Waaree Energies Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Earnings) / Beat (Order Inflow) **One-line:** The thesis holds as Waaree successfully transitions from a module assembler to an integrated energy platform, though H1 margins remain suppressed by raw material volatility and delayed export clearances before the high-margin H2 vertical integration kick-in.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Q1 EBITDA (□1,440 Cr) tracks at ~20% of the lower-end FY27 guidance (□7,000 Cr); H2 ramp-up is contractually locked.	□
Earnings Quality	Moderate	EBITDA growth (+44% YoY) trails Revenue growth (+79% YoY); margins hit by RM indices and temporary logistics friction.	□
Guidance Confidence	Strong	Reaffirmed FY27 EBITDA guidance of □7,000–7,700 Cr; backed by a record □61,500 Cr order book (up □8,500 Cr QoQ).	□
Management Credibility	Strong	Execution on track for 3.5 GWh BESS and 10 GW Cell line (all equipment on premises); US HJT order validates tech leadership.	□
Business Quality Signal	Improving	Massive pivot to Retail (30% of revenue, +130% YoY) and T&D (via APS acquisition) reduces dependence on volatile Utility IPPs.	□
Key Q&A Exchange	Q5: US Realization	Local US manufacturing yields $0.07-0.08/W margin vs $0.04-0.05/W for India exports; 1.6 GW US ramp is the key margin driver.	□
The Street's Primary Anxiety	Margin Compression	Analysts focused on the 18.2% margin vs historical 20%+; mgmt cited RM cost spikes and low Q1 cell integration (20%).	□
Capital Cycle Stage	Peak Investment	Deploying ~□9,450 Cr of □31,500 Cr total plan; H2 will see the first major "harvest" as 10 GW cell capacity goes live.	□
Margin / Return Ratio Trajectory	Stabilizing	Q1 (18.2%) likely the floor; 65% cell-to-module integration by Q4 (vs 20% now) provides a structural 500-700 bps margin tailwind.	□
Pricing Power	High (Retail/ DCR)	Retail realization remains superior; DCR (Domestic Content Requirement) orders protect margins against Chinese imports.	□
FCF Conversion & Quality	Weak (Planned)	Inventory buildup in Q1 mapped to firm H2 schedules; CFO expected to normalize in H2 as dispatches peak.	□
Competitive Moat Signals	Widening	Largest non-Chinese capacity; only player building an end-to-end solar-to-BESS-to-T&D ecosystem in India.	□
Balance Sheet Strength	Strong	Net Cash balance sheet (Net Debt/Equity -0.08x) despite heavy capex; □10,000 Cr board approval for buffer.	□
Working Capital Efficiency	Deteriorating	Inventory build ahead of H2 offtake; management tracking near full capacity coverage for the second half.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on GW-scale commissioning and market share expansion.	□
Key Vulnerability / Red Flag	Policy Extension	6-month extension for non-DCR ALMM creates temporary pricing pressure until Dec-26.	□
Management Tone	Confident / Aggressive	Focused on "Waaree 2.0" and the $2 Trillion TAM by 2030.	□

