

# Websol Energy Limited

Nifty: 24,550

CMP: Rs. 1,405

Target Price: Rs. 1,838

## Renewables

**Websol Energy Limited Delivered Strong financial and operational performance in Q1 FY26, driven by strong domestic demand for high-efficiency solar cells and modules, continued operational efficiency, and capacity utilization of over 90% in its existing production line. The company is on track with its Phase II expansion, which will double cell manufacturing capacity to 1.2 GW by October 2025, funded entirely through internal accruals. Based on our revised estimates and valuing the company at 30x FY26E EPS, we arrive at a target price of Rs.1,838, implying an upside potential of 29% from current levels.**

## Investment Rationale:

### Capacity Expansion

- Phase II (600 MW Mono PERC cell line) nearing completion; trial production expected in September 2025, with commercial start in October 2025.
- Post-expansion, total solar cell manufacturing capacity will reach 1.2 GW.
- Expansion fully funded from internal accruals, highlighting strong cash generation capability.
- Over 90% utilization of existing cell manufacturing line in Q1 FY26.

### Expanding the Solar Footprint

- Launch of solar kits targeting the domestic retail and rural market.
- Advanced negotiations with large national and regional players for supply contracts tied to PM-KUSUM and DCR mandates.

### Solar Landscape

- India targeting 280 GW solar capacity by 2030, backed by policy incentives and domestic content requirements.
- Strong demand outlook for high-efficiency modules, particularly Mono PERC technology.

### No U.S. Export Exposure

Websol Energy Limited does not export its solar cells or modules to the United States. As a result, the company faces no direct business risk from U.S. trade tariffs, anti-dumping duties, or other

policy changes affecting solar imports. This insulation provides greater stability in revenue streams and shields operations from geopolitical volatility in that market.

### Positive Drivers:

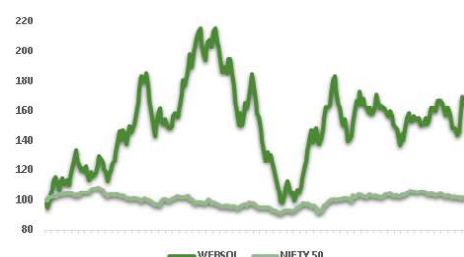
- Expansion to deliver meaningful revenue contribution from Q3 FY26.
- Supportive government policies, including Anti-Dumping Duty (ADD) and Basic Customs Duty (BCD), encouraging domestic solar manufacturing growth.
- Focus on innovation, R&D, and process optimization to enhance product efficiency and cost competitiveness.
- Long-term vision to serve both domestic demand and emerging export opportunities.
- Current capacity: 600 MW cells, 550 MW modules.
- Customers: Module manufacturers for domestic DCR compliance, direct domestic and international module sales.

### Valuation & Outlook

We maintain our BUY rating on Websol Energy Limited, reflecting confidence in the company's Strong earnings momentum, expanding capacity, and favourable policy tailwinds. With the Phase II expansion poised to double solar cell capacity to 1.2 GW and contribute meaningfully from Q3 FY26, we see sustained revenue growth and healthy margins ahead. Based on our revised estimates and valuing the company at 30x FY26E EPS, we arrive at a target price of Rs.1,838, implying an upside potential of 29% from current levels.

Shareholding (%)	Jun-25
Promoters	27.71%
FII+DII	4.82%
Public	67.47%

### Relative Price Performance



Key Data	
Nifty	24,550
52 Week h/l (Rs)	1,891 / 701
Market cap (Rs Crs)	6,173
Outstanding Shares (Cr)	4.34
Bloomberg code:	WESL
NSE code:	WEBELSOLAR

Forecasts/Valuations	FY25	FY26E	FY27E
Sales	575.5	1132.1	2198.5
EBITDA	252.7	463.5	782.8
EBITDAM	43.9%	40.9%	35.6%
PAT	154.7	262.9	408.4
EPS (Rs)	36.1	61.3	95.2
EPS growth (%)	-	69.9%	55.4%
P/E(x)	39.9	23.5	15.1
P/BV(x)	21.9	14.1	8.8
EV/EBITDA(x)	24.8	13.5	8.0
ROE (%)	55.7%	60.7%	58.7%

