

WAAREE ENERGIES

RESULT UPDATE



KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	3,144
12 month price target (INR)	3,646
52 Week High/Low	3,743/1,809
Market cap (INR bn/USD bn)	903/10.3
Free float (%)	35.7
Avg. daily value traded (INR mn)	7,841.3

SHAREHOLDING PATTERN

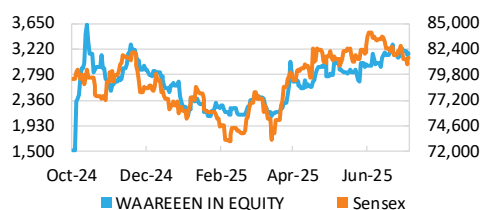
	Jun-25	Mar-25	Dec-24
Promoter	64.3%	64.3%	64.3%
FII	2.7%	0.7%	1.4%
DII	2.9%	2.5%	2.7%
Pledge	0%	0%	0%

FINANCIALS

(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	1,13,976	1,44,445	2,28,288	2,68,026
EBITDA	15,744	27,216	50,154	61,002
Adjusted profit	8,958	19,125	33,512	38,597
Diluted EPS (INR)	32.6	66.6	116.7	134.4
EPS growth (%)	71.6	104.4	75.2	15.2
RoAE (%)	21.9	20.2	26.1	23.1
P/E (x)	96.5	47.2	26.9	23.4
EV/EBITDA (x)	55.7	31.0	17.7	14.9
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Stellar quarter; guidance intact

Waaree Energies (Waaree) reported yet another strong quarter with Q1FY26 EBITDA/PAT dazzling 81%/89% YoY; production shot up 64% YoY.

Highlights: i) Q1 EBITDA margin jumped 633bp YoY on a fall in raw material cost, 80%/45% utilisation ramp-up of 1.4/4GW cell lines and +64% YoY production growth. ii) Waaree has a ~two-year order book of 25GW (INR490bn). iii) FY26E EBITDA guidance is intact at INR55–60bn (2x FY25). iv) The MNRE amended ALMM cut-off date from 9-Dec-24 for utility-scale projects. ALMM-mandated module demand is likely to swell near term to meet the cut-off date. v) Many backward & forward integration capacities to start over FY26E/27E, dramatically de-risking earnings concentration. *Braveheart* 'BUY' with a TP of INR3,646.

Record showing YoY: EBITDA/PAT surges 81%/89%; production up 64%

Waaree reported yet another strong quarter with EBITDA/PAT at INR10bn/7.5bn, up 81%/89% YoY. EBITDA margin at 23%, up 633bp YoY, is driven by a fall in raw material cost and highest-ever module production of 2.3GW (+64% YoY/+12% QoQ).

Guidance intact; ALMM List-II cut-off for utility projects revised

Waaree reaffirmed its FY26E EBITDA guidance of INR55–60bn (2x YoY) led by strong demand, capacity expansion and ramp-up of the solar cell plant. Rising power needs from AI and energy storage shall support growth. MNRE's revised ALMM cut-off—now set for one month after List-II's release—adds ~10GW to earlier grandfathered 110GW capacity. This may trigger a surge in ALMM module demand through FY27–28, which shall absorb demand from utility-scale projects and unburden the demand for DCR modules. Waaree's 1.4/4GW cell lines ramped up to ~80%/48%. Export revenue share is likely to rise in Q2 as large part of the orders were exported. On 25% tariff imposed by the US, management indicated a pass-through clause on most of their orders; doubling their US capacity to 3.2GW shall reduce impact on exports.

De-risking strategy; Y2K-like early stage, multi-decadal opportunity

Waaree's backward and forward integration shall de-risk earnings concentration; The inverters facility shall start by Q4FY26 while G H2, electrolyser facility, advanced li-ion cells and BESS capacities would start in FY27E, enabling the company to capture what we believe could be a mammoth multi-decadal growth opportunity.

Valuation: High potential returns, strong balance sheet; reiterate 'BUY'

We reckon stronger operating cash flow shall largely take care of its higher capex requirements of INR150bn. With INR75bn of net cash and INR50bn+ p.a. EBITDA, Waaree's balance sheet remains strong. We are cutting FY26E/27E EBITDA by 1%/1% to factor in higher opex. Reiterate our *Braveheart* 'BUY' with a TP of INR3,646.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	44,258	34,089	29.8%	40,039	10.5%
EBITDA	9,973	5,525	80.5%	9,226	8.1%
Adjusted Profit	7,452	3,941	89.1%	6,189	20.4%
Diluted EPS (INR)	25.9	13.7	89.1%	21.5	20.4%

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	1,13,976	1,44,445	2,28,288	2,68,026
Gross profit	26,378	42,547	72,428	86,887
Employee costs	1,772	3,182	4,550	5,522
Other expenses	8,862	12,149	17,725	20,363
EBITDA	15,744	27,216	50,154	61,002
Depreciation	2,768	4,025	7,369	11,931
Less: Interest expense	1,399	1,521	1,836	1,751
Add: Other income	2,352	4,016	5,020	5,772
Profit before tax	13,929	25,687	45,968	53,092
Prov for tax	4,598	5,955	11,570	13,363
Less: Other adj	3,413	0	0	0
Reported profit	12,372	19,125	33,512	38,597
Less: Excp.item (net)	(3,413)	0	0	0
Adjusted profit	8,958	19,125	33,512	38,597
Diluted shares o/s	275	287	287	287
Adjusted diluted EPS	32.6	66.6	116.7	134.4
DPS (INR)	0	0	0	0
Tax rate (%)	33.0	23.2	25.2	25.2

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Module installed cap.	12.0	14.9	18.1	25.7
Module production	4.8	7.1	10.2	12.0
Cell installed capacity	0	0	5.4	15.4
EBITDA margin (%)	13.8	18.8	22.0	22.8
Net profit margin (%)	7.9	13.2	14.7	14.4
Revenue growth (% YoY)	68.8	26.7	58.0	17.4
EBITDA growth (% YoY)	88.6	72.9	84.3	21.6
Adj. profit growth (%)	78.0	113.5	75.2	15.2

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.7	7.2	7.0	6.8
Repo rate (%)	6.5	6.0	5.0	4.5
USD/INR (average)	82.8	84.4	86.5	85.0
Cell production	0	0	3.0	7.3
Gross Margin	23.1	29.5	31.7	32.4
EBITDA Margin	13.8	18.8	22.0	22.8

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	96.5	47.2	26.9	23.4
Price/BV (x)	21.2	9.5	7.0	5.4
EV/EBITDA (x)	55.7	31.0	17.7	14.9
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	2,630	2,873	2,873	2,873
Reserves	38,249	91,919	1,25,431	1,64,028
Shareholders funds	40,878	94,792	1,28,304	1,66,901
Minority interest	607	1,161	1,161	1,161
Borrowings	3,173	9,395	8,961	8,553
Trade payables	20,138	25,483	38,978	45,300
Other liabs & prov	31,946	53,226	53,789	54,358
Total liabilities	1,13,137	1,97,474	2,44,786	2,90,045
Net block	14,364	40,250	76,828	1,03,974
Intangible assets	68	42	42	42
Capital WIP	13,413	18,840	54,761	86,696
Total fixed assets	27,844	59,132	1,31,630	1,90,711
Non current inv	3	154	154	154
Cash/cash equivalent	37,792	77,478	31,633	8,612
Sundry debtors	9,714	11,848	18,725	21,984
Loans & advances	1,015	1,646	1,679	1,712
Other assets	31,610	40,597	54,194	59,944
Total assets	1,13,137	1,97,474	2,44,786	2,90,045

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	8,958	19,125	33,512	38,597
Add: Depreciation	2,768	4,025	7,369	11,931
Interest (net of tax)	1,240	889	0	0
Others	(865)	(3,123)	0	0
Less: Changes in WC	5,916	11,574	(6,412)	(2,110)
Operating cash flow	23,050	31,582	35,355	49,549
Less: Capex	(13,374)	(32,726)	(79,868)	(71,012)
Free cash flow	9,677	(1,144)	(44,512)	(21,463)

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	21.9	20.2	26.1	23.1
RoCE (%)	21.6	16.7	23.3	20.9
Inventory days	108	96	94	92
Receivable days	31	30	30	30
Payable days	84	91	91	91
Working cap (% sales)	13.5	9.2	8.8	8.4
Gross debt/equity (x)	0.1	0.1	0.1	0.1
Net debt/equity (x)	(0.8)	(0.7)	(0.2)	0
Interest coverage (x)	9.3	15.2	23.3	28.0

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	71.6	104.4	75.2	15.2
RoE (%)	21.9	20.2	26.1	23.1
EBITDA growth (%)	88.6	72.9	84.3	21.6
Payout ratio (%)	0	nm	nm	nm

Q1FY26 management call: Key highlights

Q1FY26 financial performance; EBITDA margin at 23%

In Q1FY26, Waaree reported revenue of INR44bn (+30% YoY), INR10bn EBITDA (+80% YoY) with a margin of 23% while PAT stood at INR7.5bn (+89% YoY). Waaree produced solar modules totalling to 2.3GW in Q1FY26.

EBITDA guidance of INR55–60bn intact

Given strong demand realisation and operational excellence, Waaree has reiterated its EBITDA guidance of INR55–60bn for FY26. Manufacturing of own cells expected to provide benefits, since currently cells are being sourced at higher price.

Expansion plans on track; Odisha facility shifted to Gujarat and Maharashtra

1.6GW US factory commenced operation in Jan-25. The company's 5.4GW cell factory got inaugurated. Having achieved 15GW of module manufacturing capacity (including US 1.6GW capacity), the company is targeting additional 10.8GW module capacity by FY27E, which would take the total capacity to ~26GW. It is also on track to set up an additional 1.6GW solar module capacity at its US facility and to set up a 3.2GW solar module capacity at its Chikhli facility.

Exhibit 1: Project timeline and update

	Capacity (GW)	Operational by	Update
Currently operational: module	14.9 GW (incl. Indosolar of 1.3GW) module, 5.4 GW cell		Cell: Commenced commercial production of 1.4GW (mono PERC) cell facility in Feb-25 and is ramping up well; 4GW (TOPCon) cell facility commissioned in Mar-25. Currently, the cell facility is running at average utilisation of 30–40% and shall take about a couple of months to achieve complete operationality.
Inverters	3	FY27	3GW facility (0.3mn inverters) under construction; to be operational by FY27.
Chikhli (module)	3.2	FY27	Received Board approval for setting up 3.2GW solar module line at its Chikhli facility.
US (module)	1.6	FY27	Received Board approval for additional 1.6GW capacity; the company will deploy capex at an appropriate time. The Chikhli facility as well as the US facility shall be operational in the next six months.
Gujarat (module & cell)	10	FY27	6GW module, cell, wafer, ingot capacity is a part of Production-Linked-Incentive. As part of strategic realignment, instead of setting up a wholly integrated facility at Odisha, it is now setting up a module & cell facility in Gujarat and ingots & wafers facility in Maharashtra. It has also received board approval for setting up additional 4GW of module, cell, ingot, wafer capacities at the respective locations. This change in plan is currently subject to approval from shareholders. The 6GW module plant is only required to be retrofitted as it is already partially built.
Maharashtra (ingots & wafers)	10	FY27	
Batteries	3.5GWh	FY27	Investment toward Lithium-ion storage cell & energy storage systems; 3Wh facility to be operational in FY27. Capex: INR20bn.
Green Hydrogen	300MW	FY27	Awarded PLI for a 300MW electrolyser manufacturing facility; to be operational in FY27.

Source: Company, Nuvama Research

Indosolar's Q1FY26 revenue came in at INR2bn with EBITDA at INR540mn and profit of INR550mn in its first year of operation. Indosolar has a current module capacity of 1.3GW and the acquisition of Indosolar is a strategic one as its presence in Noida aids Waaree's customers reach in Northern India. The capex expected to be incurred on all the above expansions is ~INR150bn; to be spent over the next 24 months.

Strong order book at 25GW valued at INR490bn

Waaree Energies' order book stood at 25GW (~INR 490bn). Orders for DCR modules majorly arrive from the retail and CNI segment, which constitute a small portion of the current order book. The newly set up 5.4GW cell capacity shall enhance Waaree's DCR module supply ability; schemes like PM Surya Ghar and PM Kusum are likely to drive DCR module demand. The order book is diversified between India and international markets with 59% from overseas and 41% India against the sales

mix of ~68% from India and ~32% from international markets. US supply orders have a longer gestation period (2–2.5years) than Indian orders (8 months to 1.15 years). In Q1FY26, Waaree received orders from the US totalling 2.3GW. With the order pipeline at 100GW, management aims to utilise it to maximize utilisation of factories to increase profitability.

Expanding into power infrastructure; Enel acquisition discussions ongoing

Waaree Energies is actively expanding into power infrastructure with its Enel Power acquisition in progress (discussions underway). EPC business has 3.2GW under execution. 3GW inverter facility is on track to be online late FY26.

Impact of Trump tariffs – A mixed bag

In case of the imposition of 25% tariffs on US imports from India, Waaree would be able to negotiate pass-through in respect of some contracts; however, for others, it may make some compromise in order to enhance long-term franchise; hence a mixed bag. Waaree has preponed export shipments to the US in Q1FY26, which shall be recognized as revenue on delivery.

Long-term EBITDA margin guidance: modules at 17–18%, cells 21–22%

Waaree expects to earn an EBITDA margin of 17–18% on module manufacturing business. Consequently, EBITDA margin of cell manufacturing business would stand ~400bp above module business' EBITDA margin, i.e. 21–22%.

Waaree keen on expanding base beyond India and USA

Management expressed its keenness to expand ongoing operations to other regions apart from India and USA. They stated the Middle East and Africa currently have bright prospects for its EPC business. Waaree plans to set up operations in countries with which the Indian government enters into agreements to facilitate ease of trade. It is also studying incentives offered by the European Union, especially Germany and Italy to evaluate possible expansions.

INR150bn capex over next two years to be funded from various sources

The company reiterates that it has a strong balance sheet with ~INR75bn of cash and cash equivalents, which shall be partially used for capex. Furthermore, the company plans to utilise internal accruals and bank arrangements (as and when required) to meet capex requirements over the next couple of years.

