Equity Research Report: Valuation and Investment Outlook for Waaree Energies Limited

Aryan Koul
Institute of Management, Nirma University

I. DISCLAIMER

This report has been prepared as part of an academic exercise by a student MBA, Nirma University. It is intended solely for educational purposes and does not constitute investment advice or a recommendation to buy, sell, or hold any security. All information used in this report is based on publicly available sources believed to be reliable, but the author does not guarantee accuracy or completeness. The views expressed are those of the author in a student capacity and should not be construed as reflecting the official position of any institution or organization. Investors are advised to conduct their own independent research or consult a qualified financial advisor before making any investment decisions.

II. EXECUTIVE SUMMARY

Waaree Energies Limited is a solar PV module manufacturing company that is a part of Waaree Group which started in 1989. The firm deals with the production of solar photovoltaic (PV) modules, the performance of EPC (engineering, procurement, and construction) services, and provision of complete solar energy solutions. Waaree is mainly based in Mumbai but with a firm hold in the country and expanding in the global front.

Business Model & Segments

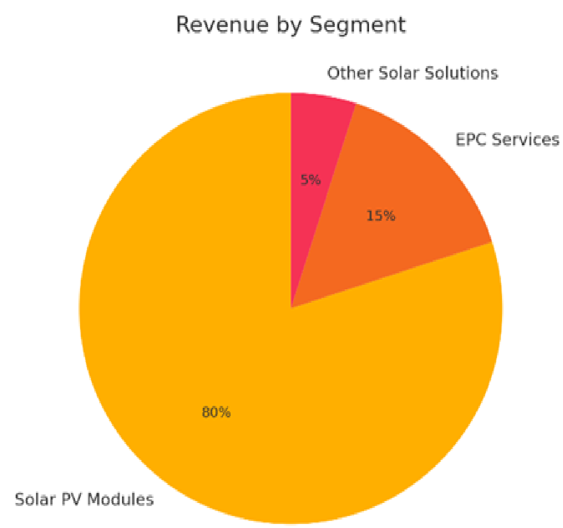
- Solar PV Module Manufacturing: This is the main business which provides most of its revenue.
- EPC Services: Turnkey Solar Power Plants and Rooftop solutions.
- Solar Products and Solutions: They offer inverters, batteries and off-grid.
- International Sales: Module export to more than 68 countries including US, Europe, Middle East, and Africa.

Geographic Presence

- India: Manufacturing facilities across Gujarat with a combined capacity exceeding 12 GW.
- International: Distribution partners and project executions in Asia, Europe, Africa, and the US.

Ownership & Management

- Majority shareholding with Promoter group
- It is led by Mr. Hitesh Doshi (Chairman & Managing Director) who has a decades-long experience in renewable energy industry.
- Good investment in R&D, quality certifications and strategic partnerships with solar firms in all around the world.



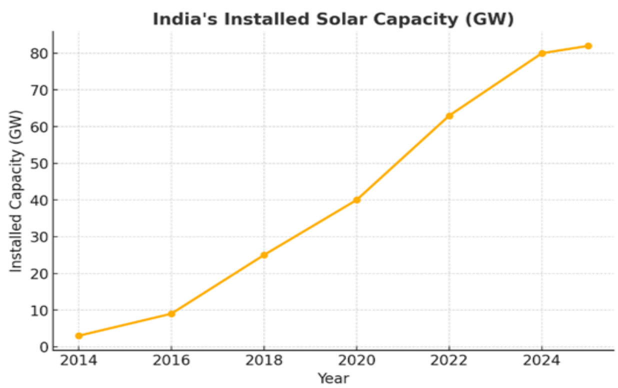
III. INDUSTRY ANALYSIS

Industry Overview

The renewable energy industry of India and especially the solar power industry has become one of the most rapidly developing spheres in the world. The target of the government of 500 GW renewable capacity till 2030 presupposes that the share of solar energy will be the highest one. India is now ranked fifth in the world in the installed solar capacity by registering a CAGR of more than 25% over the last ten years.

Market Size & Growth

- Today, India has more than a megawatt of installed solar capacity; whereas, in 2014, it had only 3 GW.
- It is expected that the solar PV module manufacturing market will grow at 20-25 per cent CAGR in the coming few years.



