Websol Energy Limited

Nifty: 24,436 CMP: Rs. 85 Target Price: Rs. 110

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Renewables

Websol Energy System Limited delivered a mixed Q1 FY27, with revenue of Rs 373 crore (up 70.3% YoY) and EBITDA of Rs 126 crore (margin: 33.7%), as a sharp shift in product mix toward lower-margin modules drove a 1,360 bps YoY margin contraction even as absolute EBITDA grew 21.4%. The more consequential development this quarter came outside the P&L: on 4 August, the company prepaid the entire Rs 110 crore IREDA term loan from internal accruals, cutting the promoter pledge from 80% to 16%. Set against that, the 4 GW Phase 3 greenfield expansion has been relocated from Andhra Pradesh to West Bengal, with land approval still pending though management has guided to receiving it this month. Based on our revised estimates and valuing the company at 15x FY27E EPS of Rs 7.3, we arrive at a target price of Rs 110.

Investment Rationale:

Financial & Operational Snapshot

- Performance: Revenue at Rs 373 Cr (up 70.3% YoY, down 7.0% QoQ), EBITDA at Rs 126 Cr (33.7% margin), PAT at Rs 78 Cr (20.6% margin).
- Balance Sheet: Net cash of Rs 34 Cr as at FY26-end (31 Mar 2026), Debt/Equity at 0.19x. Post quarter-end, the entire Rs 110 Cr IREDA term loan was prepaid from internal accruals. CRISIL rated BBB+/Stable, unchanged.
- Order Book: Rs 1,278 Cr (52% Cells / 48% Modules by underlying value), up 10% QoQ, providing ~1-year revenue visibility.
- Utilization: Cell line(s) at 92% (steady QoQ), Module line at 81% (up from 74% in Q4 FY26).
- Efficiency: Average cell efficiency holding at 23.3% (Mono PERC), TOPCon upgrade targeting ~25% efficiency by commissioning.

Strategic Expansion (TOPCon Upgrade & Phase 3 Relocation to West Bengal)

- TOPCon upgrade: Existing 600 MW Mono PERC line upgrading to 750 MW TOPCon at ~Rs 270 Cr capex, funded via internal accruals. Targeted completion March 2027, management guides to a 2-3 year payback.
- Phase 3 (greenfield, relocated): 4 GW integrated cell + module facility, to be executed in two 2 GW phases, now sited in West Bengal rather than the previously communicated Andhra Pradesh location. Capex for this project has not been re-disclosed since the relocation.
- Status: Land shortlisted but approval still pending as of now, construction targeted to start mid-September 2026, ~9 months to complete, with equipment ordered around December 2026.

Supply Chain & Market Dynamics

- Margin Outlook: Management guides to holding current (post-mix-shift) margin levels.
- Inventory: Rose ~7% QoQ, attributed by management to monsoon-linked installation slowdowns (not customer liquidity stress, unlike some peers) and the timing lag between captive cell production and eventual module-stage revenue recognition, management expects this to normalise as the season turns.
- De-pledging: Substantially executed, the Rs 110 Cr IREDA facility that carried the promoter pledge was prepaid on 4 August 2026, cutting the pledge from 80% to 16% of promoter holdings

Valuation & Outlook

Until Phase 3 and Phase 4 move from land-approval and planning risk into visible, on ground execution construction actually underway on a confirmed site, a firm commercial-production date, and a capex/funding plan re-disclosed for the relocated project, we do not expect the market to pay up toward those peer multiples. The West Bengal relocation, however makes us question Phase 3's on-time delivery suggests the market will want to see execution before re-rating. Our target therefore reflects earnings growth (TOPCon ramp, utilisation, cell/module mix), on a broadly flat multiple, we would revisit once Phase 3 land approval, financial closure, and a firm COD are formally disclosed to the exchange. We value the company at ~15x FY27E EPS of Rs 7.3 (our estimate) and arrive at a target price of Rs 110.