MNRE clarification on ALMM-2: solar projects grandfathered

The MNRE has come out with a clarification with respect to ALMM-2 (modules using domestically manufactured cells). As per its previous notification, projects in respect of which bids are issued after 9th December 2024 shall mandatorily use domestically manufactured cells in ALMM-I solar modules. As per the clarification, to reduce the wide demand-supply gap, projects can now be grandfathered till the end of one month from the date on which the ALMM-II list is published by the MNRE. Therefore, projects that are commissioned even after 1st June 2026 but which fall under the grandfathering exemption may be able to use non ALMM-2 cells in those projects. This may result in excess demand for ALMM-I modules, but management is of the view that capacities have ramped up in the industry and they may be able to absorb such high demand in the near term.

Q1FY26 results summary

Exhibit 2: Consolidated Q1FY26 results summary

(INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Production (GW)	2.3	1.4	64%	2.1	12%
Solar module realisation* (USD c/w)	0.20	0.27	-28%	0.20	-3%
Revenue from operations (Net)	44,258	34,089	30%	40,039	11%
Gross profit	16,095	8,958	80%	13,946	15%
Gross profit margin (%)	36%	26%		35%	
EBITDA	9,973	5,525	81%	9,226	8%
EBITDA margin (%)	23%	16%		23%	
EBIT	8,153	4,767	71%	7,692	6%
PBT	9,434	5,305	78%	8,495	11%
PAT	7,452	3,941	89%	6,189	20%
PAT margin (%)	17%	12%		15%	

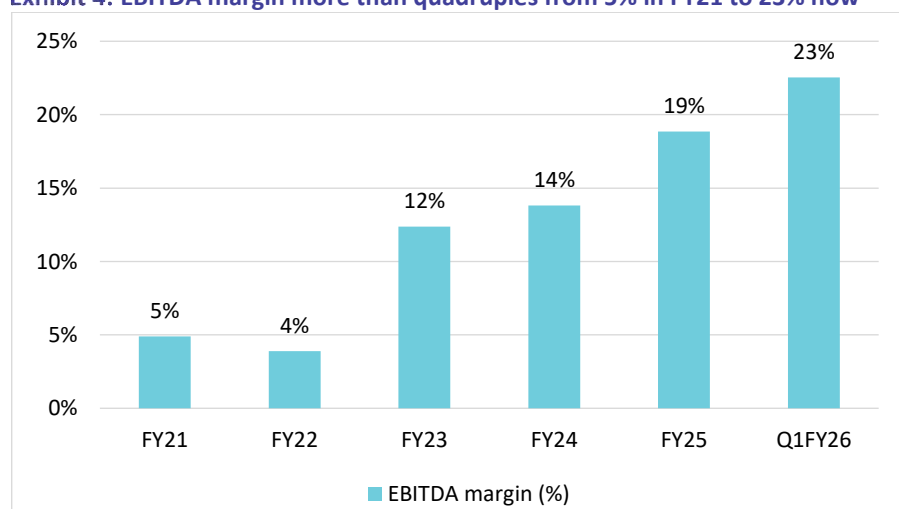
Source: Company, Nuvama Research / *Calculated on production numbers

Exhibit 3: Revenue mix

Revenue mix (INR mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Solar Photovoltaic Modules	38,724	31,785	22%	36,169	7%
Generation of power	111	111	0%	85	31%
EPC contracts	5,893	2,262	160%	4,653	27%
Total	44,727	34,158	31%	40,907	9%
Less: Inter-segment	(469)	(69)	-580%	(868)	46%
Total Revenue from operations	44,258	34,089	30%	40,039	11%
Revenue mix (%)					
Solar Photovoltaic Modules	87%	93%	-6%	90%	-3%
Generation of power	0%	0%	-23%	0%	19%
EPC contracts	13%	7%	101%	12%	15%

Source: Company, Nuvama Research

Exhibit 4: EBITDA margin more than quadruples from 5% in FY21 to 23% now



Source: Company, Nuvama Research

MNRE amends ALMM List-II cut-off date

MNRE in its latest notification amended the ALMM List-II cut-off date for grandfathered utility scale projects from 9-Dec-2024 to a revised cut off-date, which shall be one month after the ALMM List-II is published. As of Dec-2024, 110GW of capacity projects were grandfathered. Additionally, ~10GW solar capacity was added in H1CY25, which shall be added to the grandfathered projects, thereby increasing the timeline for such projects by at least 7–12 months depending on when the ALMM List-II is released.

We believe this could see a surge in demand for the ALMM-compliant modules in the near term to meet the cut-off date and unburden the demand on DCR modules, which shall continue to cater to the policy-driven demand under the PM Surya Ghar Scheme, PM Kusum Scheme and the CPSU Phase II Scheme.

Waaree's solar cell capacity balanced w.r.t its solar module capacity

Waaree's capacity is expected to grow from current 15GW (including Indosolar and Waaree Solar America's) to 25.7GW by FY27E, whereas their cell facility, which is currently at 5.4GW (1/3rd of current module capacity) shall rise to 15.4GW (~60% of FY27 module capacity) by FY27E. While their nameplate cell capacity is below their module capacity given the peak capacity utilisation for modules at 75% and the peak capacity utilisation of 95% for cells, we believe Waaree's domestic capacity remains largely balanced domestically.

In the short term, we feel the buffer of open access project worth 120GW capacity and incremental capacity addition of 15-20GW shall benefit Waaree in the near term with surge in ALMM-compliant modules which shall see demand through FY27-28, unburdening the demand for DCR modules and absorbing the demand from the utility scale projects before the cut-off date.

Exhibit 5: Waaree's cell capacity remains well balanced

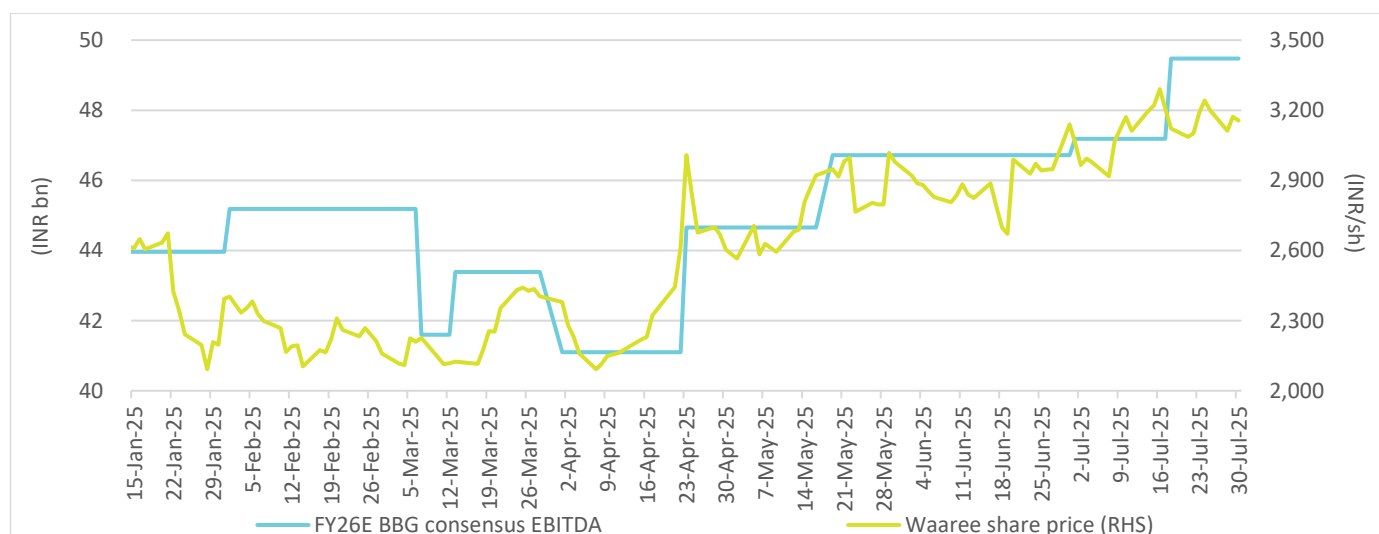
Capacity by FY27 (GW)	Solar Module	Solar Cell
Capacity (domestic)	22.5	15.4
Plant availability (%)	90%	90%
Effective capacity	20.3	13.9
Capacity utilisation (%)	75%	95%
Production	15.2	13.2

Source: Company, Nuvama Research

Strong FY26 guidance; upward revision to consensus likely

Management has guided for INR55–60bn in consolidated EBITDA for FY26E (ex-other income) on the back of a strong order book of ~25GW (includes 3.2GW EPC orders at WRTL), gross margin expansion as in-house production cost for cells is lower by USD3.5-7c/w (5.4GW Chikhli cell facility commenced production in May'25) than external procurement, and rapid build-up of the DCR order book, which fetches a realisation premium of USD6–8c/w. Conversely, current Bloomberg consensus for FY26E consolidated EBITDA stands at INR49.5bn, 10% lesser than lower-end of management guidance, potentially driving upward revisions. We remain the only one on Street with a **'BUY'** recommendation on Waaree.

Exhibit 6: FY26E BBG consensus EBITDA at INR49.5bn, ~10% lower than lower end of guided range of INR55–60bn



Source: Company, Bloomberg

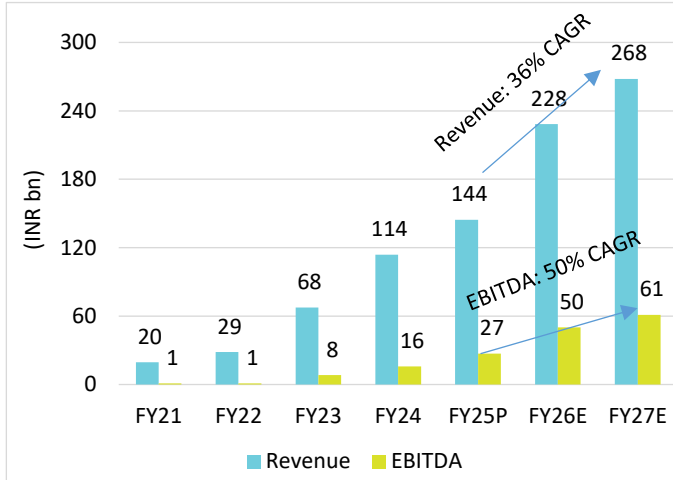
Exhibit 7: We continue to reiterate an anti-consensus 'BUY' on Waaree



Source: Company, Bloomberg

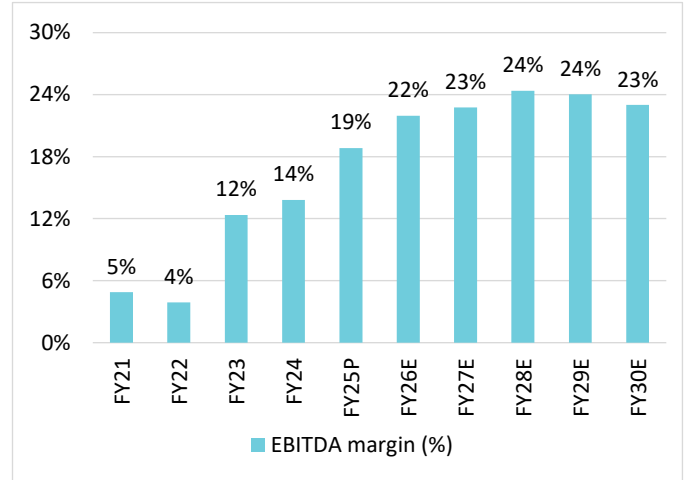
The story in charts: Exponential volume and margin-driven growth

Exhibit 8: Revenue/EBITDA CAGR of 36%/50% in FY25–27E...



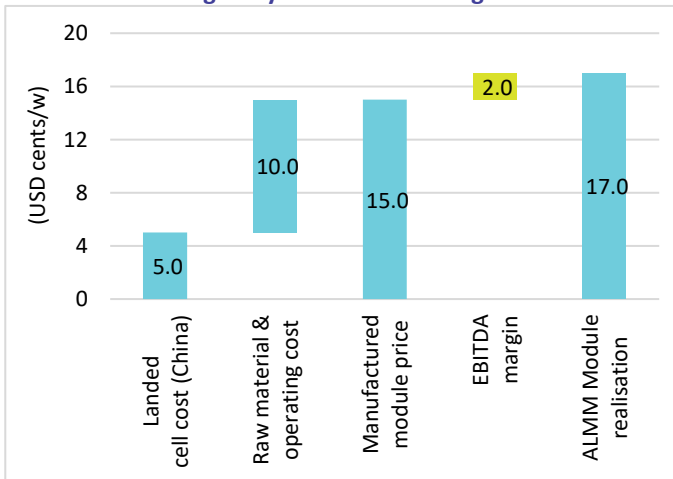
Source: Company, Nuvama Research

Exhibit 9: ...with EBITDA margin peaking at 23% by FY28E



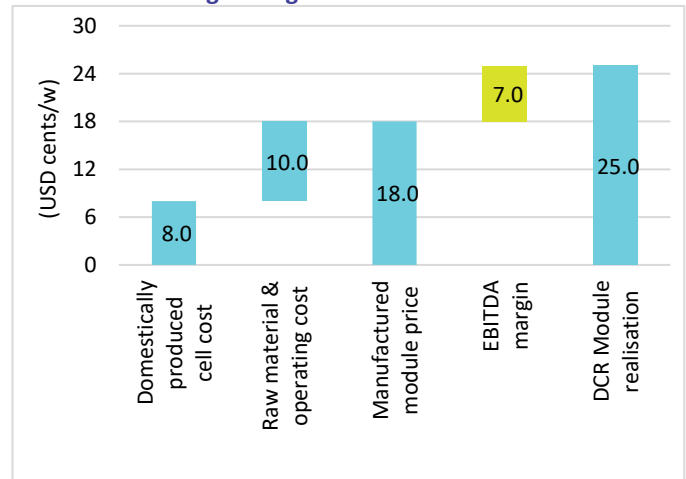
Source: Company, Nuvama Research

Exhibit 10: Pivoting away from modest-margin ALMM modules...



