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**IPO Report**

20<sup>th</sup> Oct '24

**Snapshot**

Waaree Energies Ltd is the largest manufacturer of solar PV modules in India with the largest aggregate installed capacity of 12 GW, as of June 30, 2024. For Fiscal 2024, company had the second best operating income among all the domestic solar PV module manufacturers in India. Company commenced operations in 2007 focusing on solar PV module manufacturing with an aim to provide quality, cost effective sustainable energy solutions across markets, and aid in reducing carbon foot-print paving the way for sustainable energy thereby improving quality of life.

**VALUATION**

Company is bringing the issue at price band of Rs 1427-1503 per share at p/e multiple of 27x on post issue annualized Q1 FY25 PAT basis.

Company is largest solar PV module manufacturer in India well positioned to capture industry tailwinds and growth prospects for solar energy in India and globally. Company has diversified base of global and Indian customers with a large order book & advanced manufacturing facilities with global accreditations. Company has extensive pan-India retail network with Consistent track record of financial performance and experienced senior management team with demonstrated execution capabilities and a committed employee base.

Hence Looking after all above , we recommend “Subscribe” on issue.

<b>Price Band (Rs./Share)</b>	<b>1427-1503</b>
<b>Opening date of the issue</b>	<b>21<sup>st</sup> Oct '2024</b>
<b>Closing Date of the issue</b>	<b>23<sup>rd</sup> Oct '2024</b>
<b>No of shares pre issue</b>	26,33,31,104 Eq Shares
<b>Issue Size</b>	Rs 4285-4321 Cr
<b>Fresh issue</b>	Rs 3600 Cr
<b>Offer For Sale</b>	48,00,000 Equity Shares
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Bid Lot</b>	9

**BIDDING DETAILS**

<b>QIBs (Including Anchor)</b>	50% of the offer (Approx 1,47,86,123 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 44,35,838 Eq Shares)
<b>Retail</b>	35% of the offer (Approx 1,03,50,288 Eq Shares)
<b>Employees</b>	4,55,501 Eq Shares
<b>Lead managers</b>	Axis Capital, IIFL Securities, Jefferies India, Nomura Financial Advisory & Securities (India), SBI Capital Markets, Intensive Fiscal Services, ITI Capital
<b>Registrar to the issue</b>	Link Intime India Pvt. Ltd

**WHAT WE LIKE**

***Largest solar PV module manufacturer in India well positioned to capture industry tailwinds and growth prospects for solar energy in India and globally***

Company is the largest manufacturer of solar PV modules in India with the largest aggregate installed capacity of 12 GW, as of June 30, 2024. For Fiscal 2024, company had the second best operating income among all the domestic solar PV module manufacturers in India. Over the years, company have significantly expanded company’s aggregate installed capacity from 4 GW in Fiscal 2022 to 12 GW, as of June 30, 2024, as evidenced by company’s ability to quickly complete its expansion plans efficiently. Subsequent to June 30, 2024, company have commissioned 1.3 GW of Indosolar Facility.

***Extensive pan-India retail network***

Company have a pan-India retail network consisting of franchisees. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and June 30, 2024, company’s retail network consisted of 373, 253, 335, 284 and 369 franchisees across India, respectively. Company have made significant investment in terms of training, resources and support provided to its franchisees over the years and developed relationships with these franchisees.

***Consistent track record of financial performance in the last three Fiscals and the three months ended June 30, 2024***

Company’s interest coverage ratio was 22.17 times. On account of an increase in sales as a result of company’s capacity increase, its total income increased from ₹ 29,458.51 million for Fiscal 2022 to ₹ 68,603.64 million for Fiscal 2023 which further increased to ₹ 116,327.63 million for Fiscal 2024 and was ₹ 34,964.13 million for the three months ended June 30, 2024. Company’s revenue from operations has grown at a CAGR of 99.83% from from ₹ 28,542.65 million in Fiscal 2022 to ₹ 113,976.09 million in Fiscal 2024 , while company’s Net Worth has grown from ₹ 4,271.27 million as of March 31, 2022 to ₹ 40,748.37 million as of March 31, 2024.