Shareholding (%)	Mar-26
Promoters	29.72%
FIIs+DIIs	4.17%
Public	66.12%

Relative Price Performance

Key Data	
Nifty	24,436
52 Week H/L (Rs)	143 / 50.4
Market cap (Rs Cr)	3,703
CMP	85.3
Outstanding Shares (Cr)	43.4
NSE code:	WEBELSOLAR

Forecasts/Valuations	FY26	FY27E	FY28E
Sales	1049.4	1610.8	2920.9
EBITDA	428.5	576.4	1108.3
EBITDAM	40.8%	35.8%	37.9%
PAT	303.0	318.3	576.8
EPS (Rs)	7.0	7.3	13.3
EPS growth (%)	92.8%	5.1%	81.2%
P/E(x)	12.2	11.6	6.4
P/BV(x)	5.9	3.9	2.4
EV/EBITDA(x)	8.7	6.5	3.4
ROE (%)	66.7%	40.3%	46.7%

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Figure 1: Revenue & PAT - Quarterly Trend

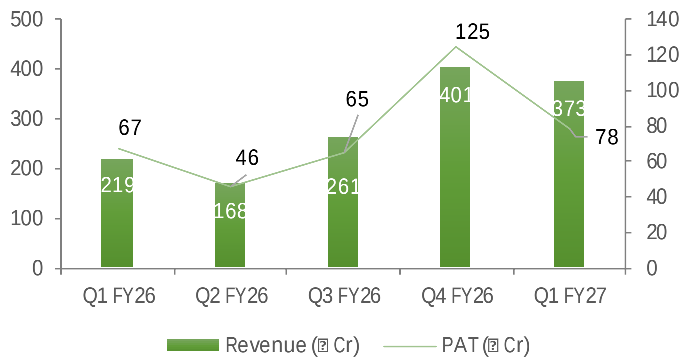


Figure 3: Cell Production & Utilisation

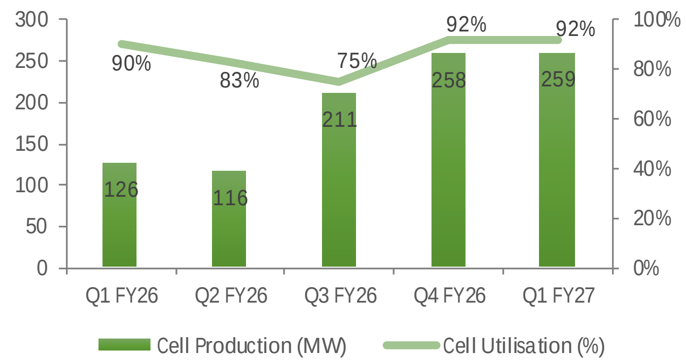


Figure 2: Margin Trend - Quarterly

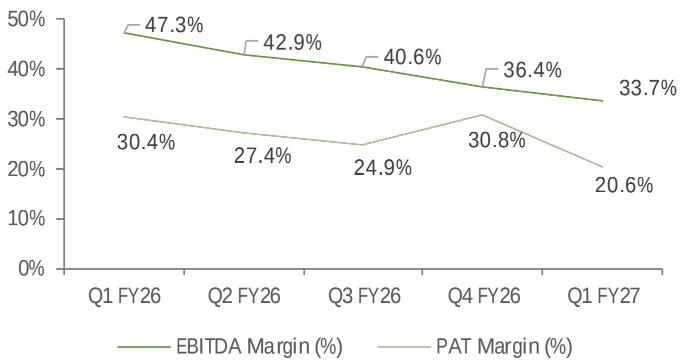


Figure 4: Module Production & Utilisation

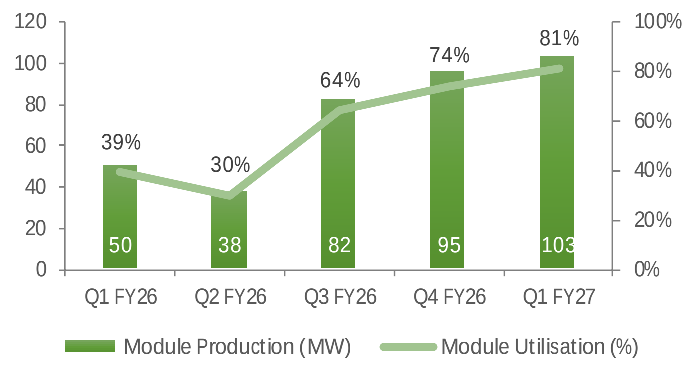
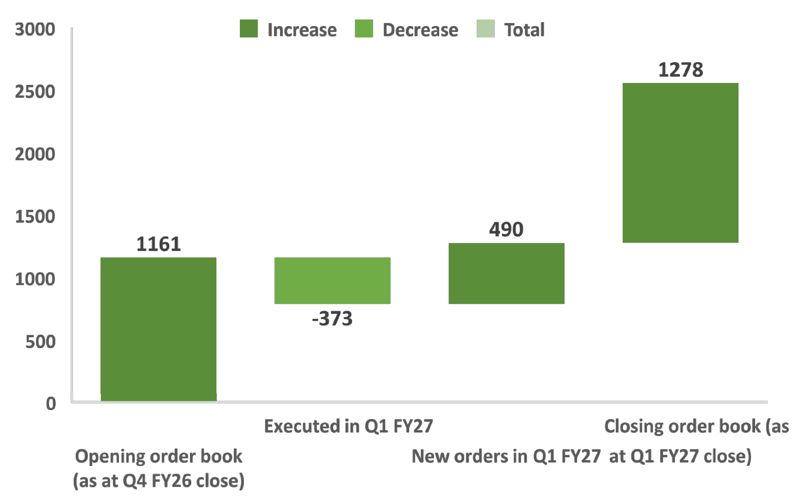


