Waaree Energies Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (EBITDA) / Inline (Revenue) **One-line:** Waaree is successfully industrializing its backward integration thesis, as the 5.4GW cell plant ramp-up and a record production volume of 2.3GW drove an 83% YoY EBITDA surge, underpinning a robust ₹5,500-6,000 Cr FY26 guidance.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Q1 EBITDA (₹1,169 Cr) puts NEL on a run-rate to exceed the upper end of its ₹5,500-6,000 Cr FY26 guidance.	□
Earnings Quality	High (Core driven)	Growth driven by volume (2.3GW output) and margin expansion from in-house cell utilization.	□
Guidance Confidence	Strong	Order book at ₹49,000 Cr (up from ₹47,000 Cr) provides >100% revenue coverage for FY26 guidance.	□
Management Credibility	Strong	Operationalized cell facility at ~60% utilization; expansion from 6GW to 10GW for cells/wafers shows aggressive execution.	□
Business Quality Signal	Improving	Pivot to "Full-Stack Energy Solutions" (BESS, Hydrogen, Inverters) aims to increase wallet share from 45% to 85-90%.	□
Key Q&A Exchange	Q6: ALMM for Cells	Mgmt confirmed June 2026 deadline for ALMM cells is unchanged; this creates a "protected" market for their 16GW cell capacity.	□
The Street's Primary Anxiety	US Policy/ADD Risk	Fear of US anti-dumping duties; Mgmt response: "Strong US manufacturing footprint (3.2GW) acts as a policy hedge."	□
Capital Cycle Stage	Investment	Aggressive ₹15,000 Cr 2-year capex cycle; pivot to IPP infra (5GW pipeline) adds asset-heavy risk.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins (25.4%) maintained vs Q4 (25.6%) despite raw material price shifts, proving integration floor.	□
Pricing Power	Stable	DCR (Domestic Content) orders for PM Surya Ghar/Kusum command premium pricing; retail demand is "flush."	□
FCF Conversion & Quality	Strong	Historically 1.6x CFO/PAT; negative WC maintained via customer advances on the ₹49,000 Cr order book.	□
Competitive Moat Signals	Widening	Largest integrated player in India; backward integration to ingot/wafer (10GW) is a unique "Atmanirbhar" moat.	□
Balance Sheet Strength	Strong	Net Cash status; ₹7,500 Cr cash on hand to fund ₹15,000 Cr capex via internal accruals/minimal debt.	□
Working Capital Efficiency	Stable	Inventory buildup (GIT) for exports noted; managed through substantial customer advances.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on capacity timelines (Texas 1.6GW, Chikhli Cell 5.4GW).	□
Key Vulnerability / Red Flag	Capital Allocation	Expansion into Hydrogen/BESS/Inverters before manufacturing scale-up is finished risks execution bandwidth.	□
Management Tone	Confident & Expansionary	Focused on "multi-decadal opportunities" in AI data centers and domestic retail.	□