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### Quarterly Financials

Particulars (INR Crs)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
<b>Revenue from Operations</b>	<b>218.75</b>	<b>111.6</b>	<b>96%</b>	<b>172.99</b>	<b>26%</b>
Cost of Materials Consumed	81.41	41.88	94%	49.95	63%
<b>Gross Profit</b>	<b>137.34</b>	<b>69.72</b>	<b>97%</b>	<b>123.04</b>	<b>12%</b>
Gross Profit Margin	62.8%	62.5%	30 bps	71.1%	-830 bps
Stores & Spares Consumption	7.63	5.03	52%	7.77	-2%
Changes in WIP	-19.23	-2.13		-0.65	
Employee Benefits Expense	5.94	3.4	75%	5.51	8%
<b>Other Expenses</b>	<b>39.52</b>	<b>19.45</b>	<b>103%</b>	<b>31.93</b>	<b>24%</b>
<b>EBITDA</b>	<b>103.48</b>	<b>43.97</b>	<b>135%</b>	<b>78.48</b>	<b>32%</b>
EBITDAM	47.3%	39.4%	790 bps	45.4%	790 bps
Depreciation & Amortisation	10.61	7.74	37%	9.86	8%
<b>EBIT</b>	<b>92.87</b>	<b>36.23</b>	<b>156%</b>	<b>68.62</b>	<b>35%</b>
Finance Cost	4.09	4.65	-12%	3.79	8%
Other Income	2.18	0.23		1.06	
<b>PBT</b>	<b>90.96</b>	<b>31.81</b>	<b>186%</b>	<b>65.89</b>	<b>38%</b>
Tax	23.78	8.93	166%	17.62	35%
<b>PAT</b>	<b>67.18</b>	<b>22.88</b>	<b>194%</b>	<b>48.27</b>	<b>39%</b>
PATM	30.7%	20.5%	1,020 bps	27.9%	280 bps
<b>EPS</b>	<b>15.65</b>	<b>5.42</b>	<b>189%</b>	<b>11.25</b>	<b>39%</b>

### Key Observations:

- Revenue almost doubled year-on-year, reflecting higher demand and increased production efficiency.
- Profitability surged, with PAT margin exceeding 30%, indicating cost control and premium pricing capability.
- EBITDA margin expansion of 791 bps YoY demonstrates operational leverage.

### Estimated Revenue Breakdown (Q1 FY26)

(Company does not provide segment-wise revenue data; this table is based on our estimates from DCR Portal & Import-Export data)

	April	May	June	3M Total (MW)	Revenue (Rs Cr)	Avg. Realisation (Rs Cr/MW)
Cell (DCR)	36.4	29.8	35.8	101.9	121.2	1.2
Module (DCR)	3.8	12.5	15.4	31.7	58.7	1.9
Module Exports				10	17.0	1.7
PV DC generator					22	

Source: DCR Portal, Import Export Data

Total 218.8

## Renewables

## Financials

## Income Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
<b>Revenue from Operations</b>	<b>25.9</b>	<b>575.5</b>	<b>1,132.1</b>	<b>2,198.5</b>
Cost of Material Consumed	16.1	179.3	365.3	721.0
<b>Gross Profit</b>	<b>9.8</b>	<b>396.1</b>	<b>766.8</b>	<b>1,477.5</b>
Gross Profit Margin	38%	69%	68%	67%
Stores & Spares Consumption	2.6	22.3	51.4	123.4
Power & fuel Consumption	1.8	18.9	32.0	76.9
Employee Benefits Expense	2.2	17.5	40.0	86.5
Other Expenses	13.5	86.7	199.1	407.8
<b>EBITDA</b>	<b>(7.5)</b>	<b>252.7</b>	<b>463.5</b>	<b>782.8</b>
EBITDAM	-29%	44%	41%	36%
Depreciation	36.0	40.9	89.9	189.8
<b>EBIT</b>	<b>(43.6)</b>	<b>211.8</b>	<b>373.5</b>	<b>593.0</b>
Interest	4.7	19.3	23.8	48.4
Other Income	1.0	2.0	-	-
Exceptional Items	105.3	-	-	-
<b>Profit Before Tax</b>	<b>(152.7)</b>	<b>194.5</b>	<b>351.9</b>	<b>544.6</b>
Tax	(31.7)	39.7	89.0	136.1
<b>Profit After Tax</b>	<b>(121.0)</b>	<b>154.7</b>	<b>262.9</b>	<b>408.4</b>
PATM	-468%	27%	23%	19%
<b>EPS</b>	<b>(30.0)</b>	<b>36.1</b>	<b>61.3</b>	<b>95.2</b>

