Waaree Energies Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Earnings) / Beat (Retail Execution) **One-line:** The thesis remains robust as Waaree successfully navigates US policy shifts (Section 232) by rationalizing its order book while simultaneously hitting a "Retail Inflection Point" that fundamentally de-risks the business from utility-scale cyclicality.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	H1 EBITDA (₹2,775 Cr) is ~38% of FY27 lower-end guidance (₹7,000 Cr); H2 needs a ~60% contribution, which management reaffirmed.	□
Earnings Quality	High (Core driven)	Stripping out Q1's massive ₹349 Cr one-off refund, Q2 underlying EBITDA margins jumped from ~13.8% to ~17.6%.	□
Guidance Confidence	Strong	Reaffirmed ₹7,000–7,700 Cr EBITDA for FY27 despite "rationalizing" ₹3,000 Cr+ of risky export orders.	□
Management Credibility	Strong	Proactive "cleaning" of the order book due to US Section 232 shows high integrity; execution on US and Cell ramps remains on track.	□
Business Quality Signal	Improving	Retail contribution hit 46% of Q2 revenue (vs 30% in Q1); this shifts Waaree from a commodity OEM to a high-margin brand.	□
Key Q&A Exchange	Q5: US Margins	US localized manufacturing yields double the margins of Indian exports (IRA benefits + 232 pricing protection).	□
The Street's Primary Anxiety	US Order Volatility	Analysts feared cancellations; Mgmt proactively cut risky orders and pivoted to US-localized supply (4.8 GW target).	□
Capital Cycle Stage	Peak Investment	₹30,000 Cr plan in full swing; 10 GW Cell line (H2) and Ingot/Wafer (Sept '27) are the next harvest points.	□
Margin / Return Ratio Trajectory	Improving	Core margins expanding as cell integration improves and US localized sales ramp up.	□
Pricing Power	Expanding	Retail realizations (23–24 cents/W) remain significantly higher than Utility (20–21 cents/W).	□
FCF Conversion & Quality	Distorted (Capex)	OCF jumped 5x YoY but is being immediately recycled into the ₹30k Cr expansion.	□
Competitive Moat Signals	Widening	Only Indian player with a 10-year established retail franchisee moat (775+ centers) and ready US-scale capacity.	□
Balance Sheet Strength	Strong	Net Cash of ₹3,224 Cr; Net Debt/Equity at -0.2x despite heavy capex.	□
Working Capital Efficiency	Improving	OCF growth outstripping revenue growth; significant customer advances (₹2,300 Cr release in liabilities).	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on capacity milestones (US 71% utilization, BESS pack line live).	□
Key Vulnerability / Red Flag	US Policy	Section 232 and Potential ADD/CVD remain the primary external risks.	□
Management Tone	Aggressive	Focused on "Waaree 2.0" and a ₹1 Lakh Cr revenue target in 4-5 years.	□

Key Takeaways (Positives & Negatives): * **Positives:** The **Retail Engine** has decoupled from the broader market; achieving ₹5,753 Cr in H1 (surpassing all of FY26) suggests Waaree is winning the high-margin