Source: Bloomberg, Industry, Nuvama Research

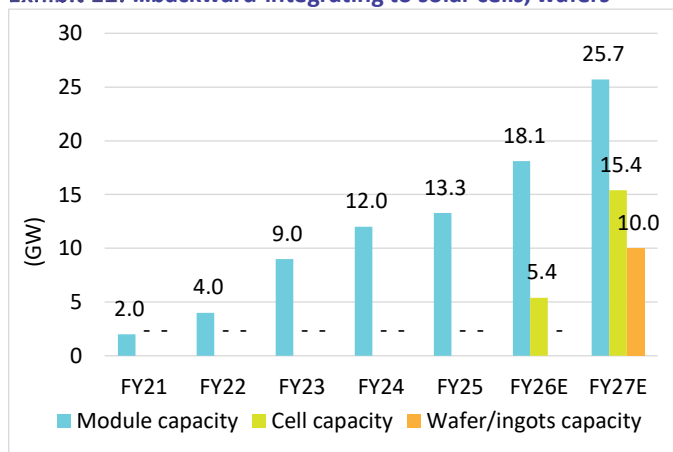
Exhibit 11: ...to high-margin DCR modules*



Source: Bloomberg, Industry, Nuvama Research

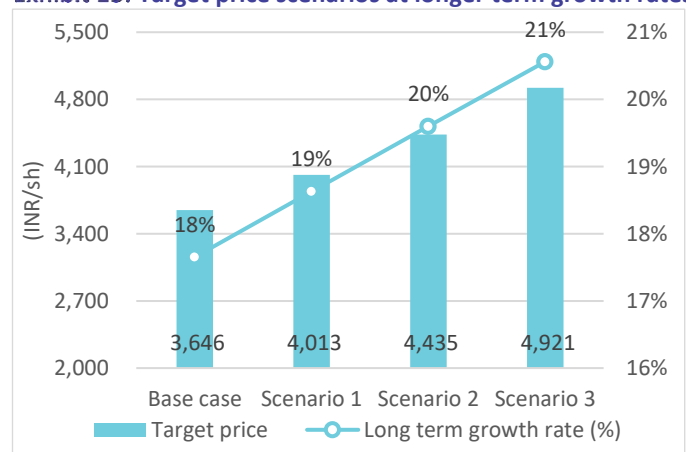
* Conservatively, we bake in USD cent 2/w margin (INR8bn EBITDA) versus USD cent 7/w

Exhibit 12: ...backward-integrating to solar cells, wafers*



Source: Company, Nuvama Research | *and ingots

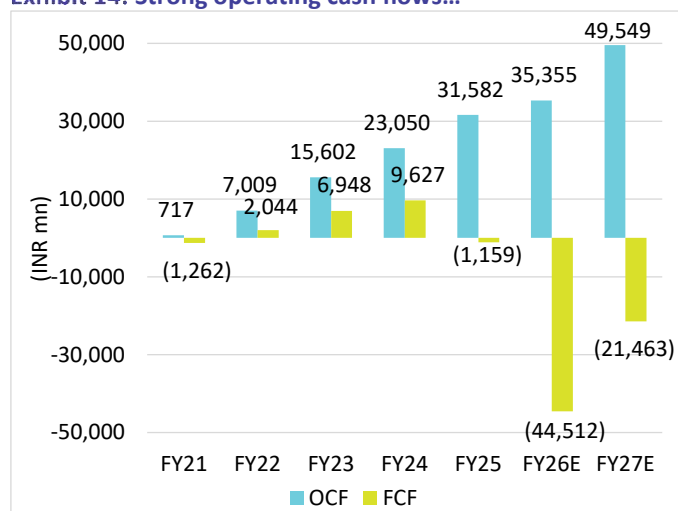
Exhibit 13: Target price scenarios at longer term growth rates



Source: Company, Nuvama Research

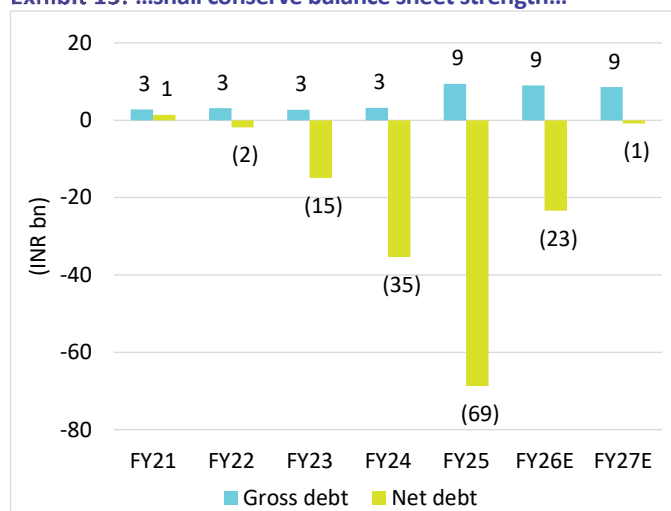
Radiating cash flows and profitability; bright comprehensive plan

Exhibit 14: Strong operating cash flows...



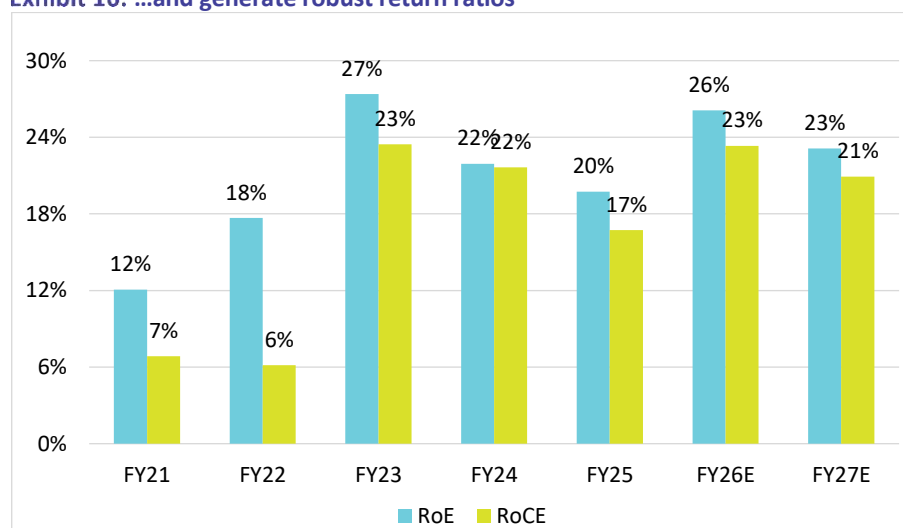
Source: Company, Nuvama Research

Exhibit 15: ...shall conserve balance sheet strength...



Source: Company, Nuvama Research

Exhibit 16: ...and generate robust return ratios



Source: Company, Nuvama Research

Exhibit 17: Comprehensive long-term strategy for sustaining growth/margin visibility

				
	Battery Energy Storage System	Inverters	Green Hydrogen Electrolyser	Renewable Power Infrastructure
	Lithium-Ion Storage Cell and Energy Storage System	Renewable Power Projects and Bidding Pipeline	Awarded PLI for a 300 MW Electrolyser Manufacturing Facility	Renewable Power Generation
Investment	Up to ₹2,073 Cr.	Up to ₹130 Cr.	Up to ₹551 Cr.	Discussions ongoing with EGPIPL
Key Updates	- Plant capacity*: 3.5 GWh - Operational by FY27	- Plant capacity*: 3L inverters – 3 GW per annum - Operational within FY26	- Plant capacity*: 300 MW - Operational by FY27	PPA signed – 170 MW project
Current Status	On track; Factory under construction at Rola (Valsad), Gujarat	On track; Factory under construction at Sarodhi (Valsad), Gujarat	On track; Factory under construction at Dungri (Valsad), Gujarat	Pursing connectivity of ~5 GW

Source: Company, Nuvama Research

Valuation: DCF TP implies 16% upside potential; new industry life cycle

Exhibit 18: DCF-based SoTP: INR3,646, 16% upside potential

Particulars	Value
Risk free rate	6.5%
Market risk premium	5.0%
Beta	1.3
WACC	12.2%
Terminal growth	3.5%
Equity value (INR/sh)	3,486
Other investments	160
Waaree Energies total Equity value (INR/sh)	3,646
CMP (INR/sh)	3,144
% upside	16%

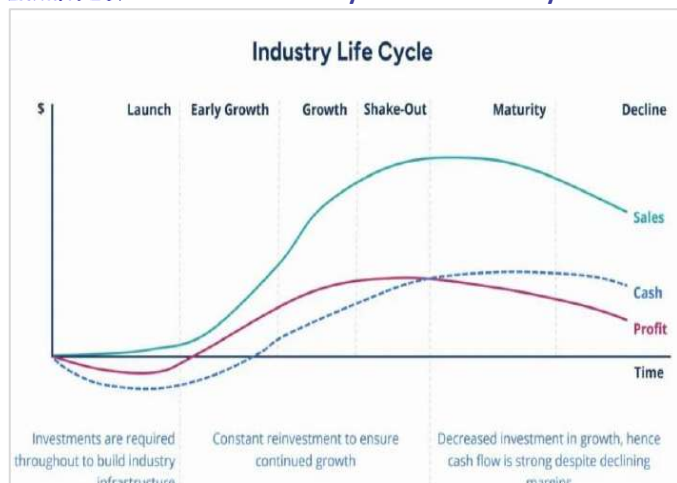
Source: Company, Nuvama Research

Exhibit 19: Global module manufacturers peer comps

	EV/EBITDA (x)		PER (x)	RoE (%)
Companies	FY25	FY27E	FY27E	FY27E
Premier Energies	27.6	15.1	29.7	33.5
Waaree Energies	33.6	13.4	20.8	27.7
India average	38.9	14.3	25.3	30.6
LONGi Green	NA	11.3	47.3	5.1
Jinko Solar	7.4	7.8	26.0	4.3
Trina Solar	NM	NM	29.1	3.0
JA Solar	6.2	4.7	23.6	5.7
China average	6.8	7.9	31.5	4.5
First Solar (US)	10.6	6.6	8.0	21.0
Global average	18.8	9.6	21.6	18.7

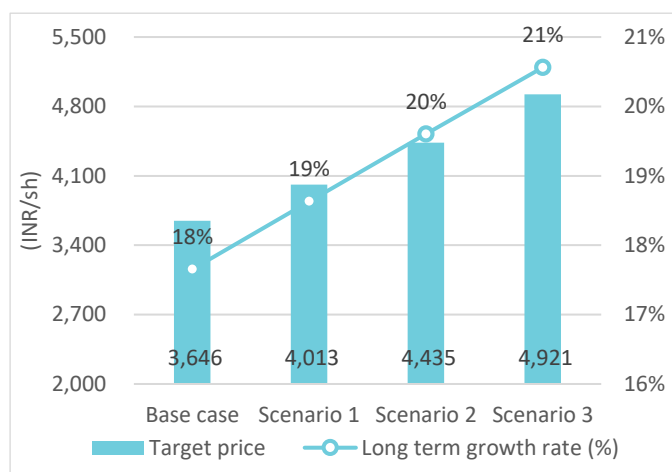
Source: Bloomberg, Nuvama Research

Exhibit 20: Valuation case study: IT sector of early 2000s



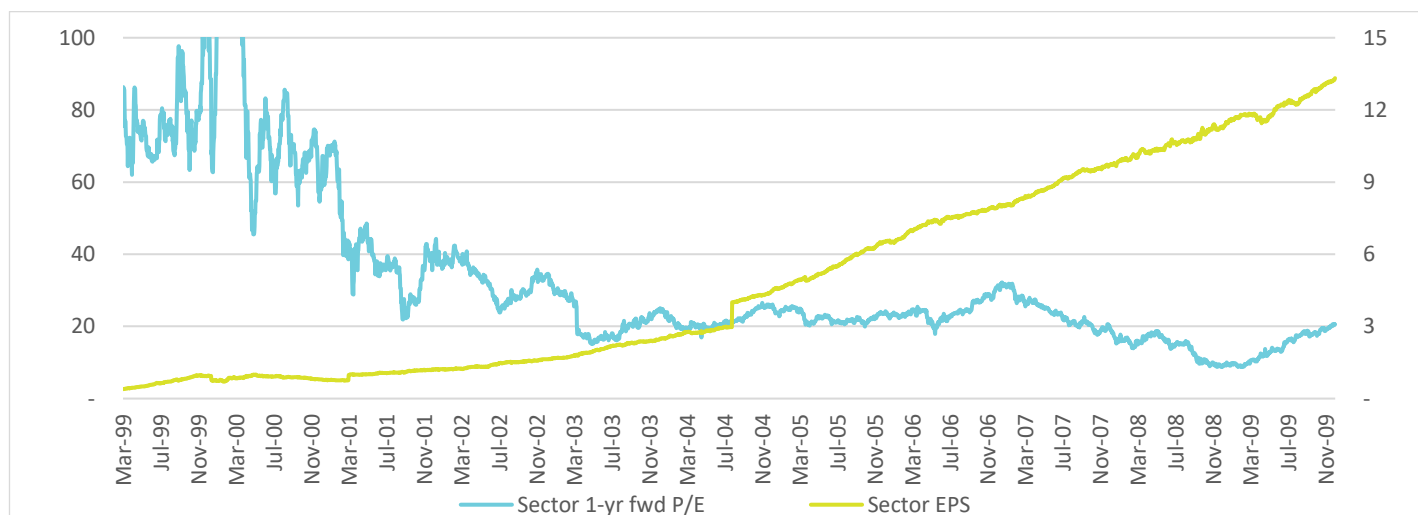
Source: Company, Nuvama Research

Exhibit 21: Target price scenarios at longer term growth rates



Source: Company, Nuvama Research

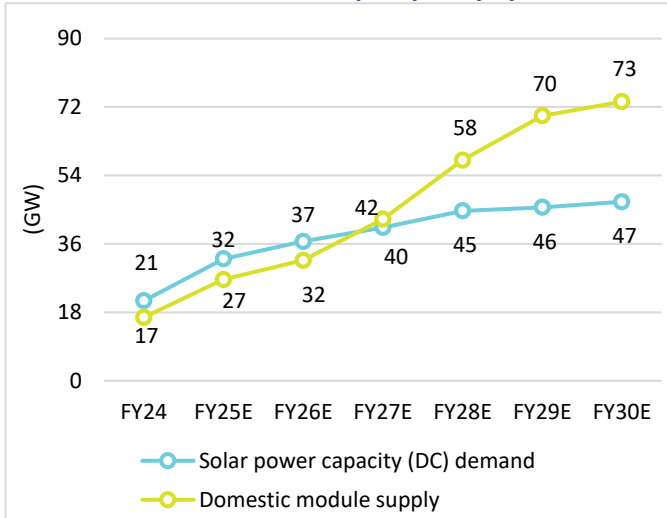
Exhibit 22: Valuation case study: IT sector of early 2000s



