February 06, 2025

To	To
The Manager,	The Manager,
Listing Department	Listing Department
BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers	Exchange Plaza, C-1 Block G,
Dalal Street,	Bandra - Kurla Complex, Bandra (East)
Mumbai - 400 001	Mumbai - 400 051
Scrip Code: 544277	**Trading Symbol: WAAREEENER**

Sub: Transcript of the Analysts/Institutional Investors Meeting / Call on financial results for the quarter ended December 31, 2024.

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on financial results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2024, held on January 31, 2025 at 2:00 p.m.

The above information will be made available on the website of the Company www.waaree.com.

Kindly take the same on record.

For **Waaree Energies Limited**

RAJESH GHANSHYAM GAUR Digitally signed by RAJESH GHANSHYAM GAUR Date: 2025.02.06 20:36:15 +05'30'

Rajesh Ghanshyam Gaur
Company Secretary & Compliance Officer
M.No. A34629

"Waaree Energies Limited

Q3 & 9M FY '25 Earnings Conference call"

January 31, 2025

MANAGEMENT:	**MR. AMIT PAITHANKAR – WHOLE TIME DIRECTOR & CEO– WAAREE ENERGIES LIMITED** **MS. SONAL SHRIVASTAVA - CHIEF FINANCIAL OFFICER – WAAREE ENERGIES LIMITED** **MR. ABHISHEK PAREEK – GROUP HEAD FINANCE – WAAREE ENERGIES LIMITED** **MR. ROHIT WADE – GENERAL MANAGER, INVESTOR RELATIONS – WAAREE ENERGIES LIMITED**
MODERATOR:	**MS. POOJA SWAMI – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 & 9-months FY '25 Earnings Conference call of Waaree Energies Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pooja Swami from Orient Capital. Thank you and over to you, ma'am.

Pooja Swami: Good afternoon, everyone, and welcome to the Q3 and 9-months FY25 Earnings call of Waaree Energies Limited. From the management, today we have with us Mr. Amit Paithankar, Whole-Time Director and CEO, Ms. Sonal Shrivastava, Chief Financial Officer, Mr. Abhishek Pareek, Group Head Finance, and Mr. Rohit Wade, General Manager, Investor Relations.

Before we proceed with this call, I would like to give a small disclaimer that this conference call may contain a certain forward-looking statements which are based on beliefs, opinions, and expectations of the company as of date. A detailed disclaimer has also been given on the company's investor presentation, which has been uploaded on the Stock Exchanges. I hope everyone had a chance to go through the results.

Now I would like to hand over the call to Mr. Amit Paithankar for his opening remarks. Over to you, sir.

Amit Paithankar: Thank you very much, Pooja. Good afternoon, everybody, and a very warm welcome to Waaree Energies Limited Q3 and 9-month FY '25 Earnings Call. We really appreciate your continued interest in our company. Like the last conference call, if you have our Q3 presentation handy for your reference, it will be helpful to follow along with today's update. Let's start with the first page of the presentation.

On the left, you can see our United States factory, where we have recently started commercial operations. The truck that you see leaving the factory marks the beginning of our journey in the U.S. market by producing in the U.S. and then selling to the U.S. At the center, we have a picture of our Chikli factory located close to Mumbai in Gujarat. This facility is a key part of our manufacturing base as also expansion in India.

On the right-hand side, we have an image of our brand-new cell factory, where we have already started pilot production. We are currently commissioning the factory line by line, with significant ramp-up expected in the coming months.

In my commentary, I will touch upon six broad themes, and they are, first, our Q3 results, then macro and micro-economic environment in which our business operates and thrives, third, our strong and growing order book, fourth, to supplement the order book, the expansion plans that we have, fifth, Waaree's evolution from being a leading solar company to a leader in broader energy sector, and finally, the DNA of Waaree Energies, which is going to continue to deliver the kind of results we are going to talk about today. So let's start talking about our results.

Our team at Waaree has just done an absolutely phenomenal job. We have recorded a revenue of INR3,545 crores, with a growth of 115% year-on-year. EBITDA stood at INR810 crores, with a substantial growth of 257% year-on-year. Our PAT stood at INR507 crores, which grew at 260% year-on-year. This result that everybody in Waaree is proud of, and I would like to personally thank each and every one in the Waaree family for their dedication and resolve. We aspire to deliver these results quarter after quarter and year after year.

Let's move on to the macro and micro-economic environment that we are living in. The growth that we see is catalyzed by a favorable macro condition in the global as well as Indian solar market. Worldwide solar capacity is expected to reach to nearly triple, and in 2030, it is expected to be 5.8 terawatts, from 2.1 that we are at today. India is on the track to become a dominant force in solar energy, with a larger growth rate, where in 2024, we are at 98 gigawatts overall solar capacity, and in 2030, we are going to be at 280 gigawatts.

The cost of solar power and batteries has been consistently going down. A combination of the two can supply reliable 24/7 power at the cheapest cost, and that's the reason why this, ladies and gentlemen, is a multidecadal growth story, and we are just at the beginning of this.