- High policy backing in the form of the PLI schemes and the import duty on the Chinese panels has fast-tracked local fabrication.

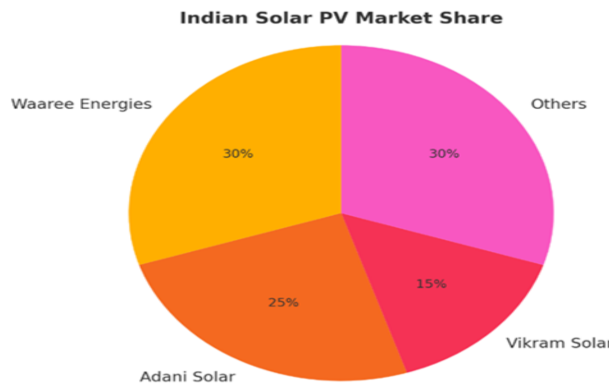
Key Growth drivers:

Government Policy Support: PLI scheme, renewable purchase obligations

Declining Solar Costs: The cost of modules is dropping all over the world

Energy Transition: Focus on net zero emissions

Business Demand: Increasing rooftop solar panels, going green commitments.



Financial Analysis

Revenue Growth

In the last 5 years, Waaree recorded solid growth on the revenue front, which was attributed to climaxing solar PV demand and increasing the production capacity of modules.

- Between FY20 and FY24,its revenues increased at a rate of more than 35%
- Expansion has been fuelled by domestic demand in policies of renewable policies has increased
- Growth in exports to US, Europe and Middle East.
- Increase in module efficiency and a robust order book.

Profitability

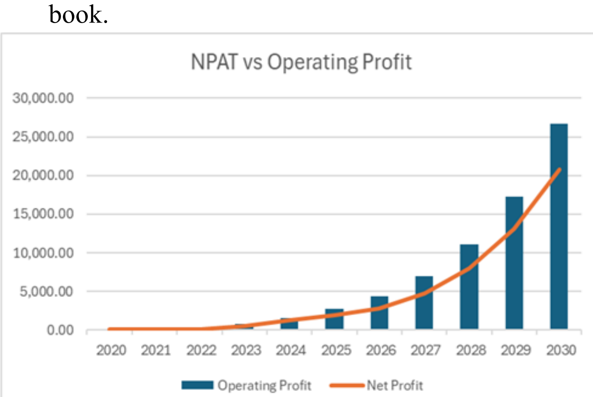
EBITDA Growth: EBITDA margins have remained in the range of 15%-18% due to economies of scale in module production.

Net Profit: PAT growth mirrors revenue growth, supported by improved utilization rates and government incentives.

Margins

EBITDA Margins: Improved due to scale benefits and operating leverage.

Net Margins: Impacted by finance costs and raw material volatility



Balance Sheet

Balance Sheet

Particular	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Equity Capital	197.00	197.00	197.00	243.00	263.00	287.00	287.00	287.00	287.00	287.00	287.00
Reserves	101.00	148.00	231.00	1,595.00	3,825.00	9,192.00	11,951.53	16,644.55	24,599.63	37,635.55	58,457.53
Borrowings	157.00	340.00	363.00	320.00	553.00	1,199.00	3,199.00	3,399.00	2,399.00	1,499.00	499.00
Other Liabilities	483.00	596.00	1,362.00	5,247.00	6,635.00	9,069.00	9,069.00	9,069.00	9,069.00	9,069.00	9,069.00
Total Liabilities	**938.00**	**1,281.00**	**2,154.00**	**7,406.00**	**11,277.00**	**19,747.00**	**24,506.53**	**29,399.55**	**36,354.63**	**48,490.55**	**68,312.53**
Fixed Assets	152.00	285.00	625.00	1,105.00	1,450.00	4,051.00	5,580.04	6,639.20	7,135.75	7,233.07	7,043.16
CWIP	40.00	3.00	124.00	537.00	1,341.00	1,884.00	1,005.00	870.00	660.00	495.00	360.00
Investments	85.00	115.00	143.00	31.00	71.00	65.00	65.00	65.00	65.00	65.00	65.00
Inventories	243.00	368.00	538.00	2,709.00	2,586.00	2,692.00	3,616.47	4,508.52	5,609.64	6,966.56	8,632.76
Trade receivables	140.00	117.00	93.00	313.00	971.00	1,185.00	1,177.42	1,530.65	1,989.84	2,586.79	3,362.83
Cash Equivalents	79.00	110.00	366.00	1,736.00	3,779.00	7,748.00	10,798.52	12,842.87	17,068.09	26,169.93	42,382.33
Loans n Advances	93.00	78.00	50.00	441.00	359.00	421.00	719.85	935.81	1,216.55	1,581.51	2,055.96
Other asset items	106.00	205.00	215.00	534.00	720.00	1,701.00	1,544.23	2,007.51	2,609.76	3,392.68	4,410.49
Total Assets	**938.00**	**1,281.00**	**2,154.00**	**7,406.00**	**11,277.00**	**19,747.00**	**24,506.53**	**29,399.55**	**36,354.63**	**48,490.55**	**68,312.53**