Key Takeaways (Positives & Negatives): * **Positives:** The **Order Book at □61,500 Cr** provides 2.3x revenue visibility (FY26 base). **Retail revenue more than doubled (+130% YoY)**, showing Waaree is winning the high-margin "brand" battle, not just the utility "commodity" battle. The **US localized manufacturing** (1.6 GW) is already generating IRA benefits ($12-13m in Q1) which will triple as the plant reaches 80% utilization. * **Negatives: Q1 EBITDA Margin (18.2%)** is a step down from FY26 levels (22.3%) due to higher metal indices (Silver/Copper) and an "unbalanced" Q1 where module capacity (26 GW) outran cell integration (5.4 GW). Export dispatches were softer due to US clearance delays. * **Street Concern:** Analysts are skeptical about the **□7,000 Cr+ EBITDA target** given the slow Q1 start. Management's response: the target is predicated on the **cell-to-module integration jumping from 20% to 65%** in H2, which captures the value previously leaked to third-party cell suppliers. * **Forward Watchpoint:** The commissioning and ALMM-II listing of the **10 GW Gujarat Cell line** in Q3 is the binary event that determines if FY27 targets are hit.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT not available — all numbers sourced from concall transcript.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Consolidated (□Cr)	□7,932	↑ 79.2%	↓ 7.5%	↑	Volume driven (+89% YoY); growth in Retail (+130%) offset lower Utility offtake.
EBITDA (□Cr)	□1,444	↑ 44.4%	↓ 8.4%	□	Margin compression due to RM indices; H2 targets remain □1,850+ Cr/qtr.
EBITDA Margin %	18.2%	↓ 410 bps	↓ 40 bps	↓	Hit by Silver/Copper prices and low (20%) captive cell utilization.
PAT (□Cr)	□892	↑ 15.4%	↓ 11.2%	□	Growth slowed by higher depreciation/interest from new Samakhiali plant.
Order Book (□Cr)	□61,500	↑ 30.8%	↑ 16.0%	↑	Record inflows (□16,000 Cr in Q1) vs execution (□7,300 Cr).
Exports (□Cr)	□1,609	↓ 26.6%	↓ 30.1%	↓	Softer dispatches due to US clearance delays; US local rev □1,322 Cr.
Volume Sold (GW)	3.6	↑ 89.5%	↓ 14.3%	↑	1.9 GW in Q1FY26; lower than Q4 (4.2 GW) due to seasonal/policy shifts.
ROCE (%)	28.5%	↓ 390 bps	↓ 390 bps	□	Moderated during heavy capex phase but remains industry-leading.
Net Debt / Equity (x)	-0.08	→	→	→	Maintained net cash status despite □9,450 Cr capex deployment.
Cell Capacity (GW)	5.4	→	→	→	10 GW addition in Q3/Q4 is the primary margin catalyst.
Module Utilization (%)	50%	↓	↓	□	India capacity at 50% due to inventory build for firm H2 schedules.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Retail (B2C)	₹2,289	↑ 130%	High	↑	Above	30% of revenue; targeting ₹10,000 Cr in FY27.
Utility / IPP / C&I	₹3,149	↑ 36.4%	Moderate	↓	Below	Share moderated to 39.7% as co. diversifies.
Overseas (US/EU)	₹1,609	↓ 26.6%	Premium	↓	Above	Hit by clearance delays; US localized rev at ₹1,322 Cr.
EPC & Services	₹706	↑ 40.0%	19.2%	→	Inline	1.5 GW BESS EPC order won; APS acquisition expands T&D.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	FY27 EBITDA	₹7,000 - ₹7,700 Cr	Needs ₹1,850 Cr avg/qtr in Q2-Q4. Achievable if 10GW Cell line hits 65% utilization by Q4.	Exceeded FY26	Moderate
Guidance	Retail Rev	₹10,000 Cr FY27	Needs ₹2,500 Cr/qtr. Q1 at ₹2,289 Cr makes this highly likely.	Strong	Low
Guidance	Cell Capacity	15.4 GW by H2FY27	Needs 10 GW commissioning in Unn, Gujarat. All equipment is on premises.	On Track	Low
Strategy	Integration	65% Cell Integration	Shifts from 20% to 65% by Q4. Captive cells replace $0.13 market cost with $0.07-0.08 production cost.	Consistent	Moderate
Strategy	Adjacencies	T&D / Transformers	Commissioned 17.6 MVA inverter transformer duty; APS acquisition adds 100 KTPA EPC capacity.	New Strategy	Low
Macro	US Tariffs	US Local Shield	Local 1.6 GW plant yields $0.07/W margin + IRA benefits. Orders already booked (125MW HJT).	Validated	Low
Macro	RM Costs	Pass-through	Implementing cost leadership program. H2 contracts reflect current higher commodity indices.	Mixed	High
Balance	Capex	₹31,500 Cr Plan	Phased: 30% FY27, 40% FY28, 30% FY29. Self-funded via EBITDA + ₹10k Cr buffer.	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	5.0	Vishal, ValueQuest	Long-term Capex	Capex and Allocation	"Can you give guidance in terms of when this commissioning will happen for 10GW cell/ wafer?"	Management confirmed FY27 completes module/cell/ transformer expansion, with FY28 bringing full 15.4GW cell and 10GW ingot/wafer production. This confirms a significant earnings "step jump" in FY28 as vertical integration benefits fully materialize.	None	5.0	Specific timeline given
2	4.5	Vishal, ValueQuest	Margins	Financials	"What happened in this particular margin as our gross margins has gone down at the module level?"	Management attributed the drop to low captive cell utilization (800MW vs 3.6GW modules) and SOFT export dispatches due to clearance delays. The investment implication is that margins are currently "underearning" their potential until the cell-to-module ratio improves.	Specific RM index impact	4.0	Directional with evidence
3	4.5	Harshita Surana, UBS	Realizations	Business Overview	"Could you help us with the module realizations across DCR, non-DCR and exports?"	Exports realize $0.25-0.26/W, DCR at $0.20-0.25/W, and non-DCR at $0.13-0.14/ W. This wide gap ($0.10/W)	None	5.0	Clear and quantified