## COMPANY BACKGROUND

Over the years, company have significantly expanded its aggregate installed capacity from 4 GW in Fiscal 2022 to 12 GW, as of June 30, 2024, as evidenced by company's ability to quickly complete its expansion plans efficiently. Subsequent to June 30, 2024, company have commissioned 1.3 GW of solar module manufacturing facility at Noida, Uttar Pradesh through its subsidiary, Indosolar Limited ("IndoSolar Facility"). Company's solar PV modules are currently manufactured using multicrystalline cell technology, monocrystalline cell technology and emerging technologies such as Tunnel Oxide Passivated Contact ("TopCon") which helps reduce energy loss and enhances overall efficiency. Company's portfolio of solar energy products consists of the following PV modules: (i) multicrystalline modules; (ii) monocrystalline modules; and (iii) TopCon modules, comprising flexible modules, which includes bifacial modules (Mono PERC) (framed and unframed), and building integrated photo voltaic (BIPV) modules. Company operated five manufacturing facilities in India spread over an area of 143.01 acres. Company operate one factory each located at Surat ("Surat Facility"), Tumb ("Tumb Facility"), Nandigram ("Nandigram Facility"), Chikhli ("Chikhli Facility") in Gujarat, India and the IndoSolar Facility, in Noida, Uttar Pradesh.

Company, along with its promoter company M/s. PKH Ventures Limited and group company M/s. Artemis Electricals and Projects Limited, on January 20, 2024 had bid towards the tender for the construction of Rapti Nagar Ext. Township & Sports-city, Gorakhpur on Land/FSI monetisation model floated by the Gorakhpur Development Authority, Gorakhpur, Uttar Pradesh. On February 08, 2024, company has received a Letter of Intent from the Gorakhpur Development Authority, Gorakhpur, Uttar Pradesh as a successful bidder.

Over the years company have developed a track record of manufacturing quality and technologically advanced solar PV modules at its certified manufacturing facilities. Company's manufacturing facilities at Tumb and Surat are certified with ISO 9001:2015 for manufacture, marketing, and supply of solar photovoltaic modules. Company's manufacturing facility at Tumb is certified with ISO 45001:2018 for manufacture, marketing, supply and installation of solar photovoltaic modules. Company's Tumb Facility is also certified with ISO 14001:2015 for manufacture, marketing, supply and installation of solar photovoltaic modules. Company's Chikhli Facility is certified with ISO 45001:2018, ISO 9001:2015 and ISO 14001:2015 for manufacture, marketing, and supply of solar photovoltaic modules as well as IEC System for mutual recognition of test certificates for electrical equipment CB scheme received from UL Solutions, USA, certificate of compliance for UL standard for safety for PV module safety, BIS standard IS 14286 : 2010 / IEC 61215:2005, IS/IEC 61730 (Part 1) : 2004 & IS / IEC 61730 (Part 2) for its crystalline silicon terrestrial PV modules (si wafer based) manufactured at the Chikhli Facility. Further, company's solar PV modules manufactured at its Surat Facility, Tumb Facility, Nandigram Facility and Chikhli Facility have been provided a certificate of conformity by Eurotech Assessment and Certification Services Limited to meet the European Council & Standards according to the European Union Council Directive 2014/35/EU. In addition, company's solar PV modules have been also awarded a certificate of RoHS compliance in accordance with RoHS directive 2011/65/EU Annex II, recasting 2022/95/EC which restrict use of hazardous substance in electrical and electronic equipment.

Company's solar PV modules warranties are insured by external parties, which requires it to maintain high standards for insurance approval. Company have received a tier-1 PV module maker rating from the Bloomberg New Energy Finance between Fiscal 2018 and Fiscal 2024. Certain of its laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories ("NABL") which tests company's solar PV modules for quality check. Further, company ensure that its manufacturing facilities are regularly audited by quality audit firms. Company is also included under the ALMM list identified by the GoI, which enables it to participate in various government schemes aimed at developing the solar industry in India. Company also manufacture semi-flexible solar panels for sale to global customers through its in-house research and development in product application.

Company's sales and revenue channels include: (i) Direct Sales to Utilities and Enterprises; (ii) Export Sales, which includes solar PV module sales to international customers as well as international EPC revenue; (iii) Retail Sales (comprising franchisee sales), which includes solar PV module sales through its extensive franchisee network focused on rooftop and MSME customer business vertical as well as franchisee EPC revenue; and (iv) Other Revenue from Operations, which includes EPC services for domestic utilities and enterprise customers, O&M services, trading in ancillary products, export incentives, generation of electricity from renewable resources and scrap sale.

