Waaree Energies Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Earnings) / Miss (Cash Flow) **One-line:** The thesis is shifting from a pure-play solar module manufacturer to a diversified renewable energy infrastructure giant ("Waaree 2.0"), though Q4 revealed that global logistics and commodity volatility (silver/copper) remain the primary near-term margin depressants.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat (Full Year)	Reported FY26 EBITDA of □6,617 Cr (Total) surpassed upper-end guidance of □6,000 Cr by 10.3%.	□
Earnings Quality	Moderate (Working Cap Drag)	Revenue growth is robust (84% YoY), but Q4 margins compressed to 18.6% due to commodity spikes and lower export mix.	□
Guidance Confidence	Strong	FY27 EBITDA guidance of □7,000–7,700 Cr implies a 18–30% growth run-rate, backed by 15.4 GW cell integration in H2.	□
Management Credibility	Strong	Record capacity ramp-up (1.6 GW US plant in 12 months) and proactive sourcing shifts confirm superior execution skills.	□
Business Quality Signal	Improving	Pivot to a "Full Spectrum" player (BESS, Green Hydrogen, Glass) increases TAM by 4x to $4 Trillion by 2035.	□
Key Q&A Exchange	Q5: US Duty Shielding	Mgmt confirmed use of Ethiopian/neutral cells to bypass 126% CVD; US assembly remains the "safe harbor" via local 4.2 GW capacity.	□
The Street's Primary Anxiety	Margin Compression	Analysts focused on the 590 bps QoQ margin drop; mgmt attributed it to Silver/Copper prices and logistics, not structural pricing power.	□
Capital Cycle Stage	Massive Investment	Embarking on a □30,000 Cr ($3.5Bn) capex cycle to vertically integrate and expand adjacencies.	□
Margin / Return Ratio Trajectory	Volatile but High	FY26 ROCE at 32.4% remains top-tier, though Q4 margins were a "trough" caused by one-off logistics/commodity factors.	□
Pricing Power	Stable (DCR)	DCR realizations at □21-22/W peak; G12R technology shift adds 10-12% realization upside per module.	□
FCF Conversion & Quality	Distorted (Weak)	CFO/EBITDA conversion fell to ~27% due to massive inventory buildup from Middle East logistics delays.	□
Competitive Moat Signals	Widening	Acquisition of APSL (T&D) and Oman Polysilicon creates an "End-to-End" ecosystem that pure module peers cannot match.	□
Balance Sheet Strength	Adequate	D/E < 1.0 maintained despite capex; enabling resolution passed to raise □10,000 Cr for the next growth leg.	□
Working Capital Efficiency	Deteriorating	Inventory spike in Q4 (Goods in transit) caused by logistics congestion; working capital cycle stretched to ~90 days.	□
Mgmt Guidance Track Record	Reliable	Consistent history of beating EBITDA guidance and meeting GW-scale commissioning deadlines.	□
Key Vulnerability / Red Flag	Logistics Dependency	The Middle East crisis is directly impacting export revenues and cash conversion (inventory bulge).	□
Management Tone	Aggressive / Visionary	Tone shifted from defensive (tariff protection) to offensive (Waaree 2.0 platform leadership).	□

Key Takeaways (Positives & Negatives): * **Positives:** Waaree has successfully decoupled its US supply chain from high-tariff jurisdictions, using its 4.2 GW US manufacturing footprint and neutral cell sourcing as a moat. The transition to G12R technology and 15.4 GW of integrated cell capacity by H2FY27 will structurally improve margins. The APSL acquisition and Glass integration (2,500 TPD) remove the two biggest bottlenecks: grid connectivity and non-Chinese bill-of-materials. * **Negatives:** Q4 was a "reality check" on earnings quality; the divergence between PAT (□3,884 Cr) and Cash Flow (impacted by inventory buildup) is material. Commodity inflation (silver/copper) is no longer a theoretical risk but a 500+ bps margin hit. * **Street Concern:** Analysts are wary of the "Conglomerate Discount" risk as Waaree expands into batteries, hydrogen, and transformers simultaneously. Management's response: "Book and Build"—no capex is deployed without confirmed demand. * **Forward Watchpoint:** Monitoring the 10 GW Nagpur Ingot/Wafer timeline; any delay here keeps the company dependent on external wafers for the upcoming 2028 ALMM III requirements.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures are primary. Concall used for Q4-specific splits and realization data.