- Equity Capital has remained stable, while Reserves show strong growth from ₹101 Cr in FY20 to ₹9,192 Cr in FY25, reflecting strong retained earnings.
- Borrowings rose from ₹157 Cr in FY20 to ₹1,199 Cr in FY25, indicating moderate leverage expansion.
- Total Liabilities grew from ₹938 Cr in FY20 to ₹19,747 Cr in FY25, largely driven by reserves and other liabilities.
- Asset Growth: Fixed assets expanded significantly from ₹152 Cr in FY20 to ₹4,051 Cr in FY25, reflecting capacity additions.

Profit and loss statement

Particular	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Sales	**1,996.00**	**1,953.00**	**2,854.00**	**6,751.00**	**11,398.00**	**14,444.00**	**20,221.60**	**28,310.24**	**39,634.34**	**55,488.07**	**77,683.30**
Expenses	1,903.00	1,868.00	2,748.00	5,915.00	9,823.00	11,723.00	15,881.91	21,322.45	28,570.82	38,211.20	50,992.55
Operating Profit	93.00	85.00	106.00	836.00	1,575.00	2,722.00	4,339.69	6,987.79	11,063.51	17,276.87	26,690.75
Intrest Income	25.00	45.00	97.00	88.00	576.00	398.00	561.18	671.31	890.84	1,352.07	2,165.07
Interest Expense	34.00	31.00	41.00	82.00	140.00	152.00	405.54	430.90	304.13	190.03	63.26
Depreciation	27.00	29.00	43.00	164.00	277.00	402.00	815.96	970.84	1,043.45	1,057.68	1,029.91
Profit before tax	57.00	70.00	118.00	677.00	1,734.00	2,565.00	3,679.37	6,257.36	10,606.78	17,381.23	27,762.65
Tax %	0.31	0.31	0.33	0.26	0.27	0.25	0.25	0.25	0.25	0.25	0.25
Net Profit	39.00	48.00	80.00	500.00	1,274.00	1,928.00	2,759.53	4,693.02	7,955.08	13,035.92	20,821.98
EPS in Rs	2.12	2.50	3.84	24.49	62.76	65.00	93.03	158.22	268.20	439.49	701.99
No. Of shares	18.40	19.20	20.83	20.42	20.30	29.66	29.66	29.66	29.66	29.66	29.66

Cash Flow Trends

- Operating cash flows driven by strong profitability.
- Capex reflected in rising fixed assets (CWIP from ₹40 Cr in FY20 to ₹1,884 Cr in FY25).
- Free cash flow expected to stabilize post-capex cycle, supporting debt repayment.