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and June 30, 2024, the total numbers of customers served by company in India were 716, 566, 378, 836 and 1,067 while it served 26, 33, 36, 20 and 12 customers outside India in the same periods, respectively. While company continue to invest and focus on the Indian market, company have also focused on increasing its export sales which resulted in an increase in Export Sales from ₹ 6,578.22 million representing 23.05% of its revenue from operations in Fiscal 2022 to ₹ 46,165.39 million representing 68.38% of company's revenue from operations in Fiscal 2023, which further increased to ₹ 65,690.96 million representing 57.64% of its revenue from operations in Fiscal 2024 and was ₹ 24,412.07 million and ₹ 13,400.94 million, respectively, for the three months ended June 30, 2023 and June 30, 2024,



representing 73.35% and 39.31%, respectively, of company's revenue from operations for the three months ended June 30,

<b>INVESTMENT RATIONALE</b>	
<i>Diversified base of global and Indian customers with a substantial order book</i>	<p>Company's leadership position enables it to offer competitive pricing for its products, which in turn facilitates access to a large and diversified customer base and revenue generation from such customers. Company have over the years established relationships with a diversified set of customers globally and within India. Company's revenue from operations increased at a CAGR of 99.83% from ₹ 28,542.65 million in Fiscal 2022 to ₹ 113,976.09 million in Fiscal 2024 and was ₹ 33,282.92 million and ₹ 34,089.01 million, respectively, for the three months ended June 30, 2023 and June 30, 2024. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and June 30, 2024, the total numbers of customers served by company in India were 716, 566, 378, 836 and 1,067 while it served 26, 33, 36, 20 and 12 customers outside India in the same periods, respectively. In Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and June 30, 2024, Direct Sales to Utilities and Enterprises was ₹ 15,963.38 million, ₹ 13,168.13 million, ₹ 35,814.16 million, ₹ 6,781.73 million and ₹ 13,409.85 million, respectively, and represented 55.93%, 19.51%, 30.05%, 20.38% and 52.28%, respectively, of company's revenue from operations in such periods.</p>
<i>Advanced manufacturing facilities with global accreditations</i>	<p>Company's manufacturing facilities include NABL accredited laboratory, and automated production lines. Company's automated production lines follow strict process control guidelines and international industry standards and practices. Company's manufacturing facilities at Tumb and Surat are certified with ISO 9001:2015 for manufacture, marketing, and supply of solar photovoltaic modules. Company's manufacturing facility at Tumb is certified with ISO 45001:2018 for manufacture, marketing, supply and installation of solar photovoltaic modules. Company's Tumb Facility is also certified with ISO 14001:2015 for manufacture, marketing, supply and installation of solar photovoltaic modules. Company's Chikhli Facility is certified with ISO 45001:2018, ISO 9001:2015 and ISO 14001:2015 for manufacture, marketing, and supply of solar photovoltaic modules as well as IEC System for mutual recognition of test certificates for electrical equipment CB scheme received from UL Solutions, USA, certificate of compliance for UL standard for safety for PV module safety, BIS standard IS 14286 : 2010 / IEC 61215:2005, IS/IEC 61730 (Part 1) : 2004 &amp; IS / IEC 61730 (Part 2) for company's crystalline silicon terrestrial PV modules (si wafer based) manufactured at the Chikhli Facility</p>
<i>Experienced senior management team with demonstrated execution capabilities and a committed employee base</i>	<p>Company have an experienced management team with extensive industry experience. Its Chairman, Managing Director and one of company's Promoters, Mr. Hitesh Chimanlal Doshi has been overseeing Company's financial performance, investments and other business ventures, providing strategic advice to the Board, developing and executing company's business strategies and establishing policies and legal guidelines. He has over 23 years of experience in the engineering industry. Mr. Viren Chimanlal Doshi, one of company's Promoters and Whole-time Director, has been overseeing the engineering, procurement and construction of the solar projects of Company, its Subsidiaries and other companies within the group. He has over 15 years of experience in the engineering industry. Mr. Hitesh Pranjivan Mehta, company's Whole-time Director, is a qualified chartered accountant with more over 24 years of experience in the field of engineering, solar and oil industries, and is responsible for leading company's short and long-term strategy and setting strategic goals.</p>

2023 and June 30, 2024.



## OBJECTS OF OFFER

The Offer comprises of the Fresh Issue by Company and the Offer for Sale by the Selling Shareholders.

### **The Objects of the Fresh Issue**

The net proceeds of the Fresh Issue, i.e., Gross Proceeds less the Offer expenses apportioned to Company in relation to the Fresh Issue ("Net Proceeds") are proposed to be utilised in the following manner:

1. Part finance the cost of establishing the 6GW of Ingot Wafer, Solar Cell and Solar PV Module manufacturing facility in Odisha, India by way of an investment in company' wholly owned subsidiary, Sangam Solar One Private Limited ("Project"); and
2. General corporate purposes.

## RISKS

Company's business is dependent on certain key customers and the loss of any of these customers or loss of revenue from sales to any key customers could have a material adverse effect on company's business, financial condition, results of operations and cash flows.