Source: Bloomberg, Nuvama Research

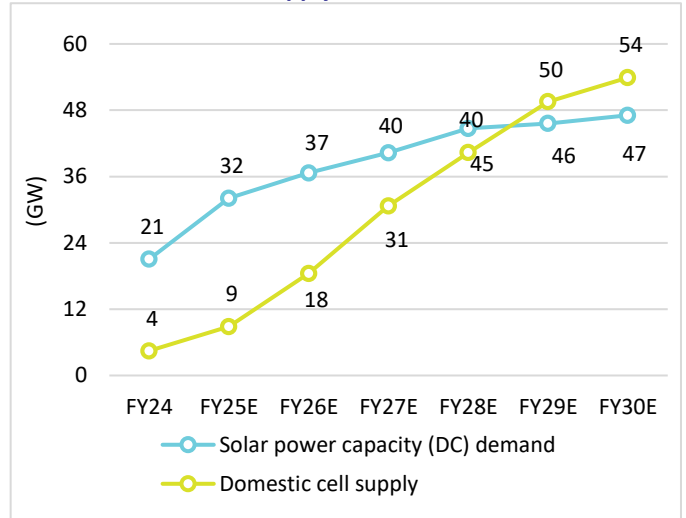
Imponderable risks loom: Government support, module oversupply

Exhibit 23: Solar module overcapacity likely by FY27E...



Source: Company websites, Industry, Nuvama Research

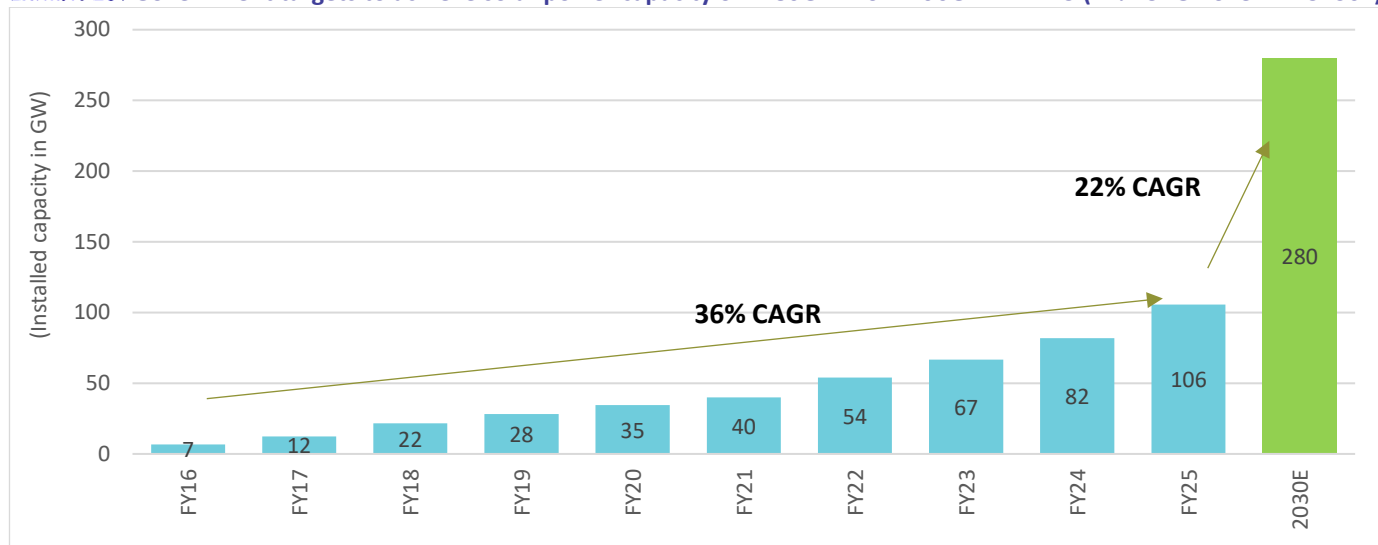
Exhibit 24: ...while cell supply to be in deficit until FY29E



Source: Company websites, Industry, Nuvama Research

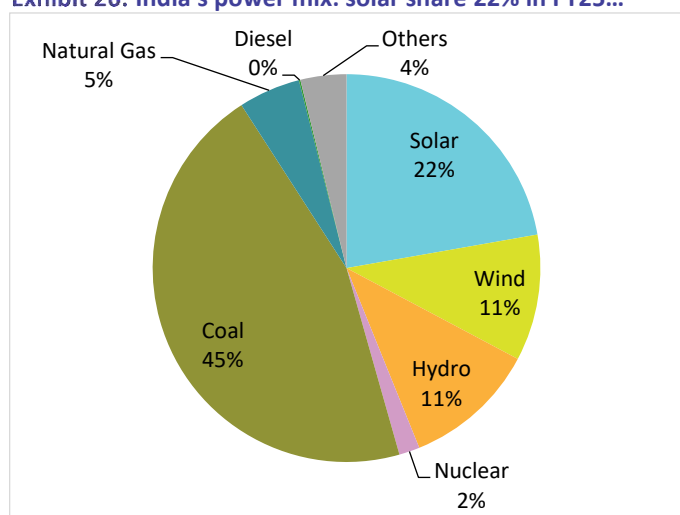
India solar opportunity: FDRE spurring strong solar growth

Exhibit 25: Government targets to achieve solar power capacity of ~280GW from 106GW in FY25 (22% CAGR over FY25–30E)



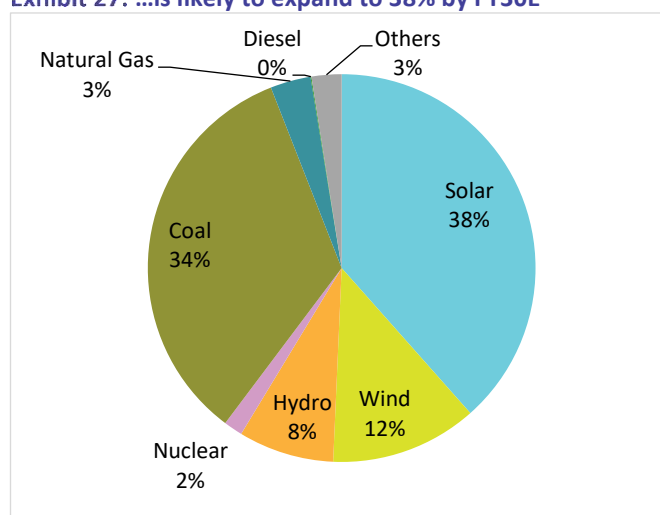
Source: MNRE, Nuvama Research

Exhibit 26: India's power mix: solar share 22% in FY25...



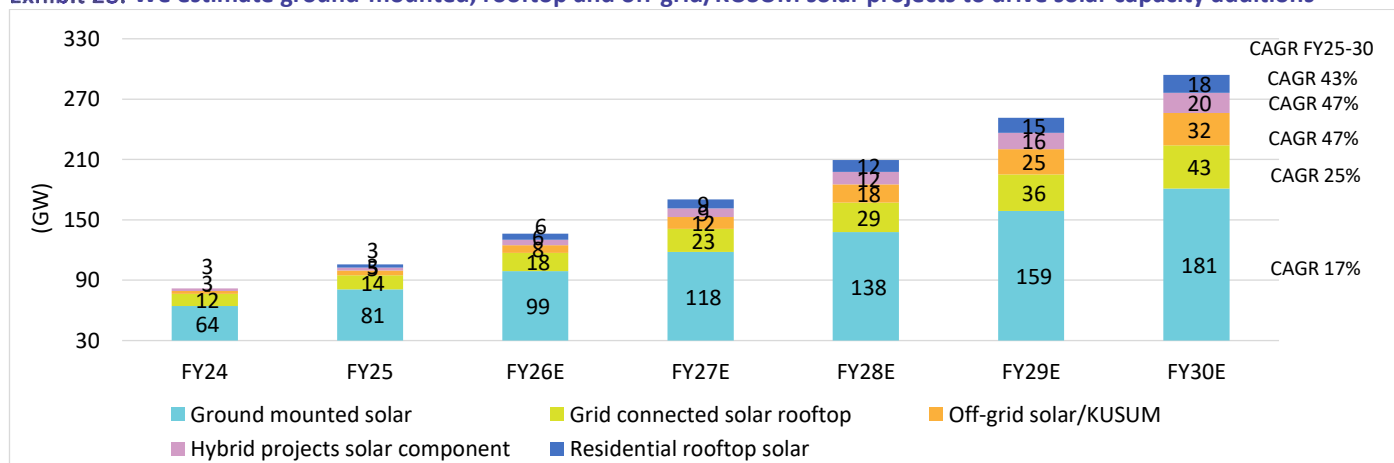
Source: CEA, Nuvama Research

Exhibit 27: ...is likely to expand to 38% by FY30E



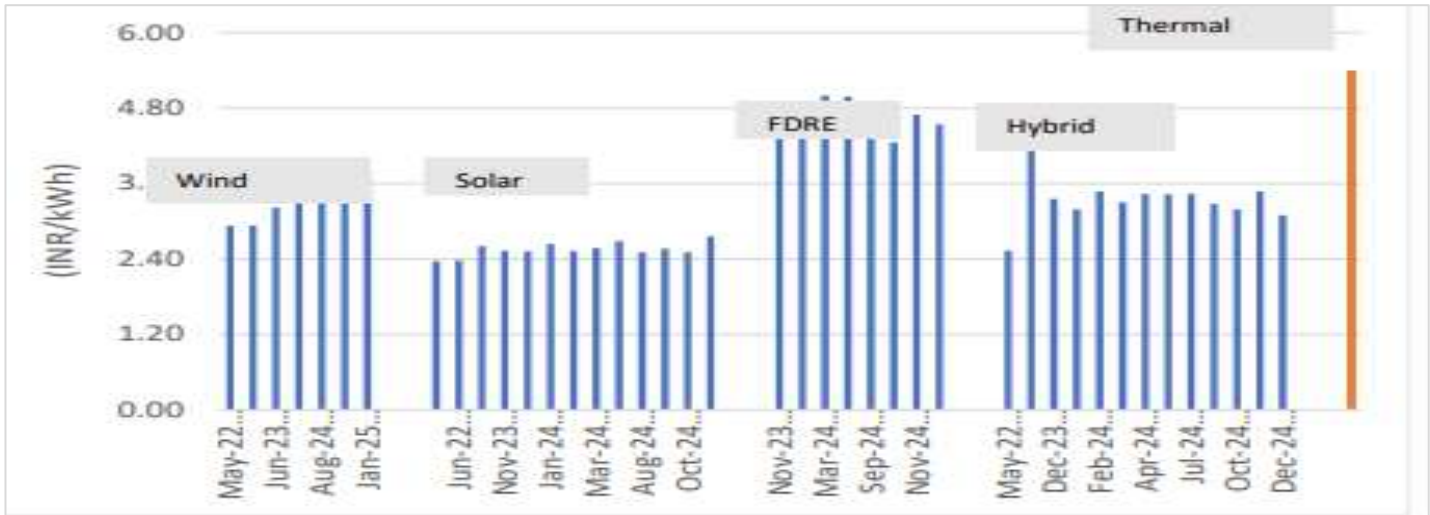
Source: CEA, Nuvama Research

Exhibit 28: We estimate ground-mounted, rooftop and off-grid/KUSUM solar projects to drive solar capacity additions



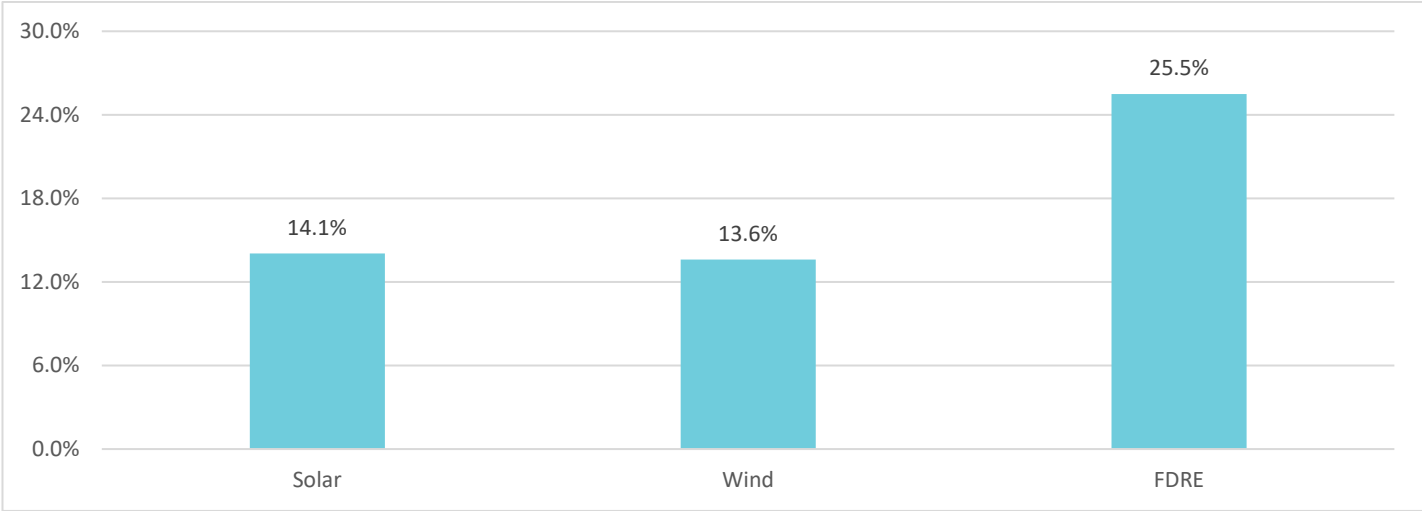
Source: MNRE, Nuvama Research *Note: FY25-30 CAGR since FY24 was NIL