Valuation

DCF Valuation

DCF VALUATION

Particular	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Time	1	2	3	4	5	6	7	8	9	10	TV
EBIT(1-T)	85	106	836	1575	2722	4339.692	6987.78911	11063.51205	17276.86858	26690.7484	
Depriciation	29	43	164	277	402	815.9608	970.8401769	1043.449951	1057.680793	1029.910468	
CAPEX	133	340	480	345	2601	1529.039	1059.159823	496.5500494	97.31920681	-189.9104684	
Net WC	217	384	4471	2682	5332	4109.489	3968.858238	6668.532761	12203.60169	20146.89542	
FCF	-236	-575	-3951	-1175	-4809	-482.875	2930.611226	4941.879186	6033.628474	7763.673922	₹ 47,849.30
PV	₹ -212.61	₹ -466.68	₹ -2,888.94	₹ -774.01	₹ -2,853.91	₹ -258.16	₹ 1,411.55	₹ 2,144.41	₹ 2,358.69	₹ 2,734.25	₹ 16,851.78

WACC	11.00%
Terminal Growth Rate Optimistic	5.00%

Enterprise Value	₹ 18,046.37
Equity Value	₹ 59,929.70
No.of Shares	23.73
Value Per Share	₹ 2,525.48

We valued Waaree Energies using a DCF model, projecting free cash flows up to FY30 and discounting them to present value.

DCF Value per Share: ₹2,525

Assumptions:

- WACC: 11%
- Terminal Growth Rate: 5%
- Forecast Horizon: FY25–FY30

Key Observations

Valuation is highly sensitive to cost of capital assumptions due to the capital-intensive nature of solar manufacturing.

Heavy capex cycle depresses near-term free cash flows, but long-term growth supports intrinsic value.

DCF outcome indicates the stock is undervalued relative to its long-term cash flows but overvalued compared to CMP in the short run.

Relative Valuation

We benchmarked Waaree Energies against peers in the renewable energy equipment & services industry

Key multiples considered:

- P/E (Price-to-Earnings)
- EV/EBITDA (Enterprise Value to EBITDA)
- P/B (Price-to-Book)
- ROE (Return on Equity)

Peer Company	P/E	EV/EBITDA	P/Sales	P/BV	PEG
Premier Energies	45.00	23.30	7.03	16.65	0.80
Waaree Renewables	37.00	28.50	5.50	20.70	0.50
Apar Industries	38.40	23.90	1.80	7.05	0.75
Genus Power	27.00	16.80	3.27	5.20	0.13
Websol Energy	30.00	22.60	8.30	19.90	0.10
Tata Power Company	30.50	12.90	2.00	3.50	1.43
Solar Industries India	70.00	64.94	16.34	28.85	2.24

Median	37.00	23.30	5.50	16.65	0.75
Mean	39.70	27.56	6.32	14.55	0.85

Waaree Energies		Peer Avg	Value Per share
EPS	77.20	39.70	3,064.84
EBITDA	3,034.00	27.56	2,986.63
Sales	552.81	6.32	3,493.76
Value Per share	3,181.74	**Average of value of 3 metrics**	

Relative Valuation Outcome:

- Based on peer multiples, Waaree's fair value per share = ₹3,182.
- Market appears to price Waaree at a premium to DCF value, reflecting its leadership and growth prospects.

Blended Valuation

- DCF Valuation: ₹2,525
- Relative Valuation: ₹3,182
- Blended Fair Value (weighted average): ₹2,854
- CMP: ₹3,151

Valuation Conclusion

- CMP is 10% higher than blended fair value.
- Suggests stock is fairly to slightly overvalued.
- Investors may continue to hold positions, but new entry is less attractive at current levels.

Investment Thesis

Strengths

- Market Leadership: Among India's top 3 solar PV manufacturers, with strong domestic and export presence.
- Capacity Expansion: Manufacturing capacity of over 12 GW, positioning Waaree to capture industry growth.
- Government Support: Beneficiary of Production Linked Incentive (PLI) schemes and renewable energy policies.
- Brand & Distribution: Established brand in India with distribution across 68+ countries.

Opportunities

- Rising Solar Demand: India's renewable push toward 500 GW by 2030 ensures sustained demand.
- Export Growth: Increasing diversification of global supply chains away from China.
- Value-Added Products: Entry into integrated solar solutions (modules + storage + EPC).
- Margin Expansion: Economies of scale and improving technology (high-efficiency modules).

Risks

- Raw Material Dependency: Heavy reliance on imported wafers/cells; price fluctuations can impact margins.
- Competition: Intense competition from both domestic peers (Adani Solar, Vikram Solar) and global giants (Trina, Canadian Solar).
- Policy Uncertainty: Changes in import duties, tariffs, and government subsidies could affect cost structure.
- Execution Risk: Large capex projects carry the risk of delays and cost overruns.