Figure 5: Order Book Movement - Q1 FY27



Quarterly Summary (INR Crores)

	Quarterly Y-o-Y Performance			Q-o-Q Performance	
Particulars (INR Crs)	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ%
Revenue	372.60	218.75	70.3%	401.45	-7.2%
COGS	196.39	81.41	141.2%	179.01	9.7%
Inventory Change	(14.65)	(19.23)	-	11.03	-
GROSS PROFIT	190.86	156.57	21.9%	211.41	-9.7%
Gross Profit Margin %	51.2%	71.6%	(2035) bps	52.7%	(144) bps
Employee Benefit Expenses	11.19	5.94	88.4%	13.84	-19.1%
Other Expenses	54.09	47.15	14.7%	51.26	5.5%
EBITDA	125.58	103.48	21.4%	146.31	-14.2%
EBITDA Margin %	33.7%	47.3%	(1360) bps	36.4%	(274) bps
Depreciation & Amortisation	21.82	10.61	105.7%	23.84	-8.5%
EBIT	103.76	92.87	11.7%	122.47	-15.3%
Finance Costs	4.17	4.09		3.50	
Other Income	4.38	2.18		2.93	
PBT	103.97	90.96	14.3%	124.66	-16.6%
Tax Expense	26.18	23.78		0.16	
PAT	77.79	67.18	15.8%	124.50	-37.5%
PAT Margin %	20.9%	30.7%	(983) bps	31.0%	(1013) bps

