

### IPO Note – Waaree Energies Ltd.

#### Shinning Bright in the Sunrise Sector

17 October 2024

Waaree Energies Ltd. (WEL) is India's largest solar PV modules manufacturing company with installed capacity of 13.3 GW at 5 manufacturing facilities. The company manufactures solar modules using multicrystalline, monocrystalline, and TopCon technologies [including flexible bifacial (Mono PERC) and building-integrated photovoltaic (BIPV) modules] to reduce energy loss and enhance efficiency.

#### Aggressive capacity ramp ups & backward integration in line with sectoral tailwinds:

The company, with over a decade of experience, leads India's solar PV module manufacturing with a current capacity of 13.3 GW while targeting 21 GW by FY27. It is also expanding into green hydrogen electrolysis with a 1 GW facility. The company aims to backward integrate by launching ~11 GW cell manufacturing facility of which ~5.4 GW will be operational in FY25 and balance ~6 GW will be a part of an integrated manufacturing facility in Odisha with Ingots-Wafers capacities which are further down in the value chain. It holds a strong order book of 16.66 GW, with 60% of orders from exports.

#### Expanding footprint in global markets to maintain export leadership:

With ~60% of its revenue from exports and ~44% market share, the company is expanding internationally, setting up a 1.6 GW module manufacturing facility in Houston, US by FY25, with plans to grow to 5 GW by FY27 (along with 5GW of cell manufacturing capacity) to capitalize on US IRA benefits.

**Key Risks:** - 1) The company derives its ~60% revenues from exports majorly to the US markets which is subject to complex legal provisions and checks. 2) The company imports more than ~95% of its raw materials out of which ~80% on average is from China. Any change in trade agreements with these countries might disrupt the supply chain management and hence financial of the company. 3) Major players like Adani & Reliance also have set up and ramping up their PV module capacities with operational & planned capacities of 14 GW & 10 GW respectively leading to increased competition.

#### Financials & valuation –

Waaree Energies Ltd. has been able to harness the opportunity while staying nimble footed to changes in the technologies. The revenues have grown ~4x while the EBITDA & PAT have grown ~9x & ~15x respectively over FY22-24. The company is valued at 34x PE based on FY24 profits. We have **SUBSCRIBE** recommendation to this issue for long term.

Key Financials (Rs. Cr.) (As reported)	Mar-22	Mar-23	Mar-24
Revenue	2,852	6,751	11,398
Exports	658	4,617	6,569
Exports (%)	23%	68%	58%
EBITDA	203	944	1,810
EBITDA margin (%)	6.88%	13.76%	15.56%
PAT	80	500	1,274
PAT margin (%)	2.70%	7.29%	10.96%
Debt to Equity	0.72	0.15	0.08
ROE (%)	17.69%	26.26%	30.26%
ROCE (%)	21.89%	31.61%	26.29%

Source: ABML Research, RHP, company presentation

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Rating	SUBSCRIBE
<b>Issue Details</b>	
Issue Opens	21-Oct24
Issue Closes	23-Oct-24
Face Value (₹)	10
Price Band (₹)	1,427-1,503
Bid Lot	9
Issue Size at higher price band (₹ Cr)	4321.4
Market cap @ upper price band (₹ cr)	43,178.6
Listing	NSE/BSE
BRLMs	Jefferies India Pvt. Ltd.
Registrar	Link Intime India Pvt Ltd

Shareholding Pattern (%)		
	Pre-Issue	Post Issue
Promoter	71.80	64.30
Public	28.20	35.70

Issue Structure (In cr no. of shares)	
Issue size	2.87
<b>Break-up of net issue to public (%):</b>	
QIB's portion	50%
Non-Institutional portion	15%
Retail Portion	35%

Source: ABML Research, RHP

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