

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

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**Result:** Strong Beat (EBITDA/Margins) **One-line:** Waaree is evolving from a module assembler to an integrated "Energy Transition" behemoth, with record margins (25.5%) and an order book surge to ₹60,000 Cr validating the integration thesis, though a ₹294.78 Cr U.S. regulatory provision and aggressive "Waaree 2.0" diversification add layers of complexity.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Q3 EBITDA of ₹1,928.15 Cr already puts 9M total at ₹4,332 Cr; surpassing the FY26 guidance of ₹5,500-6,000 Cr is now mathematically trivial.	☐
Earnings Quality	High (Core driven)	Margin expansion to 25.5% is structural, driven by the 5.4GW cell plant ramp-up (80% current utilization) and backward integration.	☐
Guidance Confidence	Strong	Management explicitly stated "clear visibility of surpassing" FY26 EBITDA targets.	☐
Management Credibility	Strong	Delivered record quarterly production (3.5 GW) and successfully ramped cell utilization from 11% (Q2) to ~80% (current).	☐
Business Quality Signal	Improving	Transitioning to "Waaree 2.0" (BESS, Hydrogen, Transformers) captures ~85% of project Bill of Materials (BoM) vs 45% previously.	☐
Key Q&A Exchange	Q17 (U.S. Investigation)	Management provisioned ₹294.78 Cr for the U.S. investigation on legal advice; a proactive "transparency" move that acknowledges regulatory heat.	☐
The Street's Primary Anxiety	Commodity/Silver Spikes	Mgmt response: Silver is <9% of module cost; back-to-back tying of procurement de-risks gross margins.	☐
Capital Cycle Stage	Aggressive Investment	Massive ₹10,000 Cr outlay for BESS and entry into Green Hydrogen/Transformers indicates a high-growth, high-capex phase.	☐
Margin / Return Ratio Trajectory	Improving	EBITDA margins expanded to 25.49% (vs 25.17% in Q2) as cell integration benefits flowed through.	☐
Pricing Power	Stable to Expanding	U.S. realizations remain premium (24-30 cents) while domestic DCR commands a ₹23-24/watt peak realization.	☐
FCF Conversion & Quality	Improving	Revenue jump (24.7% QoQ) suggests the "Goods in Transit" inventory from Q2 is starting to convert to receivables/cash.	☐
Competitive Moat Signals	Widening	Tier-1 status for 39 consecutive quarters and highest enlisted efficiency (25.54%) in ALMM-II create high entry barriers.	☐
Balance Sheet Strength	Strong	Raised ₹1,000 Cr equity for BESS; maintains net cash position despite aggressive capex.	☐
Working Capital Efficiency	Improving	Inventory cycles are normalizing as cell ramp-up reduces reliance on external merchant cell procurement.	☐
Mgmt Guidance Track Record	Reliable	Consistent execution on GW-scale cell/module targets.	☐
Key Vulnerability / Red Flag	U.S. Policy Risk	The ₹294.78 Cr provision confirms that U.S. trade investigations are a tangible financial headwind, not just a headline risk.	☐
Management Tone	Expansionary and Transparent	Confident on operational ramp-up; conservative/transparent on U.S. legal provisioning.	☐
Sentiment: ☐Positive	☐Negative	☐Neutral	

**Key Takeaways (Positives & Negatives):** \* **Positives:** The integration thesis is fully operational—internal cell production has propelled EBITDA margins to a record 25.5%. The Order Book grew by ₹13,000 Cr QoQ to reach ₹60,000 Cr, providing multi-year visibility. "Waaree 2.0" adjacencies (Transformers/Inverters) are already winning MNC orders (₹245 Cr in Transformers), proving cross-sell capability. \* **Negatives:** The company took a ₹294.78 Cr "Exceptional Item" hit related to U.S. investigations; while management frames this as proactive transparency, it signals persistent geopolitical risk. The diversification into BESS (₹10,000 Cr outlay) and Hydrogen creates a

"conglomerate" risk where capital is spread across several unproven technologies simultaneously. \* **Street Concern:** Analysts remain focused on how Waaree will maintain margins if silver prices spike or China eliminates export rebates. Management's rebuttal—that they manage "Gross Margin" through back-to-back tying of orders and that Chinese rebate cuts actually *raise* global floor prices—was well-received. \* **Forward Watchpoint:** Monitor the **commissioning of the 10GW Ingot-Wafer facility** in FY27; this is the final piece of full backward integration required to insulate the company from global supply chain shocks.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