Exhibit 29: Solar power cheaper than alternatives, but intermittent; FDRE solutions offer huge potential for Waaree’s BESS foray



Source: Elekor, Nuvama Research

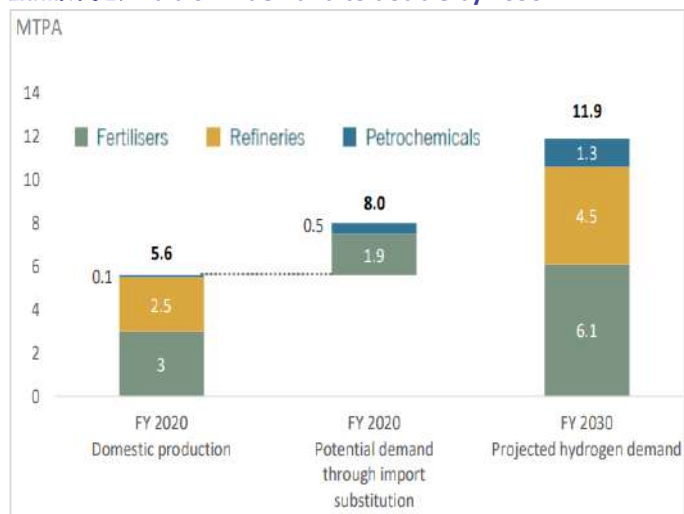
Exhibit 30: Average IRR highest for Firm and Dispatchable Renewable Energy (FDRE)



Source: Nuvama Research

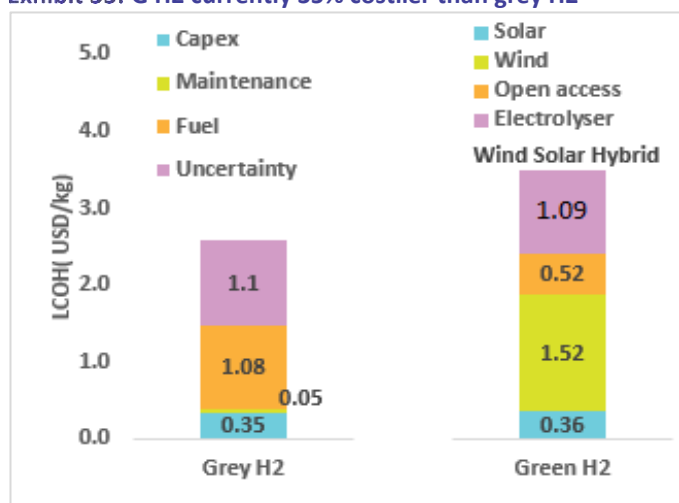
Green Hydrogen: Y2K-like multi-decadal opportunity for India

Exhibit 31: India's H2 demand to double by 2030



Source: Nuvama Research

Exhibit 33: G H2 currently 35% costlier than grey H2



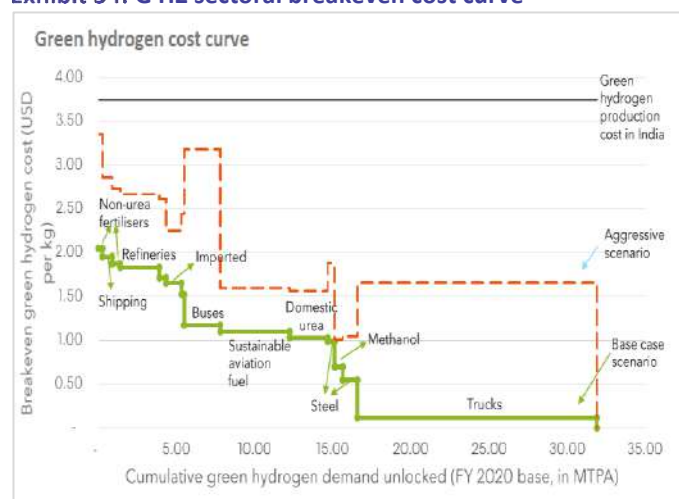
Source: Nuvama Research

Exhibit 32: Uses of G H2 as a decarbonisation tool



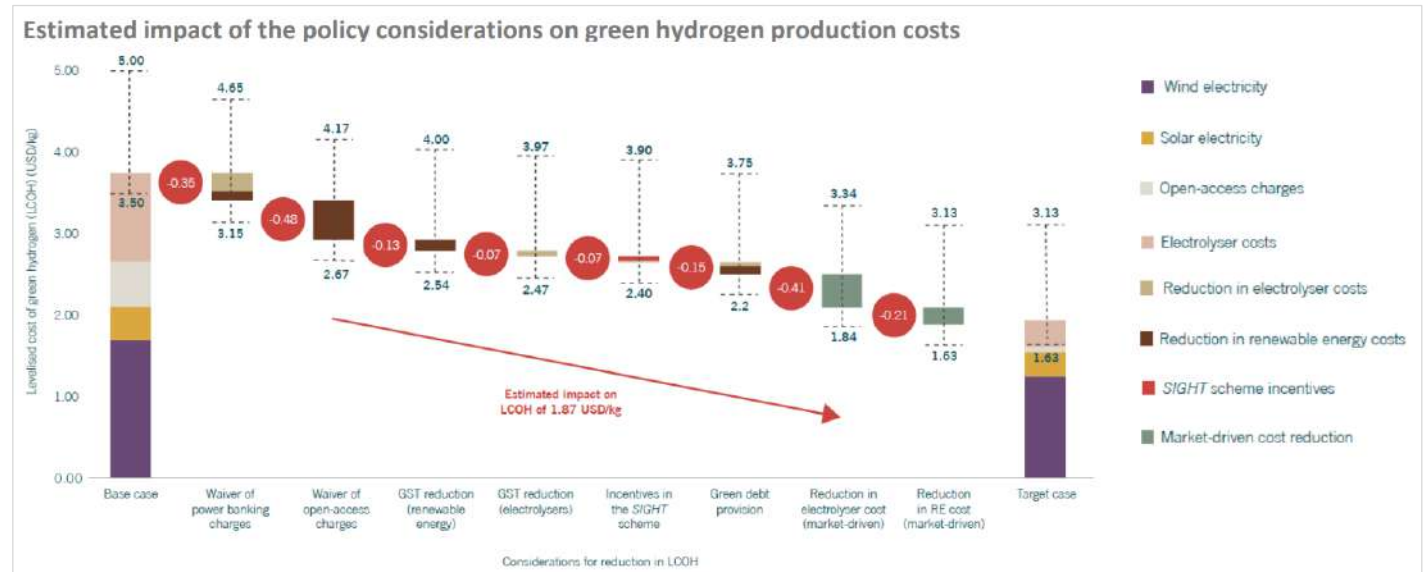
Source: Nuvama Research

Exhibit 34: G H2 sectoral breakeven cost curve



Source: Nuvama Research

Exhibit 35: Levelised cost of G H2 to halve to USD1.63/kg by 2030E



Source: CEEW, Nuvama Research

Exhibit 36: India's costs lower: PV by 16–44%, wind by 17–40%

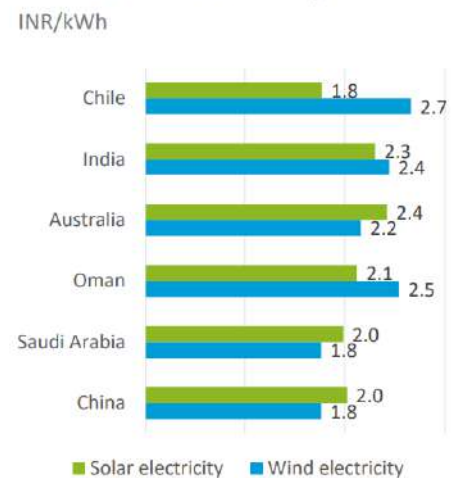
The cost of RE systems, finance and RE availability are key defining parameters in evaluating the competitiveness

Comparison of key defining parameters

Parameter	Unit	Chile	India	Australia	Oman	Saudi Arabia	China
Region		Taltal, Antofagasta	Bellary	Tamala, WA	Dhofar Governorate	Dawadmi	Tongliao, Inner Mongolia
Type of PV system	Tracking	Single-axis	Fixed-tilt	Single-axis	Single-axis	Single-axis	Single-axis
PV cost	USD/kW-ac	1047	596	1061	710	1008	651
Wind cost	USD/kW	1450	1038	1731	1250	1250	1264
Discount rate		5.4%	10.0%	6.4%	8.6%	4.2%	8.0%
Solar PLF		42%	27%	34%	31%	32%	27%
Wind PLF		33%	47%	69%	50%	52%	59%

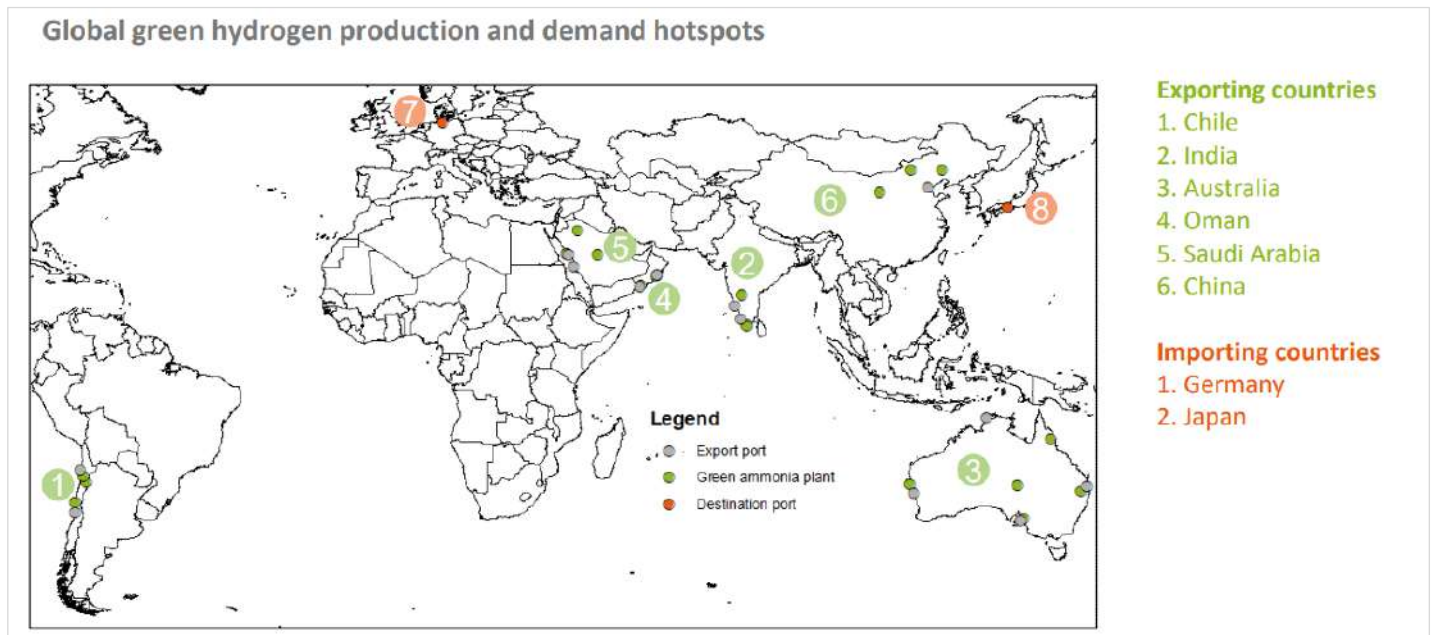
Transport	Distance	Cost (USD/Tonne NH3)
Inland	100	20.7
Sea transport	1000	10

Levelised cost of electricity



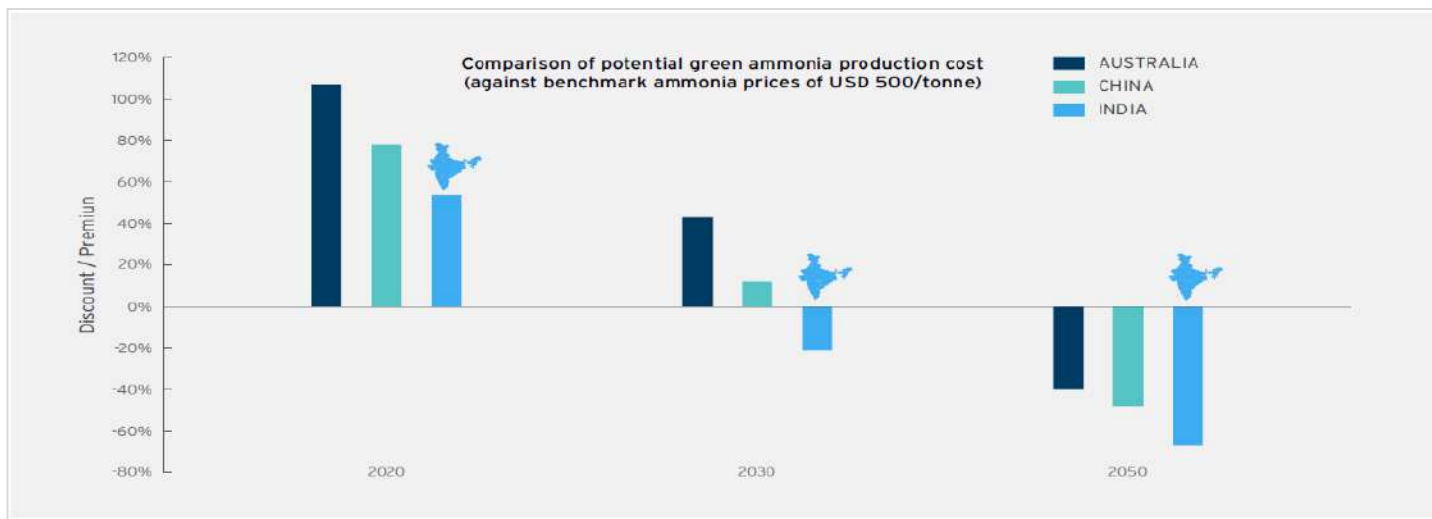
Source: CEEW, Nuvama Research

Exhibit 37: G H2 key exporting and importing countries



Source: Nuvama Research

Exhibit 38: G NH3 production cost likely to be 29%/43% lower than China/Australia by 2030E