Triggers

- Commissioning of new manufacturing capacity.
- Large export order wins in Europe/US.
- Policy incentives boosting domestic manufacturing.
- Falling polysilicon prices leading to margin recovery.

Summary:
Waaree is well-positioned to benefit from industry tailwinds, but current valuations already reflect much of the optimism. Upside is capped in the near term, making the HOLD stance more appropriate until new triggers materialize.

Key Risks
Waaree Energies operates in a high-growth sector but faces risks across macroeconomic, industry, and company-specific dimensions. Identifying these is essential for assessing downside potential.

Risk Category	Description	Impact	Mitigation / Outlook
Macroeconomic	Inflation and rising interest rates may increase financing costs and reduce demand.	Medium to High	Strong government subsidies and policy support partly offset macro pressures.
Currency Risk	Import dependence on wafers/cells (primarily from China) exposes Waaree to FX volatility.	Medium	Hedging strategies and backward integration plans to reduce exposure.
Industry Risk	Global competition from Chinese players offering cheaper modules.	High	Focus on premium high-efficiency modules and PLI scheme benefits.
Policy/Regulatory	Shifts in import duties, safeguard duties, or subsidy withdrawals could impact margins.	High	Diversified export base reduces over-dependence on domestic policy.
Raw Material Volatility	Price fluctuations in polysilicon and wafers may compress gross margins.	High	Long-term supplier contracts and scaling domestic cell manufacturing.
Execution Risk	Delay in capacity expansions or EPC projects could derail revenue forecasts.	Medium	Strong project management and phased expansion mitigate risks.
Financial Leverage	Rising borrowings (₹1,199 Cr in FY25 vs. ₹157 Cr in FY20) increase debt risk.	Medium	Healthy reserves (₹9,192 Cr in FY25) provide cushion for repayment.
Governance Risk	Governance lapses are potential concerns		Professional management helps ensure compliance

IV. CONCLUSION

Our analysis suggests Waaree Energies is fairly to slightly overvalued at current levels.

- DCF Value: ₹2,525
- Relative Valuation: ₹3,182
- Blended Fair Value (Target Price): ₹2,850
- CMP: ₹3,151

Recommendation: HOLD

- Limited upside from CMP, as the market is already pricing in aggressive growth.
- Investors with existing holdings can continue to hold, while new investors should wait for a better entry point closer to intrinsic value.

Target Price (₹2,850): Derived from blended valuation (DCF + Relative). Represents fair intrinsic value.

Stop Loss (₹2,950): Placed just below the CMP (₹3,151). This is the level where, if breached on the downside, it suggests the stock may lose investor confidence and downside momentum could accelerate. Stop loss here is based on risk management logic

Exit / Sell Trigger (₹3,300): This is the level above CMP where we believe valuations become too stretched vs. fundamentals. If the stock rallies to ₹3,300, it would trade well above intrinsic value, and we recommend investors consider partial or full profit booking.

REFERENCES

[1] Ministry of New and Renewable Energy (MNRE). Annual Report 2024–25. Government of India; 2025.
[2] International Energy Agency (IEA). Renewables 2024: Analysis and Forecasts to 2029. IEA; 2024.
[3] Moneycontrol. Waaree Energies Ltd – Company Overview and Financials. Accessed August 21, 2025. https://www.moneycontrol.com
[4] Tickertape. Waaree Energies Stock Analysis. Accessed August 21, 2025. https://www.tickertape.in
[5] Waaree Energies Ltd. Annual Report FY2024. Mumbai: Waaree Energies Limited; 2024.
[6] Press Information Bureau (PIB). Government's Target of 500 GW Renewable Capacity by 2030. PIB; 2023.
[7] Bloomberg New Energy Finance (BNEF). Global Solar Market Outlook 2024. Bloomberg NEF; 2024.
[8] Adani Green Energy Ltd. Investor Presentation, FY2024–25. Adani Green Energy Ltd; 2024.
[9] Vikram Solar. Company Overview & Investor Deck. Vikram Solar Pvt Ltd; 2024.
[10] Canadian Solar Inc. Annual Report 2024. Canadian Solar; 2024.