Metric	Current Qtr (Q3FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue consolidated (₹Cr)	7,565.05	↑ 118.81%	↑ 24.72%	↑	Highest ever quarterly revenue driven by record 3.5 GW module production.
EBITDA (₹Cr)	1,928.15	↑ 167.16%	↑ 23.02%	↑	Record EBITDA; high operating leverage from in-house cell production.
EBITDA Margin %	25.49%	↑ 461 bps	↑ 32 bps	↑	Structural expansion due to 5.4GW cell plant utilization and export mix.
PAT (₹Cr)	1,106.79	↑ 118.35%	↑ 26.03%	↑	Impacted by ₹294.78 Cr exceptional item (U.S. investigation provision).
ROCE (%)	34%	N/A	↓ 780 bps	↓	Normalizing as IPO proceeds and large capex for Waaree 2.0 enter the denominator.
ROE (%)	28%	N/A	↓ 680 bps	↓	Adjusted for IPO proceeds; remains robust for capital-intensive manufacturing.
Production Volume (GW)	3.5 GW	↑ 94%	↑ 32.5%	↑	Record quarterly module production; first Indian player to hit 1GW/month.
Cell Utilization (%)	80% (Current)	N/A	↑ 6900 bps	↑	Massive jump from 11% in Q2; 5.4GW plant now a core margin driver.
Order Book (₹Cr)	60,000	N/A	↑ 27.66%	↑	Reversed Q2 decline; massive 100+ GW pipeline supports future inflows.
Export Revenue Mix (%)	32.6%	↓	↓ 1440 bps	↓	Shift towards domestic Retail and EPC projects (67.4% Domestic).
Avg Selling Price (India DCR)	₹23.50	N/A	→	→	Commands a premium over non-DCR (₹14.50) due to local cell content requirements.
US Sales Volume (MW)	300 MW	N/A	↑ 9.1%	↑	Steady ramp of U.S. local production; 275MW produced in-country this quarter.

### 2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Solar Modules (Core)	~6,800	↑ 110%	~25%	↑	In-line	Record 3.5 GW production; shift toward domestic retail/utility projects.
Retail / EPC	~765	↑	High	↑	Above	Serving 80% of pin codes; key driver for PM Surya Ghar scheme growth.
Transformers	~100*	New	20-22% est	↑	In-line	Order book of ₹245 Cr; secured large order from a global MNC.
Inverters / BESS	Nascent	New	N/A	↑	N/A	Commissioned 3GW Phase-I inverter facility; 20GWh BESS plant on track (FY28).
Renewable Infra (IPP)	Nascent	New	N/A	↑	N/A	PPA signed for 713MW; secured connectivity for 6.1GW projects.

\*Derived from order book execution and mgmt commentary on "newer business" scale.

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	EBITDA (FY26)	₹5,500 - 6,000 Cr	<b>Achieved ₹4,332 Cr (9M).</b> Needs only ₹584 Cr/qtr in Q4. <b>Guaranteed Beat.</b>	Surpassed Q2 pace significantly.	Low
Guidance	Module Capacity	28.4 GW by FY27	Currently 22.8 GW. Needs 5.6 GW addition over 4 quarters. <b>On track.</b>	Delivered 18.7GW -> 22.8GW jump.	Low
Guidance	Cell Capacity	15.4 GW by FY27	Currently 5.4 GW. 10 GW expansion underway.	5.4GW plant ramped to 80% utilization.	Moderate
Guidance	Ingot-Wafer	10 GW by FY27	9M capex spend aligns with FY27 operationalization.	New project; negotiations for pullers ongoing.	Moderate
Strategy	BESS Outlay	₹10,000 Cr by FY28	Phase-I (3.5 GWh) by FY27. Needs ₹3,000-4,000 Cr annual spend.	Raised ₹1,000 Cr equity as first step.	High
Strategy	Portfolio Wallet Share	Capture 85-90% of BoM	Cross-selling Transformers/ Inverters into existing Solar EPC clients.	Secured ₹245 Cr Transformer order from MNC.	Low
Macro	U.S. ADD Risk	Minimize liability via non-FEOC sourcing	Sourcing cells from compliant countries; ₹295 Cr provisioned for caution.	Proactive provisioning.	Moderate
Balance	IPO Proceeds Utilization	Deployment across cell/wafer expansion	On track; adjusted ROCE reflects deployment.	Consistent with DRHP timelines.	Low

## 4. ANALYST Q&A

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Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Nitin Arora, Axis MF	Utilization	Financials	"On your cell utilization, you are still at about 56%... what challenges are you facing... are the breakages very high?"	Management clarified that while the Q3 average was 56%, the current daily run-rate has hit 80% following the resolution of teething troubles. This ramp-up validates the structural margin expansion thesis as in-house cells replace more expensive merchant imports.	None	5.0	Specific and verified
2	4.0	Nitin Arora, Axis MF	Commodities	Financials	"A lot of concern amongst investors is higher commodity prices, silver and all... is it going to hurt your gross margin going forward?"	Management noted that silver accounts for <9% of module costs and that they mitigate risk via back-to-back procurement and scale-driven operating leverage. This reassures the market that margin volatility from raw materials is controllable at current scale.	Specific silver price hedge levels.	4.0	Directional with evidence
5	4.5	Dhruv Muchhal, HDFC AMC	U.S. IRA	Financials	"What is the IRA that we might have booked?... last quarter you had mentioned	Management confirmed booking ₹80 Cr in IRA credits this quarter (90% of the 7-cent/watt credit) for	None	5.0	Specific and verified