Source: Nuvama Research

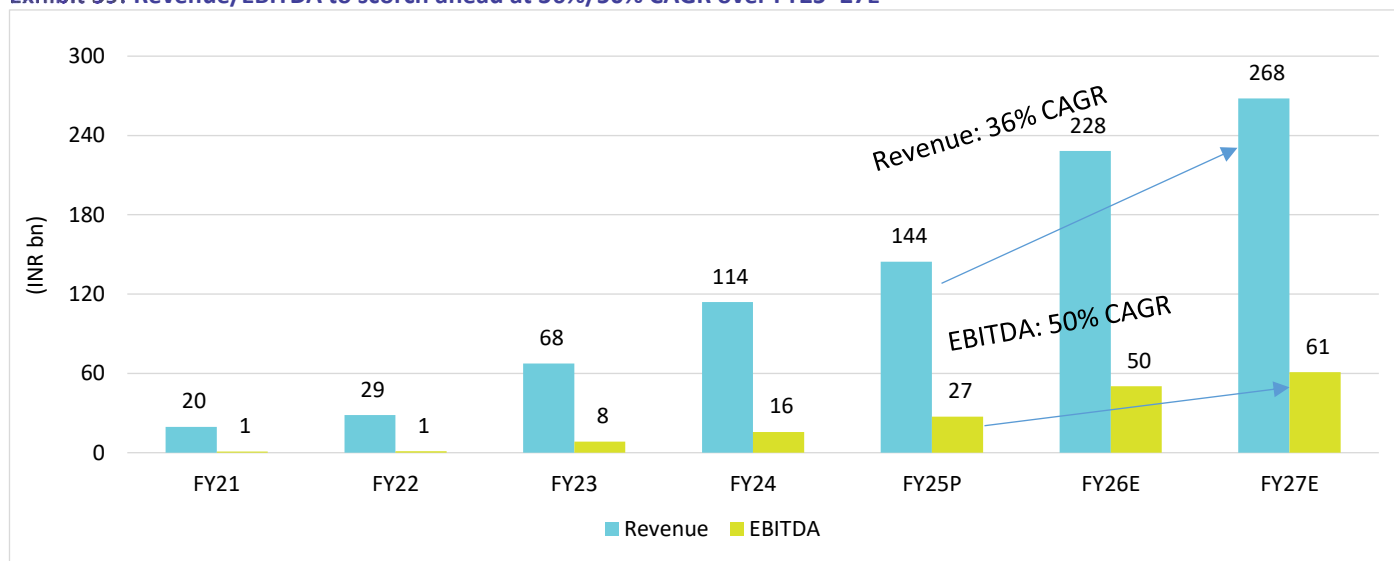
Huge earnings potential

Revenue/EBITDA to scorch ahead at 36%/50% CAGR over FY25–27E

We estimate Waaree's EBITDA would surge at a 50% CAGR over FY25–27E, increasing from INR27bn to INR61bn driven by a robust 36% CAGR in revenue. Our growth estimates are based on the company's strong order book of 25GW at the Q1FY26 valued at INR490bn.

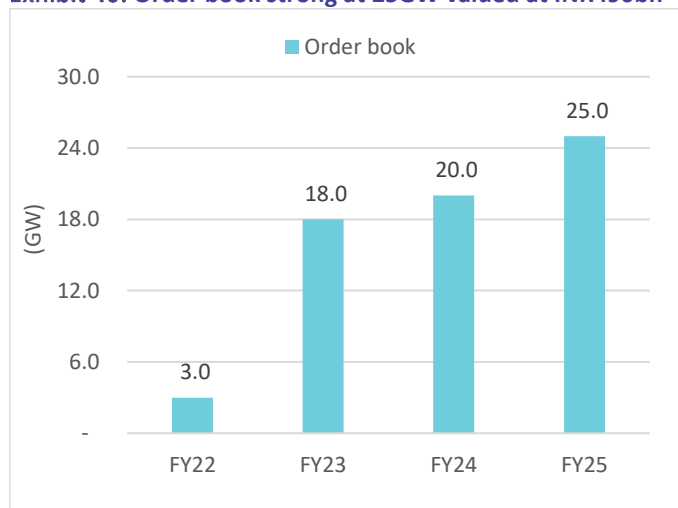
Waaree's EPC arm, Waaree Renewables Technologies (WRTL), is also growing rapidly, and we expect strong 41% CAGR growth in its EPC business over FY25–27E based on its strong order book of 3.2GW at end-Q1FY26.

Exhibit 39: Revenue/EBITDA to scorch ahead at 36%/50% CAGR over FY25–27E



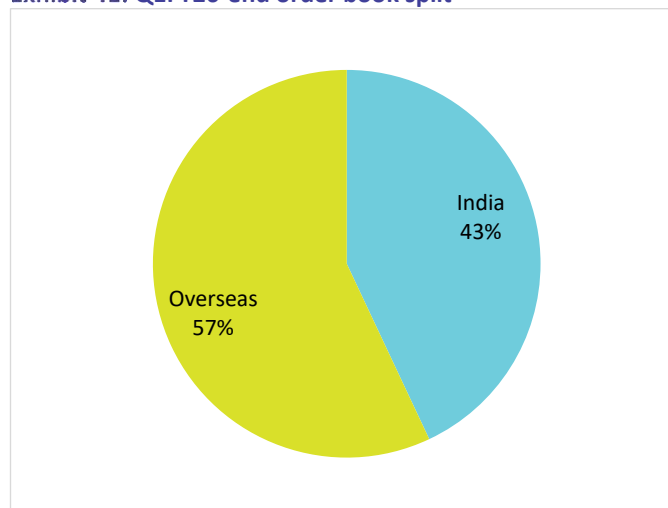
Source: Company, Nuvama Research

Exhibit 40: Order book strong at 25GW valued at INR490bn



Source: Company, Nuvama Research

Exhibit 41: Q1FY26-end order book split



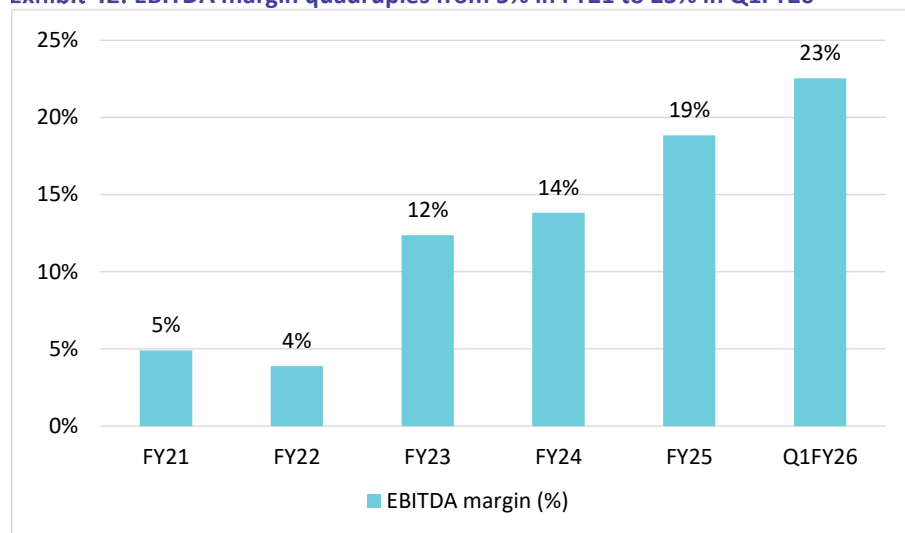
Source: Company, Nuvama Research

Margins to surge over FY25–27E

Waaree's EBITDA margin quadrupled from 5% in FY21 to 23% in Q1FY26 driven by:

- i) a 7.5x jump in capacity from 2GW in FY21 to 14.9GW in Q1FY26, as operating leverage improved;
- ii) better realisations for ALMM-compliant modules in the domestic market; and
- iii) higher realisation for exports.

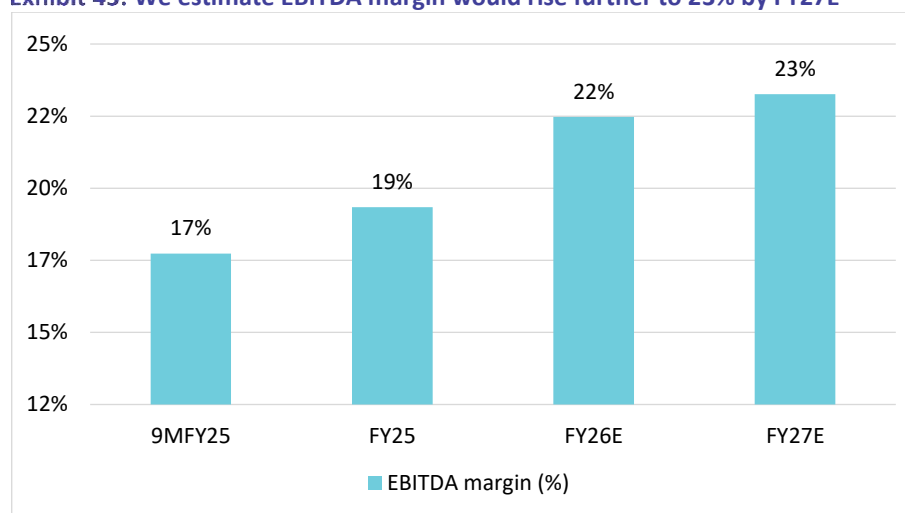
Exhibit 42: EBITDA margin quadruples from 5% in FY21 to 23% in Q1FY26



Source: Company, Nuvama Research

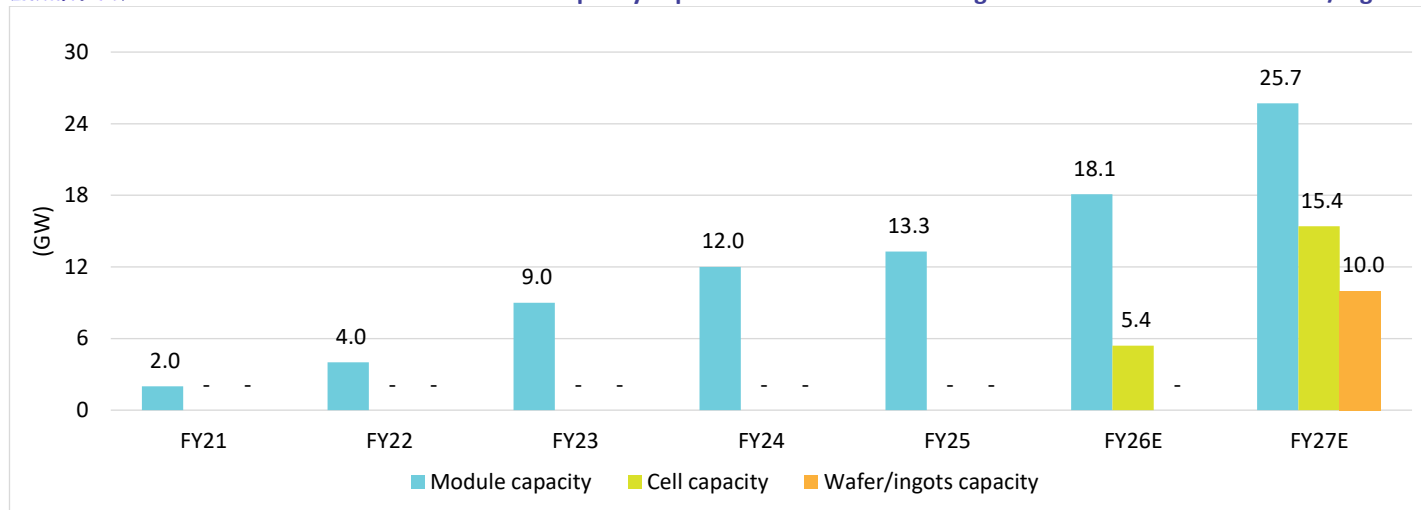
We expect Waaree's EBITDA margin to maintain 23% levels in FY27E given its plans to: i) expand solar module capacity to 25.7GW, and ii) backward integrate into high-margin solar cell manufacturing capacity of 15.4GW and 10GW wafer capacity by FY27E.

Exhibit 43: We estimate EBITDA margin would rise further to 23% by FY27E



Source: Company, Nuvama Research

Exhibit 44: Waaree to benefit from solar module capacity expansion and backward integration to solar cells and wafers/ingots



Source: Company, Nuvama Research

Backward integration to enhance competitiveness

Waaree has commissioned its 5.4GW solar cell facility in Gujarat and plans to commission 10GW of module, cell facility in Gujarat and 10GW wafer, ingot facility in Maharashtra by FY27E (from previously planned 6GW integrated facility in Odisha). We believe backward integration into solar cells shall be margin-accretive as the share of DCR-compliant modules is set to rise, yielding higher realisation (USD0.25/w versus ALMM-compliant module at USD0.17/w).

Given Waaree manufactures only solar modules, its EBITDA margin (23% in Q1FY26/19% in FY25) has lagged those of integrated peers such as Premier Energies (30% in Q1FY26/27% in FY25) and Websol (45% in Q4FY25/44% in FY25). Hence, once backward-integrated, not only would Waaree's competitiveness improve vis-à-vis its integrated peers, but its profitability shall too.