Metric	Current Qtr (Q4) / FY26	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Consolidated (□Cr)	□26,536.77 (FY)	↑ 83.7%	↑ 36% (Q4)	↑	Growth driven by 12 GW volume sold (+77% YoY) and strong Retail mix.
Op. EBITDA (□Cr)	□5,908.64 (FY)	↑ 117%	↓ (Q4)	□	FY beat guidance; Q4 absolute EBITDA □1,576 Cr (calc) vs □927 Cr YoY.
EBITDA Margin %	22.27% (FY)	↑ 343 bps	↓ 650 bps	↓	Q4 margin (~18.6%) hit by Silver/Copper prices and logistics costs.
PAT (□Cr)	□3,884.00 (FY)	↑ 101%	↑ 75% (Q4)	↑	Doubled YoY despite Q4 margin pressure due to higher volume.
Production Capacity (GW)	25.8 GW	↑ 17x (7yr)	↑ 3.0 GW	↑	Commissioned 3 GW at Samakhiali; US expanding to 4.2 GW in 6 months.
Exports (% of Revenue)	33.0% (FY)	↓	↓ (Q4)	↓	Q4 export mix fell to 21% due to Middle East logistics delays.
Retail Revenue (□Cr)	□5,515.00	↑ 84.0%	→	→	One in six India installations is Waaree; 20.8% of total revenue.
EPC Revenue (□Cr)	□3,078.27 (FY)	↑ 111%	↑	↑	11.6% of total revenue; acquisition of APSL to double T&D scope.
ROCE / ROE (%)	32.4% / 29.0%	→	→	→	Maintained top-quartile returns despite heavy capex phase.
Order Book (□Cr)	□53,000.00	↑ 12.7%	↓ 11.6%	↓	Q4 dip due to high dispatches (□8,480 Cr) and policy (ALMM II) ambiguity.
CFO-to-EBITDA (%)	~27.0% (Q4)	↓	↓	□	**Red Flag:** Elongated cycle due to inventory buildup (Goods in Transit).
Net Debt / Equity (x)	< 1.0x	→	→	→	Financial discipline intact; □10k Cr fundraise planned to maintain buffer.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Overseas (US/EU)	~₹8,757 (FY)	High	Premium	↓ (Q4)	Above	Logistics hit Q4; 4.2 GW local US capacity is the 2027 duty-shield.
Retail (D2C)	₹5,515	84%	High	→	Above	2,500+ service partners; high-margin floor for the business.
Utility / IPP	~₹9,208	Growth	Moderate	→	Below	Competitive pricing; transitioning to G12R Topcon for 10% premium.
EPC & O&M	₹3,078	111%	19.2%	↑	Stable	5GW commissioned; APSL stake marks entry into T&D (Substations).

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 ₹1,750-1,900 Cr/qtr; achievable as 15.4 GW cell integration kicks in H2.	Exceeded FY26	Low
Guidance	Cell Capacity	15.4 GW by H2FY27	Needs 10 GW commissioning in Gujarat/Nagpur; on track per site visits.	Consistent	Moderate
Guidance	BESS Capacity	20 GWh (3.5 GWh Phase 1)	Phase 1 (3.5 GWh) expected in FY27; ₹10,000 Cr total outlay.	New Vertical	High
Strategy	Vertical Integration	Polysilicon (Oman) + Ingot (Nagpur)	Oman pilot operational; commercial ramp needed by April 2026 for US FEOC.	On Track	Moderate
Strategy	Waaree 2.0	TAM Expansion to $4Tn	Requires successful execution in Hydrogen and BESS by FY29.	New Strategy	Moderate
Strategy	Fundraise	Up to ₹10,000 Cr	Enabling resolution passed; objects to be disclosed in shareholder notice.	New	Low
Macro	US Duty Shield	Zero impact from 126% CVD	Verified: Sourcing cells from Ethiopia/Middle East bypasses "Origin" duties.	Validated	Low
Balance	Leverage	Debt/Equity < 1.0	Requires the ₹10k Cr equity raise to keep ratio low during ₹30k Cr capex.	Consistent	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	Arun Kailasan, Geojit	Margins	Financials	"Why was there a very steep decline in operating EBITDA margins this quarter?"	Management attributed the 590 bps drop to Middle East logistics costs and a massive spike in Silver/ Copper prices which couldn't be instantly passed through. This implies a near-term margin trough with recovery expected as contracts re-price to higher commodity levels.	None	4.0	Clear and quantified
1a	4.5	Arun Kailasan, Geojit	Realizations	Business Overview	"Can you give us some colour on realizations for DCR vs non-DCR?"	DCR pricing remains at □21-22/W while non-DCR Utility is at □15-16/W, with Retail commanding a further premium. This 30%+ price gap justifies the massive □10k Cr investment in cell backward integration to capture DCR margins.	None	5.0	Specific data given
2	4.0	Abhishek Nigam, Motilal	Tech Shift	Capex and Allocation	"Is the G12R transition complete or is there spill over in Q1?"	Management has converted 3 lines to G12R and will phase the remaining 5 lines in Q1; the transition causes temporary downtime but	None	4.5	Specific timeline

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						yields 10-12% realization upside per module. This transition cost is a one-off drag on Q4/ Q1 production volumes.			
3	5.0	Ravi Dharamshi, ValueQuest	Export Mix	Financials	"Why was the export mix so low in this quarter?"	Logistics delays in the Middle East resulted in finished modules sitting on shores as "Inventory" rather than "Revenue," distorting the mix. This creates a revenue "coiled spring" for Q1 as these shipments are finally recognized.	None	4.0	Directional with evidence
4	4.5	Aritra Banerjee, Nomura	Glass Moat	Capex and Allocation	"What benefits can we expect from the glass manufacturing side?"	Glass is 23% of module cost and 75% of weight; in-housing 2,500 TPD ensures FEOC compliance for US exports and shields against Chinese glass price spikes. This adds a structural 2-3% margin cushion to the integrated module cost.	Quantified margin bps.	3.5	Directional
5	5.0		US Tariffs					4.0	