Financials

Income Statement

Particulars (INR Crs)	FY25	FY26A	FY27E	FY28E
Revenue from Operations	575.5	1,049.4	1,610.8	2,920.9
Cost of Material Consumed	179.3	470.3	647.4	1,116.7
Gross Profit	396.1	579.1	963.3	1,804.2
Gross Profit Margin	69%	55%	60%	62%
Stores & Spares Consumption	22.3	0.0	60.2	134.0
Power & fuel Consumption	18.9	0.0	37.4	87.6
Employee Benefits Expense	17.5	36.2	64.7	111.7
Other Expenses	86.7	172.8	224.6	362.5
EBITDA	252.7	428.5	576.4	1,108.3
EBITDAM	44%	41%	36%	38%
Depreciation	40.9	61.6	135.8	258.2
EBIT	211.8	367.0	440.6	850.1
Interest	19.3	16.0	46.1	91.1
Other Income	2.0	-	-	-
Profit Before Tax	194.5	359.5	400.5	769.1
Tax	39.7	56.5	82.3	192.3
Profit After Tax	154.7	303.0	318.3	576.8
PATM	27%	29%	20%	20%
EPS	3.6	7.0	7.3	13.3

Balance Sheet

Particulars (INR Crs)	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	283.3	446.4	1,342.3	2,054.1
CWIP	17.1	0.8	91.7	90.0
Other assets	40.3	9.1	9.1	9.1
Inventories	34.3	159.9	177.4	306.0
Trade receivables	4.6	93.0	154.5	280.1
Cash and cash equivalents	47.7	66.3	(113.6)	72.4
Bank balances	39.2	33.9	39.2	39.2
Total Assets	514.5	931.0	1,710.2	2,860.5
Equity share capital	42.2	43.4	43.4	43.4
Reserves and Surplus	235.8	587.3	905.5	1,482.4
Borrowings	123.0	85.4	430.4	880.4
Provisions	2.5	2.4	2.5	2.5
Deferred tax liabilities	24.2	48.8	120.2	108.5
Short term Borrowings	29.2	32.6	29.2	29.2
Trade Payables	32.1	70.5	154.9	290.0
Other financial liabilities	3.0	11.2	3.0	3.0
Other current liabilities	13.2	31.4	13.2	13.2
Total Equity and Liabilities	514.5	931.0	1,710.2	2,860.5

Cash Flow Statement

Particulars (INR Crs)	FY25	FY26A	FY27E	FY28E
Profit Before Tax	194.5	359.5	400.5	769.1
Depreciation	40.9	61.6	135.8	258.2
Interest paid	19.3	16.0	46.1	91.1
Changes in WC	(85.5)	(143.6)	82.8	(119.1)
Taxes Paid	(1.5)	(86.3)	(85.3)	(84.3)
Cash flow from Operations	167.2	255.4	577.0	797.0
Property, Plant, and Equipment	(42.9)	(180.0)	(1,041.7)	(970.0)
Cash Flow from Investing	(85.9)	(234.0)	(1,041.7)	(970.0)
Proceeds from long term borrowings	0.0	(34.2)	345.0	450.0
Repayment of long term borrowings	(39.4)	0.0	0.0	0.0
Proceeds from Share Warrant	16.0	48.1	0.0	0.0
Interest paid	(19.3)	(14.7)	(46.1)	(91.1)
Proceeds from QIP	0.0	(1.9)	(10.7)	0.0
Cash Flow from Financing	(34.6)	(2.8)	284.8	358.9

Key Ratios

Particulars (INR Crs)	FY25	FY26A	FY27E	FY28E
Return Ratios				
ROE	55.7%	66.7%	40.3%	46.7%
ROCE	37.8%	49.7%	30.3%	33.7%
Margins				
GPM	68.8%	55.2%	59.8%	61.8%
EBITDAM	43.9%	40.8%	35.8%	37.9%
PATM	26.9%	28.9%	19.8%	19.7%
Efficiency Ratios				
Asset Turnover Ratio	1.33	1.45	1.22	1.28
Inventory (in days)	70	124	100	100
Debtors (in days)	3	32	35	35
Creditors (in days)	60	75	85	85
Valuation Ratios				
P/E(x)	23.9	12.2	11.6	6.4
P/BV(x)	13.3	5.9	3.9	2.4
P/S(x)	6.4	3.5	2.3	1.3
EV/EBITDA(x)	14.8	8.7	6.5	3.4

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