Key Takeaways (Positives & Negatives): * **Positives:** The integration thesis is delivering superior unit economics; in-house cell production provides a structural 300-400bps margin tailwind. The order book has grown to □49,000 Cr (25 GW), ensuring full capacity off-take for FY26. US execution is a standout—the Texas plant is fully booked, and the expansion to 3.2GW is front-loaded to meet AI-driven data center demand. * **Negatives:** Management is rapidly diversifying into multiple new verticals (Hydrogen, BESS, Inverters, IPP infrastructure) simultaneously. This risks a "conglomerate discount" and potentially lower ROCE if the asset-heavy IPP segment (Connectivity/Land) dilutes the high-margin manufacturing core. * **Street Concern:** Analysts are hyper-focused on the US Anti-Dumping (ADD) investigation and the "grandfathering" of projects under ALMM. Management effectively addressed this by highlighting their global manufacturing footprint (India + US) and the multi-year visibility of the "grandfathered" order book. * **Forward Watchpoint:** Monitor the ramp-up of the 10GW Ingot-Wafer facility in Butibori; this is the final piece to insulate the company from China's polysilicon pricing volatility.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q1FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue standalone (□Cr)	Not Stated	N/A	N/A	First entry	Consolidated focus in presentation.
Revenue consolidated (□Cr)	4,597.18	↑ 31.5%	↑ 11.0%	↑	Record quarterly revenue driven by 2.3GW production volume.
EBITDA (□Cr + %)	1,168.67 (25.4%)	↑ 82.6%	↑ 10.3%	↑	Margin expansion of 712bps YoY due to in-house cell ramp-up.
Exports (□Cr + % of rev)	~1,532.4 (33.3%)	↑	↑	↑	Rev split: 1/3rd International, 2/3rd Domestic. Prior Q4 was ~20%.
Production Capacity (GW)	14.9 (Module)	↑	→	→	Module: 13.3 (India) + 1.6 (US). Cell: 5.4 (India).
Volume Growth (%)	2.3 GW (Output)	↑ 64.0%	↑	↑	Highest-ever quarterly production.
Utilization (%)	~60% (Cell)	N/A	↑	↑	Cell plant ramping up; older lines at 85%, new lines at 50%.
Overseas Sub. Rev (□Cr)	Not Stated	N/A	N/A	→	Texas 1.6GW plant fully booked; expansion to 3.2GW on track.
Indosolar Rev/ EBITDA (□Cr)	196 / 65	N/A	N/A	↑	Strategic fit for North India; margins at 33% (high-spec).
Order Book (□Cr)	49,000	N/A	↑ 4.3%	↑	Visibility for 25 GW; pipeline exceeds 100 GW.
ROCE (%)	34% (FY25)	N/A	N/A	→	Adjusted for IPO proceeds; reflects high asset turns.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Solar Modules	~4,425.83	↑ 29.8%	~25.4%	↑	Inline	Transition to TOPCon technology; 1/3rd export mix.
EPC & O&M	Included in Ops	N/A	N/A	→	Inline	WRTL subsidiary pursuing 25GW+ pipeline.
Indosolar (Sub)	196.00	N/A	33.1%	↑	Above	Ramping up to 1.3GW capacity; serving North India.
Adjacencies	Pre-revenue	N/A	N/A	→	N/A	Inverters/BESS/Hydrogen plants operational by FY26/27.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	EBITDA (FY26)	□5,500 - 6,000 Cr	Needs □1,444 Cr/qtr avg for remaining 3 qtrs. Q1 □1,169 Cr makes this highly feasible as cell plant hits 100%.	First Entry	Low
Guidance	Cell Capacity	16 GW by FY27	5.4GW active; 10.6GW to be added. Land in possession (Unn).	Delivered (5.4GW)	Moderate
Guidance	Module Capacity	26 GW by FY27	14.9GW active; 6GW addition in Gujarat ready by Dec 2025.	On Track	Low
Guidance	Ingot-Wafer	10 GW by FY27	Entirely new segment. Site at Butibori, Maharashtra.	New	High
Strategy	Adjacencies	□2,000 Cr BESS plant; 3GW Inverter plant.	BESS (3.5GWh) by FY27; Inverters by FY26.	New	Moderate
Strategy	IPP / Infra	5 GW connectivity; □650 Cr equity outlay.	Forward integration to lock in module demand and increase wallet share.	New	High
Macro	US ADD Risk	Defense via transparency and US footprint.	ADD investigation takes 6-12 months. Current order book is protected.	Untested	Moderate
Macro	ALMM Policy	Cell ALMM from June 1, 2026.	Creates forced demand for Waaree's 16GW cell capacity.	On Track	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Akshay, Pinnacle	Indosolar Strategy	Business Overview	"Contribution from Indosolar and the path ahead for the subsidiary in terms of guidance?"	Management noted Indosolar (1.3GW) hit □196 Cr revenue with □65 Cr EBITDA (33% margin) and acts as a strategic hub for North India. High margins here suggest high-efficiency or specialized module supply, acting as a regional profit kicker.	Future capacity expansion specific numbers.	4.0	Directional with evidence
2	4.5	Sahil Sheth, Anand Rathi	Tech Mix & RM	Business Overview	"Current mix of manufacturing with TOPCon and Mono PERC... how does input price increase in China impact India?"	Mgmt confirmed a rapid shift to TOPCon (dominant in 3-7 months) and stated they manage gross margins by marrying input costs with contract pricing. This de-risks silicon price volatility as long as the 5-cent cell delta is maintained in-house.	Exact % of TOPCon vs Mono PERC currently.	3.5	Vague but consistent
4	5.0	Akshay Mane, Nuvama	ALMM Clarification	Mgmt Outlook	"Potential implication of the MNRE clarification on ALMM list for cells?"	Management explained that the June 2026 deadline is firm, but ~10GW of additional projects might be "grandfathered." This implies a slightly longer wait for the full ALMM-cell benefit, but Waaree's order book is already	Exact size of grandfathered projects (estimated at 10GW).	4.5	Clear and quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						comprised of these grandfathered projects anyway.			
6	4.5	Aman Jain, Bernstein	Logistics of Expansion	Capex & Allocation	"How can the 6GW facility be ready in 12-18 months if it was shifted from Odisha to Gujarat/ Maharashtra?"	Management clarified they acquired a ready-made facility for the 6GW module plant (operational in 6 months) and have land in possession for Cells (Unn) and Wafers (Butibori). This significantly de-risks the FY27 capacity timeline through brownfield-style execution.	None	5.0	Specific and verified
7	4.0	Aman Jain, Bernstein	US FEOC Rules	Mgmt Outlook	"Won't imports of wafers/ polysilicon from China trigger FEOC issues in the US?"	Management stated that for US supply, they ensure the entire value chain (polysilicon to cells) is non-FEOC compliant. This positioning is a massive competitive advantage as few global players can provide a fully non-Chinese supply chain today.	None	4.5	Directional with evidence
8	4.0	Nitin Arora, Axis MF	C&I Opportunity	Business Overview	"Does the lack of ALMM extension for C&I segment open up a 14-15GW	Management agreed, stating that C&I players can no longer go abroad for cells, effectively	None	5.0	Specific and verified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					market for Indian players?"	capturing a massive higher-margin domestic segment for Waaree. This segment usually pays a premium over Utility, supporting the high EBITDA margin thesis.			
10	4.5	Sarang Joglekar, Vimana Cap	Revenue vs Production	Financials	"Production is up 64% but module revenue is only up 21%—why the gap?"	Management explained that substantial export volumes are currently in GIT (Goods in Transit), meaning revenue is not yet recognized. This creates a "revenue spring" for Q2, where recognized revenue should catch up to production.	None	4.5	Specific timeline given
14	4.0	Bhaskar, Jefferies	US Inventory Glut	Mgmt Outlook	"Close to 50GW of module inventory in the US—confident on orders materializing?"	Management claimed the demand drivers (AI, Electrification) are secular and their 100GW pipeline indicates that the glut is temporary or in lower-spec modules. This suggests Waaree's US business is insulated by long-term high-spec PPA contracts.	None	4.0	Directional with evidence

