

Websol Energy Limited

Nifty: 23,998

CMP: Rs. 112

Target Price: Rs. 172

Renewables

Websol Energy System Limited delivered its best ever quarterly and full year performance in Q4FY26, with Q4FY26 revenue surging to Rs 401 crore (+132.1% YoY, +53.8% QoQ) and FY26 full year revenue crossing the Rs 1,049 crore (+82.4% YoY). EBITDA margin moderated to 36.4% in Q4 due to higher module revenue mix, even as absolute EBITDA grew 86.4% YoY to Rs 146 crore, PAT expanded sharply to Rs 125 crore (+157.9% YoY). The company turned net cash surplus (net cash of Rs 34 crore) as of March 31, 2026, and has initiated the upgrade of Cell Line 1 to TOPCon technology (750 MW, >24.5% efficiency, commercial production February 2027), a key step toward the upcoming 4 GW integrated facility in Andhra Pradesh. Based on our revised estimates and valuing the company at 15x FY28E EPS, we arrive at a target price of Rs. 172, implying an upside potential of 56% from current levels.

Investment Rationale:

Financial & Operational Snapshot

- **Q4FY26 Performance:** Revenue at Rs 401 Cr (+132.1% YoY, +53.8% QoQ), EBITDA at Rs 146 Cr (36.4% margin), PAT at Rs 125 Cr (30.8% margin).
- **FY26 Full Year:** Revenue Rs 1,049 Cr (+82.4% YoY), EBITDA Rs 429 Cr (40.8% margin), PAT Rs 303 Cr (28.6% margin, +95.8% YoY), FY26 EPS: Rs 7.0.
- **Balance Sheet:** Net worth more than doubled from Rs 278 Cr to Rs 631 Cr. Company turned net cash positive total debt Rs 118 Cr vs cash + equivalents Rs 152 Cr (net cash: Rs 34 Cr).
- **Cash Flows:** Operating cash flow of Rs 255 Cr (84% of PAT), up from Rs 167 Cr in FY25.
- **Utilization:** Cell utilization at 92% on the 1.2 GW base (Q4FY26), highest in FY26. Module line at 74% in Q4 vs 64% in Q3. Cell Line 2 (commissioned Sep 25) operating at 85%+ utilization with average efficiency at 23.35%

TOPCon Upgrade & Phase 3 (Andhra Pradesh)

- **TOPCon Upgrade:** 600 MW MonoPERC to 750 MW TOPCon at Fala SEZ, efficiency >24.5%, 15-day, downtime, commercial production Feb 2027. Capex Rs 250-270 Cr (internal), total capacity 1.35 GW post-upgrade.
- **Phase 3: AP Greenfield: 4 GW integrated facility in two 2 GW tranches** (June 2027 + mid-CY28), long-term target 5.35 GW cell / 4.5 GW module by 2028. Capex Rs 2,800-3,000 Cr, debt raised gradually with cash surplus deployed first.
- **Technology:** TOPCon runway 1-2 years, AP facility designed for future IBC/HBC insertion. TOPCon equipment life 8 years, MonoPERC at 3 years.

Supply Chain & Market Dynamics

- **Realisations & Costs:** DCR cells 13-13.5 ¢/Wp, modules 22-22.5 ¢/Wp. Silver consumption down 25%, modest price softening largely offset by cost control.
- **Backward Integration:** 100% wafer-import dependent, MOU with Linton for ingot/wafer tech, targeting commissioning before ALMM List 3 (June 2028). Capex/GW still being evaluated.
- **Demand:** 100% DCR focus, June 2026 ALMM List II enforcement is a structural tailwind. India cell capacity 31 GW vs. module 173 GW large supply gap supports domestic cell makers.
- **Working Capital:** Higher Q4 on scale-up (RM inventory + LC-backed receivables), Q3 customer delays fully resolved.
- **Pledge Resolution:** IREDA facility Rs 92 Cr with >80% promoter shares pledged, repayment and full pledge release expected within 1-2 months.

Valuation & Outlook

With Cell Line 2 fully ramped, the balance sheet in a net cash position for the first time, and the TOPCon upgrade underway, Websol enters FY27 with the strongest operating platform. The ALMM List II tailwind (effective June 2026), continued PM Kusum / Surya Ghar demand, and a significant national cell supply gap (31 GW installed cells vs 173 GW modules) all support multiyear demand visibility. Key risks to monitor: (a) execution and debt risk on the Rs 2,800-3,000 Cr Andhra Pradesh greenfield, (c) blended margin compression as module revenue share rises. We value the company at 15x FY28E EPS and maintain our **BUY** rating with a **target price of Rs 172**, implying an upside of 56% from current levels.

