

# Websol Energy Limited

Nifty: 24,550

CMP: Rs. 1,214 Target Price: Rs. 1749

## Renewables

Websol Energy System Limited delivered a robust financial and operational performance in Q2 and H1 FY26, despite a temporary production shutdown and logistics slowdown in West Bengal. The company reported H1 FY26 revenue of 387 crore (+51.7% YoY) and EBITDA of 176 crore (margin: 45.4%), demonstrating superior execution and cost efficiency. Commissioning of the new 600 MW Mono PERC solar cell line (Phase II), along with the strategic Rs. 3,000 crore expansion plan, has increased companies total cell manufacturing capacity to 1.2 GW, which is expected to start contributing meaningfully to revenue from Q3 FY26, 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. 1,749, implying an upside potential of 45% from current levels.

## Investment Rationale:

### Capacity Expansion - Commissioning & Future Roadmap

- Websol successfully commissioned its 600 MW Mono PERC solar cell line (Phase II) at Falta, West Bengal, raising total cell capacity to 1.2 GW. Production ramped up within a month, achieving 23%+ efficiency levels, showcasing strong technical and execution capabilities.
- The company announced Rs. 3,000 crore investment plans to scale up manufacturing to 5.2 GW solar cells and 4.5 GW modules by June 2028. This includes 4 GW Topcon solar cell and 4 GW module lines (Phases III & IV) with planned commissioning in FY27-FY28.
- Expansion is fully funded through internal accruals, reflecting strong cash flow generation and prudent financial management.

### Operational Performance - Consistent Profitability

- H1 FY26 EBITDA stood at 176 crores with a 45.4% margin, while PAT reached 114 crore.
- Cash flow from operations was 132 crore with a cash conversion ratio of 75.2%. The company maintains a net debt-to-equity of 0.24x and net debt-to-EBITDA of 0.53x while ROCE and ROE stood strong at 34.5% and 33.9%, respectively.

### Short-Term Operational Challenges - One-Off Impact

- Q2 FY26 revenues were affected by a temporary 8-day shutdown for electrical integration of the new production line and a logistics slowdown during the festive period in West Bengal.
- Despite these short-term disruptions, management reaffirmed that normal operations resumed swiftly, with the plant now operating near full utilization.

### Investing in Next-Gen Technology

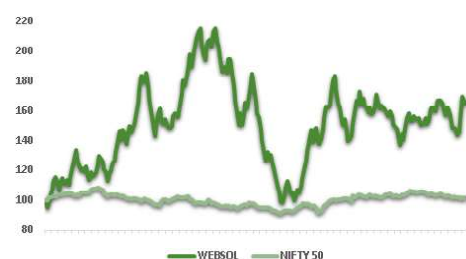
- The planned transition to Topcon solar cell technology will significantly enhance module efficiency and product competitiveness, positioning Websol at par with global peers.
- This technology upgrade is aligned with India's evolving renewable energy needs and government support for Domestic Content Requirement (DCR) manufacturing.

### Valuation & Outlook

Websol Energy's strong earnings momentum, capacity expansion, and financial prudence shows a multi-year growth story in India's solar manufacturing space. With Phase II completed and new Topcon lines planned, the company is positioned to capture rising demand from both utility-scale and distributed solar markets. We value the company at 30x FY26E EPS and maintain our BUY rating with a target price of Rs 1,749, implying an upside potential of 45% from current levels. Websol remains one of the best-placed domestic players to benefit from India's solar capacity expansion targets, supported by a strong balance sheet and next-generation manufacturing capability.

| Shareholding (%) | Sep-25 |
|------------------|--------|
| Promoters        | 27.71% |
| FII's+DII's      | 5.73%  |
| Public           | 66.57% |