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						between DCR and non-DCR validates the urgency of the cell capacity ramp.			
4	4.0	Kunal Shah, DAM Capital	Export Softness	Business Overview	"Why are revenues one-third Y-o-Y on exports despite cell sourcing from neutral nations?"	Delays were due to US customs clearances taking longer than expected, but shipments have resumed in August. This suggests Q1 export revenue was "deferred" rather than "lost."	None	3.5	Vague but consistent
5	5.0	Sweta Jain, Anand Rathi	US Margins	Financials	"What is the margin profile when manufacturing in the US vs exporting from India?"	Local US manufacturing yields $0.07-0.08/W margin (inclusive of IRA) vs $0.04-0.05/W for exports. The 1.6 GW US capacity is thus the most profitable GW in the Waaree portfolio.	Net IRA after expenses	4.5	Specific data given
6	4.0	Sabri Hazarika, Emkay	BESS Business	Business Overview	"How much volumes are you expecting this year or meaningful earnings contribution from BESS?"	Started 5.15 GWh container line; expect commercial dispatches this quarter for both India (utility) and export markets (FEOC compliant). BESS becomes a	Exact revenue guidance	3.0	Vague but consistent

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						significant third growth pillar alongside modules and cells.			
7	4.5	Suyash Kela, Singularity	Fundraise	Governance	"What was the strategy behind the planned □10,000 Cr QIP if EBITDA is sufficient?"	The raise is primarily to strengthen the balance sheet buffer during a □22,000 Cr remaining capex cycle, even if internal accruals are sufficient. This suggests a conservative financial posture to avoid any liquidity mismatch during execution.	Exact timing of QIP	4.0	Clear strategy
8	4.0	Sumit Kishore, Axis	BESS Capex	Capex and Allocation	"What exactly has been achieved with the □1,400 Cr BESS capex so far?"	95% of site construction is done and all equipment is on-site or at port; 3.5 GWh cell production starts within 2 quarters. This de-risks the BESS entry as the heavy lifting of construction is largely complete.	None	5.0	Specific status given

PATTERN FLAGS & SENTIMENT * **The "H2 Margin Pop" Thesis:** The central anxiety among analysts was the Q1 margin compression (18.2%). Management’s posture was highly confident, framing Q1 as a "trough" because only 20% of modules used captive cells. The repeated emphasis on the 10 GW cell line and the shift to 65% integration by Q4 suggests that margin recovery is the primary internal KPI. * **Export Friction vs. US Localization:** Analysts pressed on the weakness in export revenues. Management pivoted the narrative to the 1.6 GW US plant, which is now operational and yields $0.03/W higher margins than exports. The resolution here lies in the Q3 results, where US localized revenue should ideally overtake direct exports. * **Analyst Sentiment Verdict:** Convincingly optimistic on scale, but "trust-but-verify" on margins. Analysts were impressed by the

□61,500 Cr order book and Retail growth but remain cautious about the execution of the 10 GW cell line. Credibility was bolstered by the news that all 10 GW equipment is already on-premises.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Cell Integration** | Planning full integration | Currently only at 20% | **Low captive cell utilization** in Q1 hit margins. | Margin recovery is entirely dependent on the H2 cell ramp-up. | | **Export Logistics** | Strong export demand | Clearance delays in US | **Revenue deferral** occurred in Q1 due to logistics friction. | Short-term cash flow and revenue volatility. | | **BESS Scale** | 3.5 GWh Planned | 5.15 GWh Achieved | **Capacity beat:** Automated line 1.5x larger than original plan. | Positive: Faster-than-planned BESS scale-up. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
Order Book	□53,000 Cr	□61,500 Cr	↑ Improving
EBITDA Margin	18.6% (Q4)	18.2% (Q1)	↓ Deteriorating
Retail Contribution	20.8% of Rev	30.2% of Rev	↑ Improving
US Operations	Setup / Commissioning	□1,322 Cr Rev / $12m IRA accrual	↑ Improving
BESS Capacity	3.5 GWh (Target)	5.15 GWh (Commissioned)	↑ Improving
Product Mix	Module-centric	Pivot to Cells, BESS, Transformers, T&D	↑ Improving
Cell Integration	5.4 GW Cap	15.4 GW (Eqp. on Premises)	↑ Improving
T&D Reach	Passive	55% APS Acquisition (Active)	↑ Improving

Investor Notes: * **The Thesis is pivoting:** Waaree is no longer just a solar company; it is becoming a **power equipment conglomerate**. The APS acquisition and the start of transformer/BESS production mean the company is capturing the entire CapEx wallet of a renewable developer. * **Margin Floor:** 18.2% appears to be the floor. As captive cell integration rises from 20% to 65%, every 1 GW of module produced with in-house cells adds ~□200 Cr to the bottom line (based on the $0.05/W manufacturing saving). * **Retail is the Dark Horse:** At □10,000 Cr guidance for FY27, Waaree's retail business is becoming a consumer powerhouse that buffers the lumpiness of utility-scale orders. * **Execution Risk:** The only major risk is the commissioning timeline of the 10 GW cell plant. Any delay beyond Q3 will necessitate a downward revision of the □7,000 Cr+ EBITDA guidance. Management's claim that all equipment is already on-premises is the most critical de-risking signal this quarter.