PATTERN FLAGS & SENTIMENT * **The "Cell Delta" Confidence:** Analysts repeatedly queried the sustainability of the 25% EBITDA margin. Management's response centered on the 300-400bps structural uplift from in-house cells. They appeared highly confident that even with rising Chinese input costs, the "spread" between their in-house cost (7-8c) and market price (12-14c) remains intact. * **The US ADD investigation:** This was a clear friction point. Management took a "transparency as a weapon" stance, noting that as a listed entity, their books are open to US authorities, unlike private Chinese competitors. This posture aims to reassure investors that ADD risk is a volume game they can win via their Texas plant. * **Analyst Sentiment Verdict:** Analysts were bullish on the Q1 print but remained cautious regarding the "obsession" with adjacencies (Hydrogen/BESS). The friction over the "Revenue vs Production" gap was resolved by the GIT explanation. Credibility improved as management provided specific locations (Unn, Butibori) and progress updates for the expansion, moving the thesis from "ambitious plan" to "under construction."

---

5. WHAT CHANGED vs PRIOR QUARTER

vs prior quarter (Q4 FY25 data from Prior Context)

What Changed	Prior Quarter	This Quarter	Direction
Order Book	□47,000 Cr	□49,000 Cr	↑ Improving
Export Revenue Mix	~20%	33.3%	↑ Improving
Cell Plant Utilization	Commissioning phase	~60% (rushing to 100%)	↑ Improving
Module Production	~1.4 GW (implied)	2.3 GW (Record)	↑ Improving
Ingot-Wafer Target	6 GW	10 GW (Board approved expansion)	↑ Improving
Cell Capacity Target	5.4 GW (Active)	16 GW by FY27 (Planned)	↑ Improving
BESS Outlay	Focus on Manufacturing	□2,000 Cr approved for Rola plant	□Risk Addition
Revenue Recognition	Standard flow	High GIT (Goods in Transit) gap	□Neutral
US Facility Strategy	1.6 GW active	Expansion to 3.2 GW fast-tracked	↑ Improving