### Relative Price Performance



| Key Data                |             |
|-------------------------|-------------|
| Nifty                   | 25,673      |
| 52 Week h/l (Rs)        | 1,891 / 802 |
| Market cap (Rs Crs)     | 5,215       |
| Outstanding Shares (Cr) | 4.34        |
| Bloomberg code:         | WESL        |
| NSE code:               | WEBELSOLAR  |

| Forecasts/Valuations | FY25  | FY26E  | FY27E  |
|----------------------|-------|--------|--------|
| Sales                | 575.5 | 1028.0 | 2075.2 |
| EBITDA               | 252.7 | 459.9  | 915.0  |
| EBITDAM              | 43.9% | 44.7%  | 44.1%  |
| PAT                  | 154.7 | 250.2  | 396.7  |
| EPS (Rs)             | 36.1  | 58.3   | 92.4   |
| EPS growth (%)       | -     | 61.7%  | 58.6%  |
| P/E(x)               | 33.7  | 20.8   | 13.1   |
| P/BV(x)              | 18.5  | 11.9   | 7.5    |
| EV/EBITDA(x)         | 21.1  | 11.6   | 5.8    |
| ROE (%)              | 55.7% | 57.8%  | 58.1%  |

## Renewables

### Quarterly Financials

| Particulars (INR Crs)       | Q2FY26 | Q1FY26 | QOQ %     | Q2FY25 | YoY %    |
|-----------------------------|--------|--------|-----------|--------|----------|
| Revenue from Operations     | 168.22 | 218.75 | -23%      | 143.55 | 17%      |
| Cost of Materials Consumed  | 62.86  | 81.41  | -23%      | 45.8   | 37%      |
| Gross Profit                | 105.36 | 137.34 | -23%      | 97.75  | 8%       |
| Gross Profit Margin         | 62.6%  | 62.8%  | 30 bps    | 68.1%  | -830 bps |
| Changes in WIP              | -7.87  | -19.23 | -59%      | 2.73   | -122%    |
| Employee Benefits Expense   | 6.68   | 5.94   | 12%       | 3.73   | 79%      |
| Other Expenses              | 34.26  | 47.15  | -27%      | 28.61  | 20%      |
| EBITDA                      | 72.29  | 103.48 | -30%      | 62.68  | 15%      |
| EBITDAM                     | 43.0%  | 47.3%  | 790 bps   | 43.7%  | 790 bps  |
| Depreciation & Amortisation | 10.99  | 10.61  | 4%        | 8.56   | 28%      |
| EBIT                        | 61.3   | 92.87  | -34%      | 54.12  | 13%      |
| Finance Cost                | 4.73   | 4.09   | 16%       | 5.78   | -18%     |
| Other Income                | 3.28   | 2.18   |           | 0.29   |          |
| PBT                         | 59.85  | 90.96  | -34%      | 48.63  | 23%      |
| Tax                         | 13.53  | 23.78  | -43%      | 6.63   | 104%     |
| PAT                         | 46.32  | 67.18  | -31%      | 42     | 10%      |
| PATM                        | 27.5%  | 30.7%  | 1,020 bps | 29.3%  | 280 bps  |
| EPS                         | 10.79  | 15.65  | -31%      | 11.25  | -4%      |

## 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>1,028.0</b> | <b>2,075.2</b> |
| Cost of Material Consumed      | 16.1           | 179.3        | 343.9          | 677.0          |
| <b>Gross Profit</b>            | <b>9.8</b>     | <b>396.1</b> | <b>684.2</b>   | <b>1,398.2</b> |
| Gross Profit Margin            | 38%            | 69%          | 67%            | 67%            |
| Stores & Spares Consumption    | 2.6            | 22.3         | 1.4            | 10.8           |
| Power & fuel Consumption       | 1.8            | 18.9         | 24.2           | 72.6           |
| Employee Benefits Expense      | 2.2            | 17.5         | 35.2           | 67.7           |
| Other Expenses                 | 13.5           | 86.7         | 179.2          | 332.0          |
| <b>EBITDA</b>                  | <b>(7.5)</b>   | <b>252.7</b> | <b>459.9</b>   | <b>915.0</b>   |
| EBITDAM                        | -29%           | 44%          | 45%            | 44%            |
| Depreciation                   | 36.0           | 40.9         | 104.6          | 295.8          |
| <b>EBIT</b>                    | <b>(43.6)</b>  | <b>211.8</b> | <b>355.3</b>   | <b>619.2</b>   |
| Interest                       | 4.7            | 19.3         | 32.1           | 90.3           |
| Other Income                   | 1.0            | 2.0          | -              | -              |
| Exceptional Items              | 105.3          | -            | -              | -              |
| <b>Profit Before Tax</b>       | <b>(152.7)</b> | <b>194.5</b> | <b>329.7</b>   | <b>528.9</b>   |
| Tax                            | (31.7)         | 39.7         | 79.6           | 132.2          |
| <b>Profit After Tax</b>        | <b>(121.0)</b> | <b>154.7</b> | <b>250.2</b>   | <b>396.7</b>   |
| PATM                           | -468%          | 27%          | 24%            | 19%            |
| EPS                            | (30.0)         | 36.1         | 58.3           | 92.4           |