We see this going beyond 2030s into 40s and well into the 50s. Governments worldwide have clearly seen this trend, and hence are supporting this transition through favorable policies. In India, MNRE has provided clear direction by applying Approved List Of Models And Manufacturers, in short, ALMM, to solar modules, which will be extended to solar cells by June 2026.

Anti-dumping duty applied to various parts of the value chain will also help in Atmanirbhar Bharat. In the United States, the Inflation Reduction Act has been talked about a lot in the recent past. The main questions that are being asked are, will the IRA stay?

In what shape or form will it stay? How will it affect Waaree? All of these are valid questions, and the answer to these questions is that when we establish a business, we ensure that it fundamentally is self-sustaining.

Our objective is to create operations that can thrive independently without being dependent on external factors. Our U.S. operations are structured to be profitable on their own merit. That being said, if IRA or similar program continue in some form, it will undoubtedly provide significant additional benefit to the business.

It is also important to consider that in our sales profile, exports in the last nine months, the first nine months of the fiscal, are in the range of 20%, and we will discuss about this in detail when we talk about the order book. Our U.S. factory is in fact a crown jewel to manufacture solar panels for the United States in the United States. We have all heard the clarion call made by Honorable President Trump of the United States in Davos, encouraging everybody to manufacture in the United States, and that's exactly what we are doing.

Let's move to our order book. Given the favorable macroeconomic environment, it is essential that we capitalize on opportunities at present, and our sales team has done a phenomenal job in ensuring that we have a very strong order book. As of yesterday, our order book stands at 26.5

gigawatts, and in rupee terms, this is around INR50,000 crores. This also includes order from our subsidiary, WRTL, which is a separately listed entity under Waaree Energies Limited. This order book is well diversified between India and international markets, with 54% overseas and 46% from India. Our revenue mix for the last quarter was 79% from India and 21% from international markets, which reflects differences in the project timeline between regions.

In India, the velocity of order is high. For retail customers, it is in the range of one to two months, and for large utility customers, it is nine to 12 months. For international orders, particularly in the US, we have longer timelines, in the range of one to two years. And that's the reason why our sales mix does not reflect the kind of order mix we have. In fact, we can use the order book as a lever to maximize the utilization of our factories and maximizing profitability.

While on the order book, we would like to talk about the conversations that we are having with our US customers. Our order books stand strong and external changes have not really impacted it. In fact, our order pipeline is growing every month, and we see buoyancy in the US market, we see buoyancy in the India market, and we see buoyancy all across the world. That brings me to the next topic, which is expansion and new factories build up.

As we have a robust order book, of course we need to have adequate capacity built for execution. All of our projects are on track. We mentioned in our last earnings call that our US factory would be ready and operational in January. And in accordance to that commitment, we have started commercial operations on January 22, 2025.

Our cell factory is on the path to full-scale production, with pilot production already underway. The 1.4 gigawatt Mono PERC lines are in advanced stages of trial production, and we should commence full-fledged commercial operations very soon. The remaining 4 gigawatt TOPCon lines will also be operational by April-May timeframe. Additionally, our 6 gigawatt PLI project for ingots, cells, and wafers remains on target. These expansions are critical to meeting our growing demand from customers, and as evidenced by our order book.

This brings me to the next theme. This is an extremely important theme because it's about the future evolution of Waaree from a solar manufacturer to a broader renewable energy player. There are lots of adjacencies to the solar business which we are tapping into.

Our Board has already approved green hydrogen and electrolyzer business with an investment of INR551 crores, battery business with an investment of INR2,073 crores, and the renewable power infrastructure business with an investment of INR650 crores. We are also making an investment of INR130 crores in our inverter business. We are in the process of acquiring Enel Green Power India. The acquisition is, of course, subject to statutory approvals.

We have been awarded a PLI for 300 megawatts electrolyzer manufacturing facility, and just a few days ago we have won a SECI bid for 90,000 tons of green hydrogen production. So, ladies and gentlemen, as you can see, Waaree is evolving with an aim to accelerate energy transition in India and around the world.

All of this brings me to the last point which I want to mull on. Throughout its existence, all the way from 1990 till now, Waaree has delivered what it has promised, and the reason why it has delivered what it has promised is because of its concentration and a single-minded dedication on operational efficiency, making sure that we are extremely lean, with a single-minded focus on costs, on efficiencies, on being lean, and delivering results quarter-after-quarter, month-after-month, and year-after-year.

And all this happens by diligence, by persistence, and by teamwork. Every member of our Waaree family is driven towards excellence, and I would like to thank each and every one for a phenomenal quarter. With that, I will now hand over to Sonal for further updates.

Sonal Shrivastava: Thank you, Amit, and good afternoon to all, and welcome to the earnings call. As rightly mentioned by Amit in his comments, Team Waaree has done a remarkable job, and that is, of course, reflected in our numbers for Q3 and 9M FY '25.