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		Sweta Jain, Anand Rathi		Management Outlook	"How do cost metrics change if importing cells from Ethiopia vs Indonesia?"	Cells from Ethiopia face 10% US duty vs >100% for India/ Indonesia; Waaree's third-country sourcing strategy effectively "neutralizes" the US trade war. This confirms Waaree as a primary beneficiary of US supply chain re-routing.	Specific cell cost.		Clear strategy
6	4.5	Sabri Hazarika, Emkay	Guidance	Management Outlook	"How do you achieve the □7,000-7,700 Cr EBITDA guidance?"	Achievement depends on the 10 GW cell line ramping in H2 and 15.4 GW of total integrated capacity reducing reliance on high-cost third-party cells. This shifts the risk profile to the second half of FY27.	Q1/Q2 specific split.	3.0	Vague but consistent
7	4.0	Deep Sanghavi, Dalal & B	Cash Flow	Financials	"Could you help me understand the diversion between EBITDA and CFO?"	Management pointed to the inventory bulge (Goods in Transit) caused by the shipping crisis as the primary reason for poor cash conversion. Investors should	Working capital days target.	3.0	Deflected

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						monitor Q1 cash flows for a reversal of this inventory buildup.			
8	4.0	Kunal Shah, DAM Capital	Waaree Semicon	Governance	"What is the rationale to get into the semiconductor segment?"	Waaree Semicon will start by manufacturing diodes and components for captive inverter production to localize the bill-of-materials. This is a backward integration play for Power Electronics, not a venture into high-end chip fabs.	Capex/PLI details.	2.5	Vague/ Early stage
9	4.5	Sushil Choksey, Indus	Cell Utilization	Management Outlook	"What is the cell production forecast for next year?"	FY28 will have the full 15.4 GW capacity available with an expected 80-85% utilization, largely dedicated to the domestic DCR market. This underpins the long-term margin target of 19-20%.	None	4.0	Specific target

PATTERN FLAGS & SENTIMENT * **The "Logistics Laggard" Theme:** A recurring theme was the divergence between record production and lower-than-expected revenue/cash flow. Analysts pressed on why "inventory" was ballooning; management was defensive but transparent, blaming the external Middle East shipping crisis. This concern is "live" and will remain a focus until the Q1 results show an inventory flush. * **The "Cell-Integrated Margin" Bet:** Every analyst tried to model the H2FY27 margin "pop." Management remained confident, positioning the 15.4 GW cell capacity as the "holy grail" for capturing the DCR premium. Posture was highly confident, suggesting that current margin pressure is a temporary "buy-in" phase before vertical integration benefits hit. * **Analyst Sentiment Verdict:** Analysts were **impressed by the volume scale** but **skeptical of the earnings quality** in Q4. The 590 bps margin drop was the primary point of friction. However, management's detailed defense of the US tariff "shield" and the "Waaree 2.0" roadmap successfully shifted the narrative from a weak quarter to a multi-year growth platform. Credibility remains high due to the US expansion track record, but a "trust but verify" stance exists on the ₹30,000 Cr capex feasibility.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Order Book** | ₹60,000 Cr (Feb '26) | ₹53,000 Cr (April '26) | **₹7,000 Cr Decline** in 2 months. | High dispatches outpaced new orders due to ALMM II ambiguity. | | **Ingot/Wafer** | ₹5,100 Cr Capex / FY27 | ₹6,200 Cr Capex / FY28 | **Timeline pushed by 12 months**; Capex increased 21% for 10GW vs 6GW. | ALMM III compliance (2028) now has zero buffer for error. | | **Cash Conversion** | High discipline | 27% CFO/EBITDA | Material gap in Q4 cash conversion vs PAT. | Temporary (logistics) but impacts liquidity. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Feb 2026)	This Quarter (Apr 2026)	Direction
Strategy Name	Waaree 1.0 (Module Leader)	Waaree 2.0 (Energy Ecosystem)	↑ Expanding
Order Book	₹60,000 Cr	₹53,000 Cr	↓ Deteriorating
EBITDA Margin	~25.0%	18.6% (Q4)	↓ Deteriorating
Capex Outlook	₹25,000 Cr	₹30,000 Cr	↑ Expanding
US Capacity	2.6 GW	4.2 GW (within 6 months)	↑ Improving
New Adjacency	Solar/Cell/Modules	Glass, BESS, Hydrogen, T&D	↑ Improving
T&D Entry	Planning	55% Acquisition of APSL (₹1,225 Cr)	↑ Improving
Ingot/Wafer Timeline	FY27	FY28	↓ Delayed
Funding	IPO proceeds only	₹10,000 Cr Board Approval for raising	↑ Improving
Tech Focus	M10 Topcon	Transition to G12/G12R Topcon	↑ Improving