"rooftop" battle. **Underlying margins** are structurally improving as the one-off Q1 refund noise subsides and core operating leverage takes over. The **US localized capacity (4.8 GW)** is now a massive defensive moat against the very tariffs (Section 232) hurting competitors. * **Negatives:** The **Order Book "Rationalization"** saw a drop from □61,500 Cr to □59,200 Cr as management removed ~3 GW of risky export orders; while prudent, it acknowledges a softening of the "India-to-US" export trade. **H2 Execution Risk** is high; the company must deliver ~□4,500 Cr EBITDA in H2 to meet guidance, a feat that rests entirely on the timely ramp-up of the 10 GW Cell facility. * **Street Concern:** Analysts were fixated on the apparent EBITDA dip and order book shrink. **Management's Response:** Proactive cleanup of the order book ensures "no liability" contracts, and core EBITDA is actually rising when adjusted for one-offs. * **Forward Watchpoint:** The commissioning of the **first 5 GW of the 10 GW Cell line in Q3** is the make-or-break event for the FY27 earnings target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q2FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue Standalone (□Cr)	Not in doc	-	-	-	Consolidated preferred by mgmt.
Revenue Consolidated (□Cr)	□7,517.7	↑ 23.9%	↓ 5.2%	↑	YoY growth driven by Retail (+252%); QoQ dip due to ALMM II transition/policy noise.
EBITDA (□Cr)	□1,335.2	↑ 2.3%	↓ 7.5%	□	Q1 included □349 Cr one-off refund; Q2 is "purer" operating EBITDA.
EBITDA Margin %	17.8%	↓ 370 bps	↓ 40 bps	□	Core margins expanded vs Q1 (adj. for one-offs) due to higher US utilization (71%).
PAT (□Cr)	□753.6	↓ 5.3%	↓ 15.5%	↓	Higher depreciation/interest from new capacities.
Exports (□Cr)	□89.0	↓ 95.8%	↓ 44.7%	↓	Massive shift from "Export from India" to "Domestic US" manufacturing (□1,300 Cr).
US Subsidiary Rev (□Cr)	□1,300.0	↑ 77.6%	↑ 44.4%	↑	Ramping well; reached 71% annualized utilization in Q2.
Volume Sold (GW)	3.0	↑ 27.0%	↓ 16.7%	↑	H1 total 6.2 GW; H2 expected to be significantly higher as Cell-line starts.
ROCE (%)	28.7%	↓ 480 bps	→	□	Moderated due to massive ongoing capex deployment (□30,000 Cr).
Net Debt / (Cash) (□ Cr)	(□3,224.0)	↑ 34.3%	↑ 11.2%	↑	Net cash position strengthened via strong OCF and customer advances.
Order Book (□Cr)	□59,200	↑ 22.0%	↓ 3.7%	□	Rationalized ~3 GW of US export orders; domestic mix now 48.4%.
Retail Revenue (□ Cr)	□3,464.0	↑ 252%	↑ 51.3%	↑	Now 46.1% of Q2 revenue; 775+ exclusive retail centers.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Retail (B2C)	□3,464	↑ 252%	High	↑	Above	775+ franchisees; wallet share expanding into inverters/kits.
Utility / IPP / C&I	□1,721	↓ 38.0%	Moderate	↓	Below	Share dropped to 22.9%; transition to ALMM II caused temporary lag.
Overseas (US/ Exports)	□1,389	↓ 51.7%	Premium	□	Above	US Domestic (□1,300 Cr) replacing India-Exports (□89 Cr).
EPC, O&M, T&D	□947	↑ 45.0%	14–15%	→	Below	APS acquisition integration; chasing larger utility/transmission orders.

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 □2,112 Cr+ avg/qtr in H2. Feasible only if 10 GW Cell line hits 40%+ utilization in Q4.	Reliable	High
Guidance	Retail Revenue	□10,000 - □11,000 Cr	Needs □2,300 Cr/qtr in H2. Current Q2 at □3,464 Cr makes this a low-risk beat.	Strong	Low
Guidance	Cell Capacity	15.4 GW by Mar '27	Needs 10 GW commissioning (5GW in Q3, 5GW in Q4). Equipment already on-site.	On Track	Low
Strategy	Integration	65% Cell Integration	Goal to move from 22% to 65% cell-to-module ratio in H2. Captures ~7 cents/W value in-house.	Mixed	Moderate
Strategy	Revenue Target	□1 Lakh Cr (4-5 yrs)	Requires 20+ GW volume at current realizations plus 35-40% BESS/EPC contribution.	New	Moderate
Macro	US Protection	Section 232 Shield	Pricing of US modules fixed at 38c + 15% duty (44c landed). Protects US-made Waaree modules.	Validated	Low
Macro	Input Costs	Pass-through	Q2 core margin expansion suggests successful absorption of RM volatility.	Improving	Low
Balance	Capex Funding	□30,000 Cr Plan	35% deployed, 28% execution. Current cash (□3,224 Cr) + H2 OCF covers 90% of execution stage.	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	4.5	Sweta Jain, Anand Rathi	Retail Moat	Business Overview	"Could you provide some color on the distributor margins and the overall profitability... no increase in operating expenses?"	Management explained the model uses 775 exclusive partners and 5,000+ personnel who have grown with the brand over a decade, creating a massive operating leverage moat. The investment implication is that retail is not just "trading" but a captive, high-margin brand network that rivals can't easily replicate.	None	5.0	Clear Moat Detailed
2	5.0	Sweta Jain, Anand Rathi	US Deemed Cancellations	Management Commentary	"Ranges between 2 to 2.5 gigawatts for the quarter... could we see such further cancellations?"	Management confirmed a rationalization of ~3 GW of export orders but noted the US order book continues to rise for US-localized manufacturing. This implies the "export-from-India" risk is now mostly flushed out of the reported order book, de-risking forward visibility.	None	4.5	Proactive Disclosure
3	4.0	Sweta Jain,	India Utilization	Business Overview	"Why have we come down below 50% for this quarter	Dip was attributed to the ALMM II extension	None	4.0	Specific Policy Link