Source:RHP

## INDUSTRY OVERVIEW

### **Solar capacity additions in India from Fiscals 2019 to 2024**

#### ***Robust pick-up in solar additions in Fiscal 2023; momentum expected to continue***

The GoI imposing solar RPOs across Indian states in 2011, coupled with the sharp drop in capital costs, led to most states releasing solar polices. This resulted in a spur in solar sector investments. Till Fiscal 2012, only Gujarat and Rajasthan had state solar policies. After the success of Gujarat's solar policy, other states such as Andhra Pradesh, Tamil Nadu, Karnataka, Madhya Pradesh, and Telangana introduced their respective solar polices.

During Fiscals 2018 to 2024, approximately 70 GW of solar capacity has been commissioned compared with the expected commissioning of 60 GW to 65 GW. Despite the second pandemic wave, approximately 14 GW of solar capacity was added in Fiscal 2022. The momentum continued in Fiscal 2023, with robust solar capacity additions of approximately 13 GW and approximately 15 GW in Fiscal 2024. The first five months of Fiscal 2025 saw a capacity addition of approximately 7.6 GW.

Review of solar rooftop segment in India Grid connected rooftop capacity stands at approximately 12.5 GW as of May 2024 The government had proposed to achieve 100 GW of solar energy by Fiscal 2022, of which 40 GW was proposed to be added under rooftop-based solar systems. This was extended to Fiscal 2026. However, it is estimated that approximately 12.5 GW of rooftop capacity was installed till May 2024, with approximately 593 MW added in two months of Fiscal 2025 against 620 MW in two months of previous Fiscal. Additions are seen across Gujarat (36%), Kerala (18%) and Maharashtra (12%). While additions in Gujarat and Maharashtra were driven through Surya Urja Yojana 2023 scheme, Kerala presents an opportunity for additions with large roof per capita. The expansion of the market can be attributed to several factors, including increased consumer awareness, advancements in technology, and proactive subsidy initiatives implemented by both central and state governments. Additionally, global solar module prices have reached a historic low, standing at just US\$ 0.09-0.10 per watt-peak in June 2024, which is expected to stimulate growth in solar power capacity. CRISIL MI&A Consulting expects that 25% to 30% of the installed base was residential while the balance was corporate. The residential segment, which lagged in the past, is now on the cusp of expansion. In January 2024, a boost was provided to residential rooftop segment with the launch of PM Surya Yojana that aims to solarise one crore households. PM Surya Ghar Yojna: In order to further sustainable development and people's well-being, Central Government in February 2024 launched the PM Surya Ghar: Muft Bijli Yojna. This project is expected to add ₹ 75,000 crore of investment and aims to light up one crore households by providing up to 300 units of free electricity every month. Subsidy for residential households • ₹ 30,000 per kW up to 2 kW • ₹ 18,000 per kW for additional capacity up to 3 kW • Total Subsidy for systems larger than 3 kW capped at ₹ 78,000 The MNRE on February 20, 2024, has declared that only applications received after February 13, 2024, will be considered for CFA under PM Surya Ghar Muft Bijli Yojana. Further, it was also clarified that this a whole new scheme and all previous schemes have been lapsed.



**Consolidated Financials**

(Rs in Mn)

Financials	FY22	FY23	FY24	Q1 FY 2025
Total Revenue (A)	28542.65	67508.73	113976.09	34089.01
Total Expenditure (B)	27433.19	59162.30	98231.86	28564.24
EBIDTA	1109.46	8346.43	15744.23	5524.77
EBIDTA Margin	3.89	12.36	13.81	16.21
Other Income	915.86	1094.91	2351.54	875.12
Depreciation	432.74	1641.34	2768.10	757.65
EBIT	1592.58	7800.00	15327.67	5642.24
Interest	408.85	822.70	1399.08	336.95
PBT	1183.73	6977.30	13928.59	5305.29
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	1183.73	6977.30	13928.59	5305.29
Exceptional	0.00	-205.80	3413.42	0.00
PBT	1183.73	6771.50	17342.01	5305.29
Tax	387.23	1768.73	4598.24	1294.04
PAT	796.50	5002.77	12743.77	4011.25
NPM	2.79	7.41	11.18	11.77
ROE%	17.70	26.45	30.36	8.81
EPS	3.84	21.82	48.05	14.98
Eq Cap	1,971.38	2,433.66	2,629.62	2,631.39
Net Worth	4,398.54	18,618.54	41,484.88	45,524.03

(Source: RHP)

**Peer Comparison**

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Company</i>	<i>10</i>	<i>48.05</i>	<i>--</i>	<i>30.36</i>	<i>154.96</i>
<b>Peers</b>					
Websol Energy System Limited	10.00	-29.99	--	--	--
Premier Energies	10.00	6.93	151.13	37.46	14.63

(Source: RHP)





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