Exhibit 45: Waaree's EBITDA margins lag integrated peers; to catch-up soon

Company	FY24	FY25	Q3FY25	Q4FY25	Q1FY26
Waaree	14%	19%	21%	23%	23%
Premier	15%	27%	30%	33%	30%
Websol	-29%	44%	46%	45%	NA

Source: Company, Nuvama Research

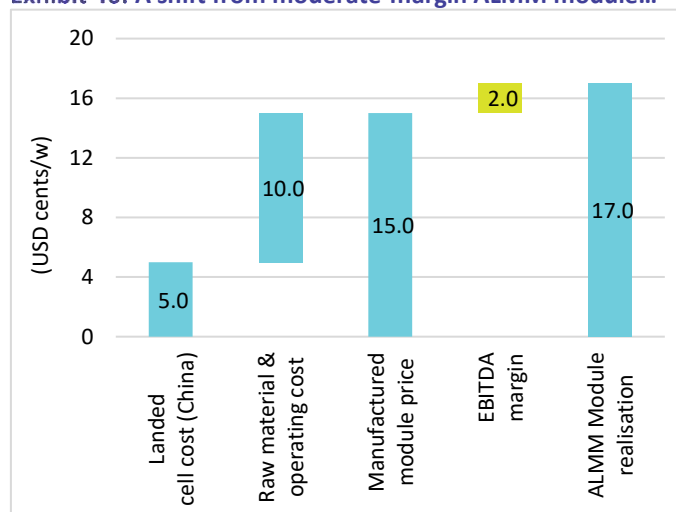
We delineate a few scenarios comparing EBITDA margins for ALMM-compliant solar modules (using solar cells imported from China) and DCR solar modules (using captive solar cells).

With a realisation of USD0.17/w for domestically manufactured ALMM-compliant modules, a domestic manufacturer would generate EBITDA of USD0.02/w, implying a 12% EBITDA margin. Post-backward integration, Waaree's solar modules would be DCR-compliant, which shall attract higher realisation of USD0.25/w, thereby generating EBITDA of USD0.07/w, translating to an EBITDA margin of 28%.

The shift from moderate-margin ALMM modules to manufacturing high-margin DCR modules shall improve Waaree's EBITDA margin by USD0.05/w, but we conservatively assume margin improvement of only USD0.02/w in FY26E, which shall improve its blended EBITDA margin by 414bp in FY26E to 23% from 19% in FY25.

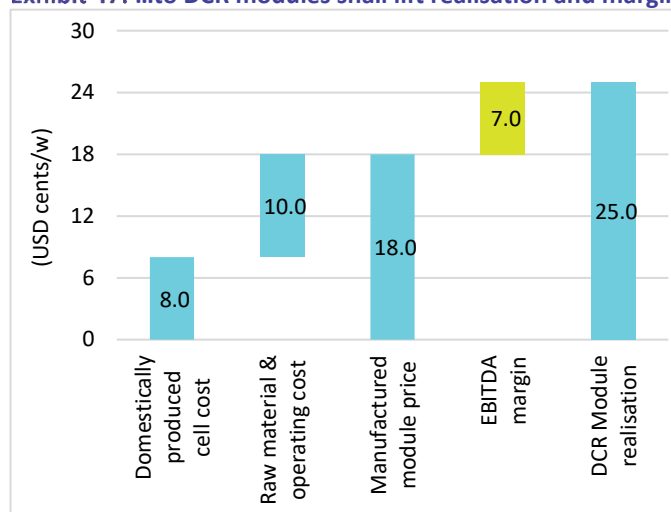
We reckon 85% cell capacity utilisation of its 5.4GW cell facility shall help Waaree generate incremental annual EBITDA of INR20bn. Even so, we factor in conservative incremental EBITDA of INR8bn with total EBITDA estimated at INR50bn in FY26E.

Exhibit 46: A shift from moderate-margin ALMM module...



Source: Bloomberg, Industry, Nuvama Research

Exhibit 47: ...to DCR modules shall lift realisation and margins



Source: Bloomberg, Industry, Nuvama Research

High-margin cell start-up to be margin-accretive as well

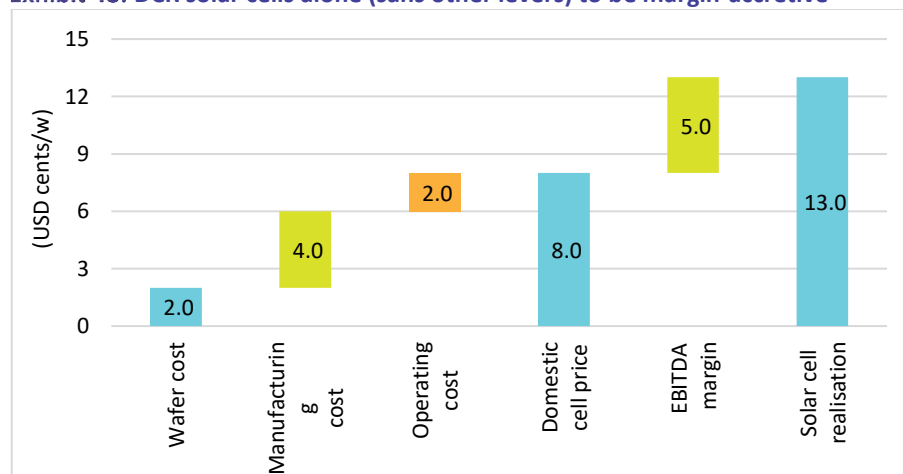
DCR-compliant modules must use domestically manufactured solar cells. That said, given India's current solar cell capacity of ~25GW (FY25) eclipsed by demand for solar cells of >35GW annually, a gaping demand-supply gap exists.

This demand-supply gap is likely to keep solar cell prices in the domestic market elevated as we estimate solar cell supply shall not outpace demand at least until FY28E; as new capacities come up, FY29E shall mark a crossover in demand-supply.

Accordingly, we argue the start-up of Waaree's solar cell manufacturing capacity and further ramp up by Q2FY26 presents an excellent opportunity for the company to exploit: i) superior solar cell realisations of USD0.13/w; and ii) introduction of ALMM-List II for cells, which takes effect from June 1, 2026.

At current DCR solar cell price of USD0.13/w (versus USD0.05/w, >2.5x higher than solar cells imported from China), domestic solar cell manufacturers can generate EBITDA of USD0.05/w, which would ratchet up margins as well.

Exhibit 48: DCR solar cells alone (sans other levers) to be margin-accretive



Source: Bloomberg, Industry, Nuvama Research

Volumes to follow as competition rises and barriers fall

While government policies stoked demand for solar modules, the combination of ALMM and the DCR mandate and lack of domestic capacity has fuelled realisation and profitability of solar modules and cells manufactured domestically.

Eying superior returns of domestically manufactured modules and cells, many entities announced solar module and cell capacities. As per the capacities announced so far, we estimate solar module installed capacity would rise to 133GW while solar cell capacity is likely to burgeon to 65GW by FY27E, from 74GW and 25GW in FY25 respectively.

However, with the rise in installed capacity and increase in availability of supply of solar module and cells, we expect higher competitive intensity to start affecting margins FY28E onwards.

Importantly, as the Indian solar industry achieves production at scale for solar modules and cells, we believe there would be a looming risk of government phasing out the BCD of 40% on solar modules/25% on cells. While phasing out of BCD is anyone's guess, we have factored in a gradual decline in BCD for modules and cells from FY28E, which in turn should further intensify competition.

Exhibit 49: Domestic solar module manufacturing capacity to burgeon from 63GW in FY24 to 123GW by FY27E

	India module capacity						
(GW)	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Reliance New Energy	-	-	10.0	15.0	20.0	20.0	20.0
Waaree Energies	12.0	13.3	18.1	25.7	27.7	29.7	30.7
Premier Energies	4.1	5.1	11.1	11.1	11.1	11.1	11.1
Adani Mundra PV	4.0	4.0	6.0	8.0	10.0	10.0	10.0
ReNew	6.4	6.4	6.4	7.4	8.4	9.4	10.4
Goldi Solar	3.3	3.3	6.3	6.3	6.3	6.3	6.3
Jupiter Solar	-	-	2.8	2.8	3.8	4.8	5.8
Jakson	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Websol	0.6	0.6	0.6	0.6	0.6	0.6	0.6
RenewSys	2.5	2.5	2.5	2.5	3.5	4.5	4.5
Solex Energy	0.7	1.5	1.5	2.5	4.0	4.0	4.0
Insolation	1.0	4.0	5.0	6.0	6.0	6.0	6.0
Tata Power Solar	4.7	4.7	4.7	4.7	4.7	4.7	4.7
First Solar	3.3	3.3	3.5	3.5	3.5	3.5	3.5
Rayzon Solar	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Saatvik Green Energy	1.2	3.8	3.8	3.8	4.8	5.8	6.8
Grew Solar	1.2	2.8	2.8	4.0	4.0	5.0	6.0
Gautam Solar	1.0	2.0	2.0	3.0	3.0	4.0	5.0
Others	11.9	11.6	16.8	20.8	23.8	26.8	29.8
Total	63.0	74.0	109.0	132.8	150.3	161.3	170.3

Source: Company websites, Industry, Nuvama Research

Exhibit 50: Solar cell capacity additions to touch 55GW by FY27E

	India cell capacity						
(GW)	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Reliance New Energy	-	-	5.0	10.0	15.0	20.0	20.0
Waaree Energies	-	5.4	5.4	15.4	18.4	21.4	23.4
Premier Energies	2.0	2.0	8.4	9.2	10.0	10.0	10.0
Adani Mundra PV	4.0	4.0	5.0	6.0	7.0	9.0	10.0
ReNew	-	2.5	2.5	3.5	4.5	5.5	6.5
Goldi Solar	-	-	-	-	2.0	3.0	4.0
Jupiter Solar	1.0	1.0	1.0	1.0	2.0	3.0	4.0
Jakson	-	-	-	-	-	-	-
Websol	0.6	0.6	1.2	1.2	1.2	1.2	1.2
RenewSys	-	-	-	-	1.8	1.8	1.8
Solex Energy	-	-	-	1.0	1.0	2.0	2.0
Insolation	-	-	1.0	2.0	3.0	3.0	3.0
Tata Power Solar	0.5	4.0	4.0	4.0	4.0	4.0	4.0
First Solar	-	-	-	-	-	-	-
Rayzon Solar	-	-	-	-	-	-	-
Saatvik Green Energy	-	-	-	1.0	2.0	4.0	4.0
Grew Solar	-	-	-	-	2.8	2.8	2.8
Gautam Solar	-	-	-	1.0	1.0	2.0	2.0
Others	0.9	5.5	5.5	9.7	19.7	20.7	21.7
Total	9.0	25.0	39.0	65.0	95.4	113.4	120.4

Source: Company websites, Industry, Nuvama Research

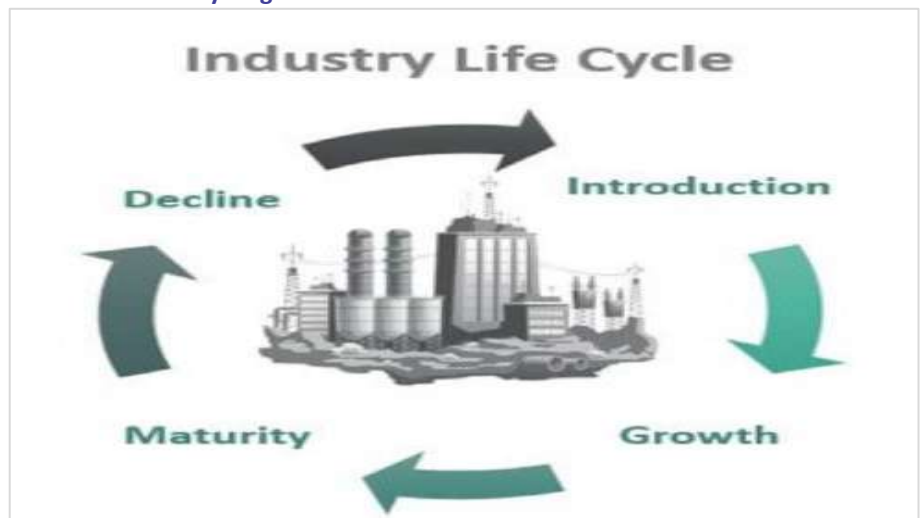
Valuation – similar to Indian IT in 2000s?

Industry in early growth stage, akin to Indian IT sector in early 2000s

We believe the Indian solar PV industry is in the early growth stage of the industry life cycle, characterised by a sustained increase in market size and rising competition as many new entrants jump in vying for a slice of the growing pie.

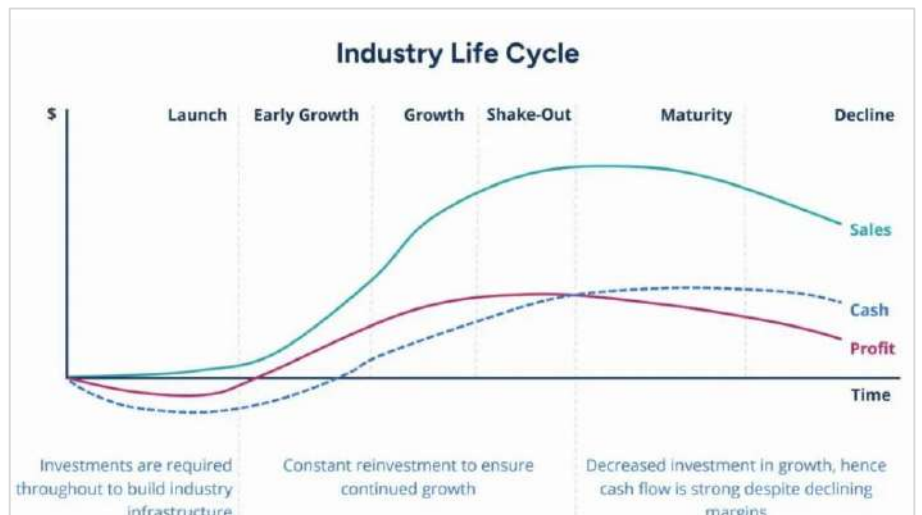
Companies in the growth stage are likely to experience significant growth in revenue and profits as new capacities are announced and utilisation levels of current facilities increase.