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		Anand Rathi			[module utilization]?"	causing a temporary supply chain pivot toward non-DCR modules for a 6-month window. This suggests a "bulge" in volumes will hit in Q3/Q4 as the policy window closes.			
4	4.5	Sumit Kishore, Axis Capital	Sequential Margins	Financials	"Dynamics around the sequential EBITDA margin decline from 18.2% to 17.8%?"	Management clarified that Q1 had a □349 Cr one-off refund; excluding this, Q2 core margins showed a significant jump due to higher cell utilization (81%) and US ramp (71%). This confirms that core operational efficiency is actually on a steep upward trajectory.	None	5.0	Forensic Clarity
5	5.0	Aritra Banerjee, Nomura	US Margin Delta	Financials	"What is the margin differential within these two products [Export vs US Local]?"	Local US manufacturing yields 8–9 cents/W EBITDA (including 7c IRA) versus 3–4 cents/W for India-to-US exports. This is the central pillar of the thesis: shifting to US localized	None	5.0	Quantified Upside

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						production doubles the per-watt profitability of that segment.			
6	4.0	Aritra Banerjee, Nomura	China Tech Transfer	Management Commentary	"If China restricts technology transfers, do you expect any disruption... Ingot/Wafer/ BESS?"	Management confirmed all equipment for Cells, BESS, and Ingot/ Wafer has already been secured and orders placed, mitigating the risk of a Chinese export ban. This de-risks the □30,000 Cr capex plan from the primary geopolitical bottleneck.	None	5.0	De-risked Execution
7	4.0	Shubham Borade, ICICI Sec	Subsidiary Margins	Financials	"Why the EBITDA under subsidiaries are very low despite good revenue of □22 billion?"	Management explained the blended margin is hit by the 10-11% margin T&D business acquired recently, vs the 17-18% standalone EPC margin. This signals that while the subsidiary drives top-line scale, it will be a drag on consolidated margin percentages.	None	4.0	Clear Segment Mix
8	4.5	Prakhar Porwal, Singularity	IPP Strategy	Business Overview	"Throw some light on renewable power infrastructure...	Waaree acts as a "Developer-to-Exit" partner, securing land/	None	4.5	Asset-Light Pivot

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					bid for projects in IPP."	connectivity to create "shelf-ready" projects for funds/InvITs while capturing captive equipment sales. This implies the IPP business is a sales-enablement engine, not a long-term capital-heavy utility play.			
9	4.0	Nitin Kaushik, Afin Capital	Revenue Target	Management Commentary	"Ambition of reaching □1 lakh crore top line in 4 to 5 years... how would it be achieved?"	Target assumes 20–22 GW of module production (~□45k Cr) plus a 50% contribution from BESS, EPC, Inverters, and T&D. This signals management intends to transform Waaree into a diversified electrical equipment conglomerate rather than a pure solar player.	M&A specifics	3.5	Ambitious but Map-able
10	4.5	Sourabh Arya, Oaklane Cap	Data Center Tie-in	Strategy	"Will we really be getting into colo business? Or limit to supplying power?"	Management clarified they are solving the power infrastructure (which is 25% of data center capex); for every 1 GW of data center, 5	None	5.0	High TAM Visibility

