and it holds a robust order book of 16.66 GW, including 3.75 GW for its U.S. subsidiary.
- Advanced manufacturing facilities with global accreditations:** Company's manufacturing facilities are certified with ISO standards for quality, safety, and environmental management. The company produces advanced solar PV modules, including Mono PERC and TopCon technologies, which offer higher efficiency compared to traditional multicrystalline modules. Waaree's facilities at Chikhli and Indosolar are equipped to produce modules using large-sized silicon wafers (G1, M6, M10, M12, G12). The company plans to phase out multicrystalline modules and focus on newer, more efficient technologies for improved performance and durability.
- Extensive Pan-India retail network:** Waaree Energies has a Pan-India retail network of franchisees, with 369 as of June 2024. To ensure long-term profitability, the company focuses on franchisees with a track record of consistent sales. It launched the "Waaree Prime" program to reward franchisees for boosting sales, fostering customer satisfaction. Waaree uses an integrated system for inventory management and leverages franchisee insights to target profitable markets, optimizing decision-making for new store openings.

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	24-10-2024
Refunds/Unblocking ASBA Fund	25-10-2024
Credit of equity shares to DP A/c	25-10-2024
Trading commences	28-10-2024

### Shareholding (No. of shares)

Pre-Issue	263,331,104
Post Issue (Lower price band)	288,558,854
Post Issue (Higher price band)	287,283,199

### Shareholding Pattern

#### Promoter & Promoter Group:

Pre Issue	71.80%
Post Issue	64.30%

#### Public - Selling Shareholder:

Pre Issue	0.17%
Post Issue	0.00%

#### Public - Others:

Pre Issue	28.03%
Post Issue	35.70%

### Issue Breakup

QIB	50%
NIB	15%
Retail	35%

### Other Details

**BRLMs:** Axis Capital, IIFL Securities, Jefferies India, Nomura Financial Advisory & Securities (India), SBI Capital Markets, Intensive Fiscal Services, ITI Capital

**Registrar:** Link Intime India.

**Listing:** BSE & NSE

### Research Analyst

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### Risk

- Government regulation and policy dependency.
- High revenue dependency on limited customers.
- Competition intensive business.

### MView

We believe Waaree Energies Ltd IPO brings investors an opportunity to invest in the largest manufacturer of solar PV modules in India with, with an impressive installed capacity of 12 GW. We think the company's rapid capacity growth from 4 GW to 12 GW, bolstered by favourable government policies like the Domestic Content Requirement (DCR) and Performance Linked Incentive (PLI) scheme, positions it well to capitalize on India's growing renewable energy needs. We also believe Waaree's robust export potential, driven by increasing global demand and U.S. tariffs on Chinese products, further strengthens its revenue streams, with export revenues already comprising over 57% of FY2024 operations. Its advanced manufacturing capabilities, focus on high-efficiency technologies like Mono PERC and TopCon, and expanding footprint in the U.S. market with a 1.6 GW facility in Houston, provide significant long-term growth prospects. By looking at the financials the company has showcased a significant growth trajectory as revenue from operations grew by 136.5% in FY2023 and by 68.8% in FY2024, while net profit surged by 528.1% in FY2023 and 154.7% in FY2024. On valuation parse at the upper price band of ₹ 1503/-, the issue is asking for a market cap of ₹ 43179 cr and based on FY 2025e annualised earnings and fully diluted post-IPO paid-up capital, the company is asking a PE of 26.91x which seems reasonable considering the company's strong financials and its strategic position in the fast-growing renewable energy sector. Waaree's deep market penetration, consistent capacity expansion, backward integration into solar cell manufacturing and leadership in the solar PV module space position it to capture increasing demand both domestically and internationally. Hence, we recommend investors to "SUBSCRIBE" the Waaree Energies Ltd IPO for a long term perspective.

## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	3 Months ended June 30		As at March' 31		
	2024 (03)	2023 (03)	2024	2023	2022
Equity Share Capital	263.14	253.22	262.96	243.37	197.14
Net worth	4,471.71	2,704.79	4,074.84	1,825.41	427.35
Total Borrowings	261.24	233.31	317.32	273.48	313.08
Revenue from Operations	3,408.90	3,328.29	11,397.61	6,750.87	2,854.27
EBITDA	639.99	554.3	1,809.59	944.13	202.53
EBITDA Margin (%) as stated	18.30%	16.23%	15.56%	13.76%	6.88%
Net Profit for the Year	401.13	338.27	1,274.38	500.28	79.65
EPS	14.98	13.78	48.05	21.82	3.84
ROE (%)	8.79%	12.36%	30.26%	26.26%	17.69%
ROCE (%)	9.45%	15.86%	26.29%	31.61%	21.89%
Net Asset Value (₹) as stated	169.94	106.81	154.96	75.01	21.68
Debt to Equity	0.06	0.09	0.08	0.15	0.72
Order Book in GW	16.66	17.19	19.93	18.06	3.28

Source: Company RHP

### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Total Income (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/E	RoNW
Waaree Energies Ltd	11,632.76	43,179	10	55.85	322.86	26.9	30.4%
Websol Energy System	26.81	5,299	10	-29.99	-	653.0	-
Premier Energies	3,171.31	49,590	10	8.78	14.63	215	37.46%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 18-10-2024

Waaree Energies Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



# MSEARCH

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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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