



Prime stock

Short Term Fundamental Pick

waaree energies Ltd



TODAY'S PRIME STOCK (SHORT-TERM INVESTMENT)**Waaree Energies Ltd.****BSE CODE:** 544277**NSE CODE:** WAAREEENER**Sector:** Capital Goods**Industry:** Other Electrical Equipment**CMP (Rs): ₹ 3300 | Buy Range: ₹ 3270 - ₹ 3300 | Target Price: ₹ 3663 | Potential Upside: 11%****Duration of Recommendation: 3-6 Months**

About Company: Founded in 1990, Waaree Energies Limited is a manufacturer of solar PV modules and cells, as well as provider of EPC services for solar power plants. It is the largest solar module manufacturer in India with an aggregated installed capacity of 15 GW. Headquartered in Mumbai, Waaree operates 5 manufacturing facilities in India and has operationalized a manufacturing facility in US in January 2025. In FY25, Waaree Energies Ltd generated approximately 80% of its revenue from the Indian market and 20% from international markets.

INVESTMENT RATIONALE

Strong Market Presence and Robust Order Book: Well recognized as the largest solar PV modules manufacturer in India, it holds 14.1% share of the total module manufacturing capacity and is the largest player in solar module export market in India. Waaree has been consistently ranked as a Tier-1 PV Module Maker for 38 Quarters by Bloomberg New Energy Finance WEL boasts a robust order book exceeding ₹47,000 crores with a split of 57% overseas and 43% from India.

Healthy and Consistent Growth: Waaree Energies has delivered a strong financial performance with Revenue/ EBITDA/PAT (excluding exceptional items) demonstrating 27.6%/72.8%/107% YOY growth, reaching ₹14,444/₹2,722/₹1928 crores in FY25. Other key metrics, such as ROE/ROCE, stood at healthy levels of 27.6%/35.1%. Waaree maintains a conservative capital structure with a low debt-to-equity ratio of 0.13x, offering ample flexibility to raise leverage for future growth, if required. Overall, the key metrics reflect strong and profitable business expansion.

Manufacturing Capacity: Waaree energies has a 15GW module manufacturing capacity, with 4.8 GW to be added by FY26-27. The company has also recently operationalized a 5.4 GW cell manufacturing capacity and is has undertaken technical collaborations for Perovskite tandem cells. WEL has also received board's approval for an additional 1.6 GW module manufacturing line reaching a total capacity of 3.2 GW at the facility in US by FY2027 leveraging the Inflation Reduction Act (IRA).

Strategic Acquisitions and Portfolio Diversification: WEL is aiming to shift from being primarily a manufacturer of solar modules to a comprehensive energy transition partner. It acquired a 96.4% stake in IndoSolar for backward integration, which posted ₹55 crore profit in its first year post-acquisition. Waaree is also acquiring 100% of Enel Green Power India to strengthen forward integration, significantly enhancing its capabilities in solar and wind energy development.

Beyond these, Waaree is actively investing into new business segments: Green Hydrogen & Electrolyzers (including a 300 MW PLI-awarded facility and a 90,000-ton green hydrogen production bid), a 3.5 GW battery storage facility by 2027, a renewable power infrastructure (with 170 MW in development), and a 3 GW inverter facility expected online late Fiscal 2026.

Reasonable Valuations: At CMP, the stock is currently trading at 23.4x/16.1x its FY27E/FY28E book value. We believe this valuation is reasonably cheap, given the company has a dominant presence in the industry, backed by aggressive expansion and a massive order book to further increase market share.

Key Risks:

- Supply-side disruptions, recent U.S. tariff announcements, and potential uncertainties from new U.S. administration policies could impact export markets and supply chains
- The solar industry is characterized by intense competition, which could pressure pricing and margins.

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