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					about ₹162 odd crores."	300MW of U.S. sales. This confirms a high-margin, recurring non-operating income stream tied to the U.S. manufacturing footprint.			
10	4.0	Akshay Gattani, UBS	BESS Economics	Strategy	"How much can be the revenue potential and how much can be the profitability... likely payback [on BESS]?"	Management indicated that for a \$1 Billion investment, the revenue potential is \$1.5 to \$2 Billion, with U.S. BESS prices being 40-50% higher than India. This suggests BESS will be as margin-accretive as the solar business once operationalized in FY28.	Specific payback period (years).	3.0	Vague but consistent
11	4.5	Amitoj Singh, B&K	U.S. Strategy	Management Outlook	"Do we have any cell manufacturing plans in US given that US now has reached 60 gigawatts of module production...?"	Management stated they have a "strong desire" and will "actively consider" cell manufacturing in the U.S., specifically citing the HJT assets acquired from Meyer Burger. Expanding to U.S. cells would double the IRA credit from 7 cents to 11 cents per watt.	Exact timeline for U.S. cell capex.	3.5	Vague but consistent
17	5.0		Legal Risk	Governance				4.0	

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		Deepak Krishnan, Kotak			"Just wanted to sort of understand the exceptional item that you booked... so what's sort of the thought process with regards to the US investigation?"	Management explained the ₹294.78 Cr provision was a proactive measure based on legal advice, despite no formal demand yet being made. This transparency is a "double-edged sword"—it shows responsible governance but confirms the U.S. regulatory risk is financially material.	Specific details of the investigation.		Transparent but cautious
18	4.0	Meet Katrodia, Hedgehog	Sourcing	Capex and Allocation	"You are planning 10 gigawatts of ingot & wafer... certain equipment like crystal ingot puller is not easily available from China. What is the alternate sourcing plan?"	Management claimed that restrictions on sourcing pullers have diminished and they can source from various geographies, though they are still in negotiations. The successful procurement of these pullers is the final gate for full backward integration.	Names of non-Chinese equipment vendors.	3.0	Hedged/ Deflected

**PATTERN FLAGS & SENTIMENT \* The "Waaree 2.0" Pivot:** Analysts showed significant curiosity (and underlying skepticism) regarding the massive diversification into BESS and Hydrogen. Management responded with a "BoM capture" logic—moving from selling a component to a full-stack solution—which appeared to convince analysts on the revenue side, though the ₹10,000 Cr BESS capex remains a long-term ROCE overhang. \* **U.S. Regulatory Pragmatism:** The recurring theme of U.S. ADD/CVD investigations was met with a surprising proactive provision of ₹294.78 Cr. Management's posture was "defensive but transparent," effectively

pre-empting a crisis by taking the hit early. This likely preserves credibility even as it hurts quarterly PAT. \*

**Analyst Sentiment Verdict:** Analysts were largely impressed by the operational "super-profits" (25.5% margin) and the record order book. Friction was highest regarding the U.S. investigation provision and the technical feasibility of sourcing Ingot-Wafer equipment from non-Chinese sources. Overall, the tone was one of "cautious optimism"—the core business is a cash machine, but the peripheral regulatory and diversification risks are increasing.

**GUIDANCE GAPS REVEALED IN Q&A** | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis |

|-----|-----|-----|-----| | Cell Utilization | Target of 85-90% maturity | Q3 Avg was only 56% | Slower mid-quarter ramp than implied by "on-track" statements; caught up only in late Q3. | Low - ramp is now visible. | | U.S. Investigation | "Minimal liability expected" (Q2) | Provisioned ₹294.78 Cr (Q3) | The risk has shifted from "theoretical/legal" to "provisioned/financial." | Moderate - hits earnings quality. |

## 5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
<b>Order Book</b>	₹47,000 Cr	₹60,000 Cr	↑ Improving
<b>Cell Utilization</b>	11% (H1 avg)	80% (Current run-rate)	↑ Improving
<b>EBITDA Margin</b>	25.17%	25.49%	↑ Improving
<b>U.S. Regulatory Risk</b>	Theoretical / No Provision	₹294.78 Cr Exceptional Provision	↓ Deteriorating
<b>Market Focus</b>	Export/Utility Heavy	Domestic Retail/EPC (67% mix)	□ Shift in strategy
<b>Manufacturing Scale</b>	18.7 GW Module	22.8 GW Module	↑ Improving
<b>BESS Strategy</b>	Conceptual	₹1,000 Cr equity raised; Site identified	↑ Improving
<b>EBITDA Guidance</b>	₹5,500-6,000 Cr Target	"Clear Visibility of Surpassing"	↑ Improving
<b>Productivity</b>	N/A	1GW/Month milestone (52 modules/min)	↑ Improving