Shareholding (%)	Mar-26
Promoters	29.72%
FII+DII	4.44%
Public	65.85%

Relative Price Performance



Key Data	
Nifty	23,937
52 Week H/L (Rs)	157 / 50.4
Market cap (Rs Cr)	4,851
CMP	112
Outstanding Shares (Cr)	43.4
NSE code:	WEBELSOLAR

Forecasts/Valuations	FY26	FY27E	FY28E
Sales	1049.4	1673.8	2916.6
EBITDA	428.5	588.5	958.9
EBITDAM	40.80%	35.20%	32.90%
PAT	303	320.8	488.7
EPS (Rs)	7	7.5	11.4
EPS growth (%)	92.80%	7.60%	52.30%
P/E(x)	15.8	14.9	9.8
P/BV(x)	7.4	4.9	3.3
EV/EBITDA(x)	11.3	8.2	5
ROE (%)	66.70%	40.60%	40.90%

Quarterly Financials

Particulars (INR Crs)	Q4FY26	Q3FY26	QoQ %	Q4FY25	YoY %
Revenue from Operations	401.45	261.02	54%	172.99	132%
Cost of Materials Consumed	179.01	147.05	22%	49.95	258%
Gross Profit	222.44	113.97	95%	123.04	81%
Gross Profit Margin	55.4%	43.7%		71.1%	
Changes in WIP	11.03	-42.38	-126%	-0.65	94%
Employee Benefits Expense	13.84	9.77	42%	5.51	151%
Other Expenses	51.25	40.13	28%	39.7	29%
EBITDA	146.32	106.45	37%	78.48	86%
EBITDAM	36.4%	40.8%		45.4%	
Depreciation & Amortisation	23.84	16.14	48%	9.86	142%
EBIT	122.48	90.31	36%	68.62	78%
Finance Cost	3.5	3.67	-5%	3.79	-8%
Other Income	2.93	1.47		1.06	
PBT	124.67	84	48%	65.89	89%
Tax	0.16	19.02	-99%	17.62	-99%
PAT	124.51	64.98	92%	48	158%
PATM	31.0%	24.9%		27.9%	
EPS	2.82	1.52	86%	1.12	152%

Renewables

Financials

Income Statement

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Revenue from Operations	575.5	1,049.4	1,673.8	2,916.6
Cost of Material Consumed	179.3	470.3	682.3	1,249.5
Gross Profit	396.1	579.1	991.5	1,667.1
Gross Profit Margin	69%	55%	59%	57%
Stores & Spares Consumption	22.3	0.0	0.0	0.0
Power & fuel Consumption	18.9	0.0	0.0	0.0
Employee Benefits Expense	17.5	36.2	68.2	124.9
Other Expenses	86.7	172.8	334.8	583.3
EBITDA	252.7	428.5	588.5	958.9
EBITDAM	44%	41%	35%	33%
Depreciation	40.9	61.6	119.0	224.4
EBIT	211.8	367.0	469.5	734.4
Interest	19.3	16.0	47.9	92.9
Other Income	2.0	-	-	-
Exceptional Items	-	-	-	-
Profit Before Tax	194.5	359.5	427.7	651.6
Tax	39.7	56.5	106.9	162.9
Profit After Tax	154.7	303.0	320.8	488.7
PATM	27%	29%	19%	17%
EPS	3.6	7.0	7.5	11.4

Cash Flow Statement

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Profit Before Tax	194.5	359.5	427.7	651.6
Depreciation	40.9	61.6	119.0	224.4
Interest paid	19.3	16.0	47.9	92.9
Changes in WC	(85.5)	(143.6)	77.6	(112.6)
Taxes Paid	(1.5)	(86.3)	(85.3)	(84.3)
Cash flow from Operations	167.2	255.4	559.2	683.4
Property, Plant, and Equipment	(42.9)	(180.0)	(771.7)	(970.0)
Cash Flow from Investing	(85.9)	(234.0)	(771.7)	(970.0)
Proceeds from long term borrowings	0.0	(34.2)	363.0	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)	(47.9)	(92.9)
Proceeds from QIP	0.0	(1.9)	(10.7)	0.0
Cash Flow from Financing	(34.6)	(2.8)	301.0	357.1

Balance Sheet

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Property, plant and equipment	283.3	446.4	1,089.2	1,834.8
CWIP	17.1	0.8	91.7	90.0
Other assets	40.3	9.1	9.1	9.1
Inventories	34.3	159.9	186.9	342.3
Trade receivables	4.6	93.0	160.5	279.7
Cash and cash equivalents	47.7	66.3	154.8	225.3
Bank balances	39.2	33.9	39.2	39.2
Total Assets	514.5	931.0	1,741.1	2,830.0
Equity share capital	42.2	43.4	42.2	42.2
Reserves and Surplus	235.8	587.3	908.0	1,396.7
Borrowings	123.0	85.4	448.4	898.4
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	165.2	327.2
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	1,741.1	2,830.0

Key Ratios

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Return Ratios				
ROE	55.7%	66.7%	40.6%	40.9%
ROCE	37.8%	49.7%	32.0%	28.5%
Margins				
GPM	68.8%	55.2%	59.2%	57.2%
EBITDAM	43.9%	40.8%	35.2%	32.9%
PATM	26.9%	28.9%	19.2%	16.8%
Efficiency Ratios				
Asset Turnover Ratio	1.33	1.45	1.25	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)	31.0	15.8	14.9	9.8
P/BV(x)	16.9	7.4	4.9	3.3
P/S(x)	8.3	4.6	2.9	1.6
EV/EBITDA(x)	19.1	11.3	8.2	5.0

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