## Key Ratios

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
<b>Return Ratios</b>				
ROE	-112.3%	55.7%	60.7%	58.7%
ROCE	-43.3%	37.8%	42.6%	41.0%
<b>Margins</b>				
GPM	37.7%	68.8%	67.7%	67.2%
EBITDAM	-29.1%	43.9%	40.9%	35.6%
PATM	-467.7%	26.9%	23.2%	18.6%
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	0.08	1.33	1.69	2.04
Inventory (in days)	438	70	70	70
Debtors (in days)	11	3	45	45
Creditors (in days)	822	60	90	90
<b>Valuation Ratios</b>				
P/E(x)	45.3	39.9	23.5	15.1
P/BV(x)	5.8	21.9	14.1	8.8
P/S(x)	2.6	10.7	5.5	2.8
EV/EBITDA(x)	(833.7)	24.8	13.5	8.0

## Balance Sheet

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
Property, plant and equipment	269.8	283.3	411.0	464.5
CWIP	30.0	17.1	40.0	90.0
Other assets	2.9	40.3	40.3	40.3
Inventories	19.3	34.3	34.4	34.4
Trade receivables	0.8	4.6	139.6	271.1
Cash and cash equivalents	0.9	47.7	112.9	378.5
Bank balances	0.0	39.2	39.2	39.2
<b>Total Assets</b>	<b>352.7</b>	<b>514.5</b>	<b>827.0</b>	<b>1,327.6</b>
Equity share capital	42.2	42.2	42.2	42.2
Reserves and Surplus	65.5	235.8	390.6	653.5
Borrowings	162.5	123.0	223.0	373.0
Provisions	2.2	2.5	2.5	2.5
Deferred tax liabilities	0.0	24.2	24.0	24.0
Short term Borrowings	21.1	29.2	29.2	29.2
Trade Payables	48.1	32.1	90.1	177.8
Other financial liabilities	2.4	3.0	3.0	3.0
Other current liabilities	7.5	13.2	13.2	13.2
<b>Total Equity and Liabilities</b>	<b>352.8</b>	<b>514.5</b>	<b>827.0</b>	<b>1,327.6</b>

## Cash Flow Statement

Particulars (INR Crs)	FY24	FY25	FY26E	FY27E
<b>Profit Before Tax</b>	<b>(47.3)</b>	<b>194.5</b>	<b>351.9</b>	<b>544.6</b>
Depreciation	36.0	40.9	89.9	189.8
Interest paid	4.7	19.3	23.8	48.4
Changes in WC	36.3	(85.5)	(40.6)	(43.8)
Taxes Paid	(0.0)	(1.5)	(89.0)	(136.1)
<b>Cash flow from Operations</b>	<b>34.9</b>	<b>167.2</b>	<b>336.0</b>	<b>602.9</b>
Property, Plant, and Equipment	(223.6)	(42.9)	(241.3)	(241.7)
<b>Cash Flow from Investing</b>	<b>(223.4)</b>	<b>(85.9)</b>	<b>(241.3)</b>	<b>(241.7)</b>
Proceeds from long term borrowings	162.5	0.0	100.0	150.0
Repayment of long term borrowings	0.0	(39.4)	0.0	0.0
Proceeds from Share Warrant	0.0	16.0	48.1	0.0
Interest paid	(4.7)	(19.3)	(23.8)	(48.4)
Proceeds from QIP	37.7	0.0	0.0	0.0
<b>Cash Flow from Financing</b>	<b>189.3</b>	<b>(34.6)</b>	<b>124.3</b>	<b>101.6</b>

### Renewables

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