## Key Ratios

| Particulars (INR Crs)    | FY24    | FY25  | FY26E | FY27E |
|--------------------------|---------|-------|-------|-------|
| <b>Return Ratios</b>     |         |       |       |       |
| ROE                      | -112.3% | 55.7% | 57.8% | 58.1% |
| ROCE                     | -43.3%  | 37.8% | 32.7% | 29.3% |
| <b>Margins</b>           |         |       |       |       |
| GPM                      | 37.7%   | 68.8% | 66.6% | 67.4% |
| EBITDAM                  | -29.1%  | 43.9% | 44.7% | 44.1% |
| PATM                     | -467.7% | 26.9% | 24.3% | 19.1% |
| <b>Efficiency Ratios</b> |         |       |       |       |
| Asset Turnover Ratio     | 0.08    | 1.33  | 1.35  | 1.48  |
| Inventory (in days)      | 438     | 70    | 70    | 70    |
| Debtors (in days)        | 11      | 3     | 45    | 55    |
| Creditors (in days)      | 822     | 60    | 75    | 90    |
| <b>Valuation Ratios</b>  |         |       |       |       |
| P/E(x)                   | 45.3    | 33.7  | 20.8  | 13.1  |
| P/BV(x)                  | 5.8     | 18.5  | 11.9  | 7.5   |
| P/S(x)                   | 2.6     | 9.1   | 5.1   | 2.5   |
| EV/EBITDA(x)             | (708.8) | 21.1  | 11.6  | 5.8   |

## Balance Sheet

| Particulars (INR Crs)               | FY24         | FY25         | FY26E          | FY27E          |
|-------------------------------------|--------------|--------------|----------------|----------------|
| Property, plant and equipment       | 269.8        | 283.3        | 706.9          | 1,184.4        |
| CWIP                                | 30.0         | 17.1         | 26.0           | 91.7           |
| Other assets                        | 2.9          | 40.3         | 40.3           | 40.3           |
| Inventories                         | 19.3         | 34.3         | 35.9           | 39.8           |
| Trade receivables                   | 0.8          | 4.6          | 126.7          | 312.7          |
| Cash and cash equivalents           | 0.9          | 47.7         | 23.2           | 87.2           |
| Bank balances                       | 0.0          | 39.2         | 39.2           | 39.2           |
| <b>Total Assets</b>                 | <b>352.7</b> | <b>514.5</b> | <b>1,007.9</b> | <b>1,805.0</b> |
| Equity share capital                | 42.2         | 42.2         | 42.2           | 42.2           |
| Reserves and Surplus                | 65.5         | 235.8        | 390.6          | 640.7          |
| Borrowings                          | 162.5        | 123.0        | 423.0          | 873.0          |
| 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         | 71.0           | 167.9          |
| 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>1,007.9</b> | <b>1,805.0</b> |

## Cash Flow Statement

| Particulars (INR Crs)              | FY24           | FY25          | FY26E          | FY27E          |
|------------------------------------|----------------|---------------|----------------|----------------|
| Depreciation                       | 36.0           | 40.9          | 105.6          | 295.8          |
| Interest paid                      | 4.7            | 19.3          | 31.9           | 90.3           |
| Changes in WC                      | 36.3           | (85.5)        | (54.1)         | (87.3)         |
| Taxes Paid                         | (0.0)          | (1.5)         | (86.3)         | (132.2)        |
| <b>Cash flow from Operations</b>   | <b>34.9</b>    | <b>167.2</b>  | <b>348.0</b>   | <b>695.5</b>   |
| Property, Plant, and Equipment     | (223.6)        | (42.9)        | (541.3)        | (771.7)        |
| <b>Cash Flow from Investing</b>    | <b>(223.4)</b> | <b>(85.9)</b> | <b>(541.3)</b> | <b>(771.7)</b> |
| Proceeds from long term borrowings | 162.5          | 0.0           | 300.0          | 450.0          |
| 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)        | (31.9)         | (90.3)         |
| 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>316.2</b>   | <b>359.7</b>   |

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