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						GW of solar and 4-5 GW of BESS are needed. This identifies Data Centers as the single largest incremental demand driver for Waaree's integrated product suite.			
11	4.0	Abhishek, Retail Investor	Ingot/Wafer Timeline	Capex and Allocation	"September 27 is the deadline... do we see improvement in margins [post-ALMM III]?"	Management confirmed the timeline and noted that the policy (requiring domestic wafers) would provide a significant margin/pricing boost as they will be one of the few integrated players. This confirms the "long-tail" margin tailwind expected in FY28.	None	4.0	Consistent Timeline
12	4.5	Amit Bhinde, Axis Capital	Balance Sheet Spike	Financials	"Movement on other financial liabilities... large movement [□2,300 Cr]?"	The spike is driven by massive customer advances for large utility orders in both India and the US. This is a high-quality balance sheet signal, showing customers are willing to prepay to lock in Waaree's capacity.	None	5.0	High Quality Signal

PATTERN FLAGS & SENTIMENT * **The "Core Margin Recovery" Narrative:** Analysts were initially concerned about a 40 bps sequential EBITDA margin dip. Management was highly successful in redirecting focus to the "core" (excluding Q1's massive one-off refund), proving that underlying profitability is expanding. Posture was confident, backed by specific per-watt margin data (8-9c in US). * **De-risking the US Policy Cliff:** Multiple questions touched on Section 232 and cancellations. Management's defensive yet proactive stance —"rationalizing" orders to ensure no liability—was well-received. They successfully framed US localized manufacturing not just as an expansion, but as a "shield" that makes them the preferred vendor for US developers who can't risk imports. * **Vertical Integration Skepticism:** Analysts remain cautious about the 10 GW Cell line. Management countered with "equipment on-site" and "no impact from China tech bans." This will remain a "show-me" story for the Q3 result. * **Analyst Sentiment Verdict:** Optimistic but demanding on H2 execution. The Retail outperformance (46% of revenue) was the biggest positive surprise, fundamentally changing how analysts view Waaree's terminal value. The primary unresolved risk is the steep H2 earnings "catch-up" required to hit the ₹7,000 Cr+ EBITDA target.

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** | ₹61,500 Cr (Q1) | ₹59,200 Cr (Q2) | **Rationalized ~3 GW** of export orders due to Section 232. | Moderate: Lower absolute visibility but higher quality. | | **H2 EBITDA Mix** | Normal ramp | Needs 60% in H2 | **High back-ended loading** (Q4 heavy). | High: Any delay in 10 GW Cell line will cause a guidance miss. | | **Ingot/Wafer Capex** | Prior context: ₹6,200 Cr | ₹5,500 Cr (stated in Q&A) | **₹700 Cr downward revision** in capex intensity. | Positive: Better capital efficiency. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY'27)	This Quarter (Q2 FY'27)	Direction
Retail Contribution	30.2% of Revenue	46.1% of Revenue	↑ Improving
US Order Book Quality	India-Export Heavy	Domestic-US Manufacturing Heavy	↑ Improving
Order Book Size	₹61,500 Cr	₹59,200 Cr (Rationalized)	↓ Deteriorating
US Facility Status	Ramp-up phase	71% Utilization achieved	↑ Improving
Core EBITDA Margin	~13.8% (Ex-refund)	~17.6% (Ex-refund)	↑ Improving
Customer Advances	Standard	High (₹2,300 Cr increase)	↑ Improving
Product Portfolio	Module/Cell/BESS	Added Transformers, T&D, Data Center Infra	↑ Improving

Investor Notes: * **The "Wait for H2" Thesis:** While Q2 was solid, Waaree is a "Harvest FY28" story. The 10 GW cell capacity starting in Q3/Q4 is the primary catalyst to capture the $0.05-0.07/W margin currently leaked to Chinese cell suppliers. * **Retail as a Moat:** The 252% YoY growth in Retail is the most material change. It provides high-margin, cash-and-carry revenue that is far less sensitive to US policy or global polysilicon swings than the Utility segment. * **Forensic Trigger:** The ₹2,300 Cr spike in "Other Financial Liabilities" was confirmed as customer advances. This is a massive credibility signal—developers are paying upfront to secure Waaree's non-Chinese-linked capacity. * **Earnings Quality:** CFO-to-PAT ratio is exceptionally high this quarter due to these advances, providing more than enough liquidity to fund the ₹30,000 Cr capex without significant new debt.