Exhibit 51: Industry stages



Source: Nuvama Research

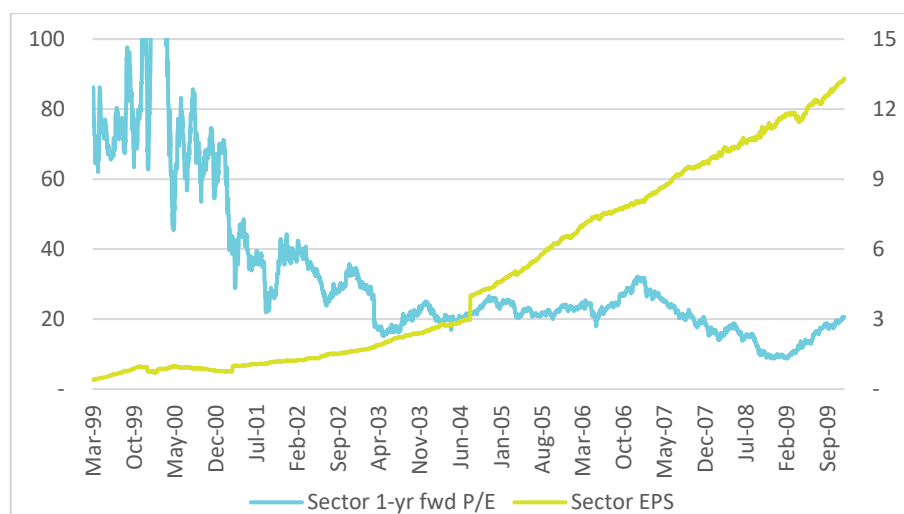
Exhibit 52: Growth-stage companies post significant rise in revenues and profits



Source: Nuvama Research

Using the example of the Indian IT industry in the early 2000s, we demonstrate the movement of valuations and earnings of an industry in its early growth stage. We observe a correction in high multiples, which factored in high growth with earnings catching up, brought the valuation to more reasonable levels. We include TCS, Infosys, Wipro, HCL Technologies and Tech Mahindra in our analysis and calculate sector EPS and valuations on a market-cap weighted basis.

Exhibit 53: Lofty valuations of high-growth industry correct as earnings catch up



Source: Bloomberg, Nuvama Research

Drawing comparisons with the Indian solar PV industry, at the current price, valuations are extremely high at 47x FY25 P/E and 31x FY25 EV/EBITDA for Waaree. Based on our earnings, we reckon the P/E shall correct to a more reasonable 23x FY27E EPS and 15x EV/EBITDA as we factor in EBITDA/EPS growth at a 50%/43% CAGR for Waaree over FY25–27E.

Exhibit 54: SotP valuation yields TP of INR3,646

Particulars	Value
Risk free rate	6.5%
Market risk premium	5.0%
Beta	1.3
WACC	12.2%
Terminal growth	3.5%
Equity value (INR/sh)	3,486
Other investments	160
Waaree Energies total Equity value (INR/sh)	3,646
CMP (INR/sh)	3,144
% upside	16%

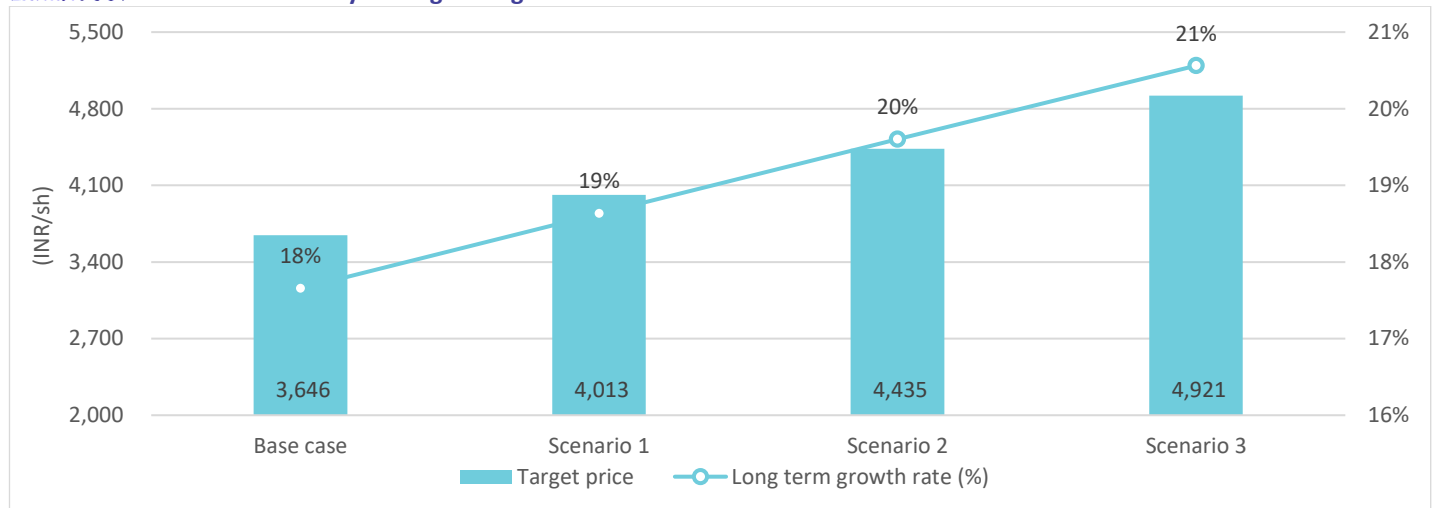
Source: Company, Nuvama Research

Valuation sensitivity

We believe the Indian solar industry is in the early growth stage of the industry life cycle, characterised by a sustained increase in market size and rising competition. Companies in the early growth stage are likely to experience significant growth in revenue and profits, which is likely to normalise as competition rises and utilisation levels of the current facilities rise. While we estimate free cash flows shall remain strong for Waaree, galloping at 18% CAGR over FY24–45E, we provide different scenarios for long-term growth rate and its sensitivity to valuations.

Our base case long-term CAGR of 18% over FY24–45E yields a TP of INR3,646/share. However, if we factor in a much higher 21% CAGR, the TP inflates to INR4,921/share.

Exhibit 55: Valuation sensitivity to long-term growth rate



Source: Nuvama Research

Peer group valuation

Exhibit 56: Global peer valuations for solar module/cell producers

Companies	Mkt Cap	P/E			P/B			EV/EBITDA			EV/Sales			RoE		
	(USD bn)	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Premier Energies	5.5	51.8	39.2	29.7	17.3	11.9	8.4	27.6	20.8	15.1	7.1	5.8	3.9	50.0	35.9	33.5
Waaree Energies	10.3	46.5	26.9	20.8	9.2	7.0	4.9	33.6	17.4	13.4	5.8	4.0	3.2	26.5	29.5	27.7
India average		56.0	33.6	23.6	11.3	6.5	4.9	38.9	23.8	17.2	5.5	3.7	2.7	27.3	21.9	23.1
LONGi Green	17.3	NM	NM	47.3	2.0	2.1	2.0	NM	38.8	11.3	1.4	1.5	1.3	-11.5	-3.7	5.1
Jinko Solar	7.6	44.6	NM	26.0	1.6	1.7	1.6	7.4	16.2	7.8	0.7	0.9	0.7	3.4	-3.2	4.3
Trina Solar	5.0	NM	NM	29.1	1.3	1.5	1.4	NM	NM	NM	0.9	1.0	0.8	-8.0	-9.6	3.0
JA Solar	5.4	NM	NM	23.6	1.2	1.3	1.2	6.2	9.2	4.7	0.9	0.9	0.8	-8.6	-7.5	5.7
China average		NM	NM	31.5	1.5	1.6	1.5	6.8	21.4	7.9	1.0	1.1	0.9	-6.2	-6.0	4.5
First Solar (US)	19.5	13.8	12.1	8.0	2.4	2.1	1.7	10.6	9.1	6.6	4.6	3.8	3.2	17.5	18.7	21.0
Global average		34.9	22.8	21.0	5.1	3.4	2.7	18.8	18.1	10.6	3.7	2.8	2.3	12.9	11.5	16.2

Source: Company, Bloomberg, Nuvama Research

Note: FY25/26E/27E is CY24/25E/26E for global peers

Company Description

Waaree Energies (Waaree), founded in 1990, is India's largest manufacturer of solar PV modules with the largest aggregate installed capacity of 13.3GW (including Indosolar capacity of 1.3GW). Waaree commenced operations in 2007 focusing on solar PV module manufacturing with the aim to provide quality, cost-effective sustainable energy solutions across markets, and aid in reducing carbon footprint paving the way for sustainable energy, thereby improving quality of life.

Its solar PV modules are currently manufactured using multi-crystalline cell technology, monocrystalline cell technology and emerging technologies such as Tunnel Oxide Passivated Contact (TopCon) that aids reduce energy loss, enhances overall efficiency. The portfolio of solar energy products consists of following PV modules: i) multi-crystalline modules; ii) monocrystalline modules; and iii) TopCon modules, comprising flexible modules that include bifacial modules (Mono PERC, framed and unframed), and building integrated photo voltaic (BIPV) modules.

The company operates five manufacturing facilities in India spread over an area of 143 acres—Surat, Tumb, Nandigram and Chikhli in Gujarat, and the Indosolar facility in Noida, Uttar Pradesh.

Exhibit 57: A snapshot of Waaree's current domestic manufacturing capacity



Source: Company, Nuvama Research

Exhibit 58: Comparison of existing versus upcoming technologies

Parameters	Mono PERC	TOPCon	HJT
Initial capex	USD31-38 mn/GW	USD38-46 mn./GW	USD69-75 mn./GW
Cell Efficiency	23.2% - 23.7%	24.5% - 25.2%	24.5% - 25.2%
Module Efficiency	20% - 21.5%	22.0% - 23.0%	22.0% - 23.0%
Bi-faciality	70% - 75%	80% - 85%	80% - 90%
Complexity	Moderately complex	Less than HJT	Most complex
Temperature Co-efficient of Power (Pmax Temperature Co-efficient)	i) -0.35% / degree C ii) PERC cells experience a more noticeable power decline at elevated temperatures	i) -0.29% / °C. ii) Offers a significant power improvement over PERC cell at elevated temperatures	i) -0.24% to -0.26% / °C. ii) Lowest temperature coefficient - HJT cells experience minimal power loss even at high temperatures.
Losses and Damages	p-type Mono PERC cells are prone to LID and PID losses. Such losses are high compared to peers	PID and LID losses in TOPCon are lower compared to Mono PERC,	Not prone to PID and LID losses, since general cell construction is n-type

Source: Company, Nuvama Research

Additional Data

Management

Managing Director & Chairman	Hitesh C Doshi
CEO	Amit Paithankar
CFO	Sonal Srivastava
Executive Director	Viren C Doshi
Auditor	SRBC & Co LLP Chartered Accountants

Holdings – Top 10*

% Holding		% Holding	
Waaree Sustaina	18.37	Doshi Nipa Vire	5.64
Doshi Pankaj Ch	11.13	Doshi Binita Hi	5.56
Doshi Bindiya K	6.90	Doshi Kirit Chi	4.46
Doshi Viren Chi	6.10	Dharamshi H Kal	2.32
Doshi Hitesh Ch	5.89	VT ENERGY SRI	2.17

*Latest public data

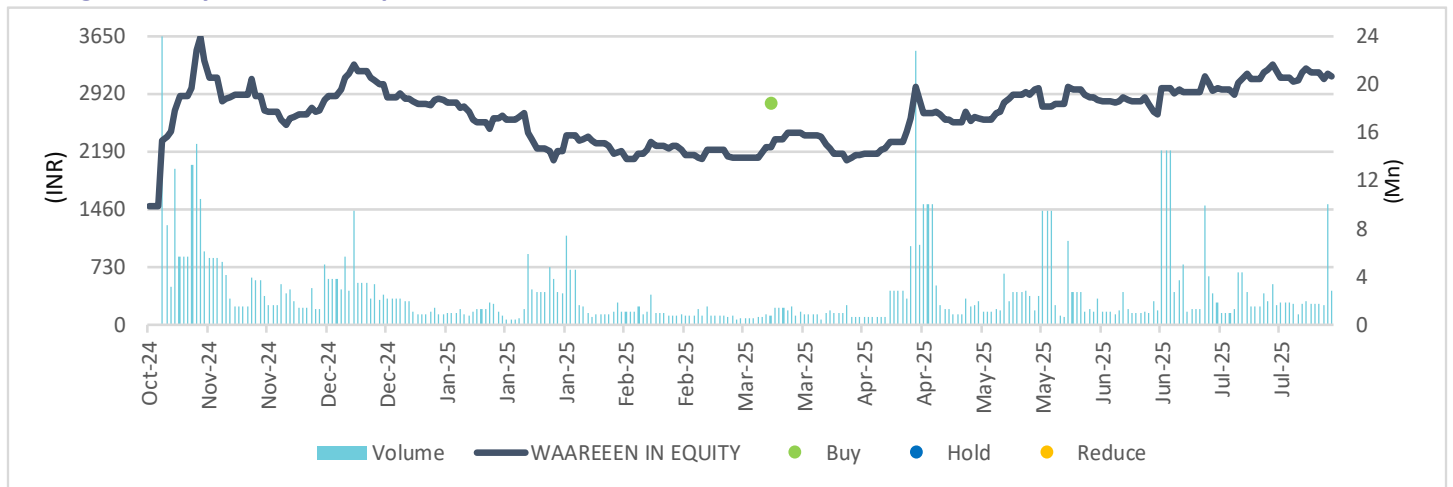
Recent Company Research

Date	Title	Price	Reco
23-Apr-25	Strong quarter; outlook even brighter; <i>Result Update</i>	3,007	Buy
20-Mar-25	Executing eclectic energy integration ; <i>Initiating Coverage</i>	2,253	Buy
19-Nov-24	Waaree Energies (WAAREEN IN, INR 2,902;; <i>Result Update</i>	2,901	Not Rated

Recent Sector Research

Date	Name of Co./Sector	Title
18-Jul-25	Sterling and Wilson	Execution ramp-up aids earnings beat; <i>Result Update</i>
07-Jul-25	New Energy	Strong quarter; prospects bright; <i>Sector Update</i>
29-May-25	New Energy	A dazzling quarter; prospects shiny; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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