Looking at our numbers on a consolidated basis, we have reported revenues of INR3,545 crores in the quarter, making a substantial increase of 115% on a year-on-year basis. EBITDA for Q3 FY '25 stood at INR809 crores, a significant growth of 257% year-on-year basis, and a margin of 22.84%. Profit after tax for the quarter stood at INR507 crores against INR140 crores last year, reporting again a growth of 260%.

On a nine-month basis, we have reported revenues of over INR10,000 crores, so INR10,705 crores in this year, which is an increase of 24% on a year-on-year basis. EBITDA for nine months FY '25 was INR2,063, which is an increase of 56% over the previous year and a margin of 19.28%. Profit after tax stood at INR1,283.66 crores against INR799 crores in the previous year, which is a growth of 60.62%.

With this, we can now start the question-and-answer session. Thank you very much.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question is from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: So, just obviously on top of your mind, you know, if you look at Q-on-Q, production has been at a similar level, so has been revenue. But gross margin has sort of seen about a 500 basis points expansion. So, I think any factors or anything that you want to highlight given a similar level of execution, what has sort of changed for us?

Where do we see any sort of cost materially being different? So, is this a procurement strategy that you sort of applied? Is it for us? Does it hold for the industry as a whole? And can we do sort of a similar sort of margins for the current business on an annual basis? That's sort of my first question.

Amit Paithankar: So, Deepak, let me paraphrase the question because for some reason you were not very clear. So please let me know if I have understood your question very well. What you have said is that the revenues between the last quarter and this quarter are sort of similar. And so, what is the reason for margin expansion? And you tried to give some reasons for margin expansion. Is that the question that you have asked?

Deepak Krishnan: Yes. So, broadly understanding similar production, similar revenue levels and no real change in cost pricing at a global level. So what measures have caused this sharp improvement in margins? How sustainable is it on an analyzed basis if we do the same business? Do we sort of continue to report these sort of margins?

Amit Paithankar: So, Deepak, thank you very much for the question and a great question. I would love to put forth a few key aspects of the business and I will then hand it over to Sonal for numbers. Firstly, like I said, we have a fairly large order book and that gives us a good lever to choose orders depending on the customer requirements as also what our factories can produce and therefore maximize profits.

So, that's a lever which we use fairly well to our advantage and mix the orders fairly well to ensure that we have a consistent profitability. The input costs for most of our materials have actually come down quite substantially in this last quarter and that has also given a flip overall to the profitability. We are constantly looking at keeping ourselves lean.

We are constantly making sure that our losses are at the minimum and that is also an extremely high contributor to the overall profitability. So, just running a lean execution machine is an extremely important part of the whole equation. Sonal, you would like to comment on that?

Sonal Shrivastava: Thank you for your question. Just a couple of points I will add here for the margin, especially on a quarter-on-quarter basis. In this quarter, what we have also benefited is we are looking at some profitable orders and we continue to, in a basket, take orders which are going to be profitable for us. That's point number one. Point number two, also in the domestic side, we are increasing our focus on the retail side and that basket is also growing.

as part of our cost optimization, we continuously look at the new supply chains from various sources. The idea is to diversify here and seek out wherever the cost is better. And last point which I would like to add is also on the productivity side. We are working on efficiencies on our lines and our cost of production. So these are the focus areas. I think we've said it before as well. This continues to be our focus area and we will, of course, be managing this very actively even in the coming months and quarters.

Deepak Krishnan: Sure. Thanks for the reply. I just wanted to also check both the order book as well as the revenue. I think revenue is already included, indicated in your opening comments. But the real strategic shift in order book towards domestic is more like a strategic intent or is it what was available in the market at this particular point of time?

Amit Paithankar: So, Deepak, it's an excellent question. And I would love to deconstruct our internal business dynamics. Our order book, of course, is, as we talked about, 55% roughly overseas and 45% India. But our sales profile is different. Our sales profile is about 21% overseas and 79% India. And the reason for that is differing velocities of the constituents of the order book.

So for India, retail is really almost book to ship. You book it and you ship it within a month or within 2 months. Large utility orders, you typically book the order and then ship them in 9 months to 12 months. That's what India dynamics is. But for the US, it's anywhere between 1 to

2 years and some of it is even 2.5 years. So that's the reason why our sales profile does not necessarily mimic the order profile.

And we can use that as a lever to ensure that our lines are all loaded. At the same time, the profitability is maximized. And because we have a US factory, we also can use that lever to decide what orders should be manufactured in the US for the US consumption.

So all of these multiple levers actually are into play when we decide how do we plan our manufacturing schedules. And so it's an artifact, really. So from the perspective of markets, let me assure you one thing. Markets are buoyant whether they are in India or they are in the US or elsewhere in the world. Markets are extremely buoyant as far as solar power is concerned.

Deepak Krishnan: Sure. Maybe just a final question. Wanted to understand the debt we would get on books because of the ENELacquisition. And then we look at ENEL numbers today, I think profitability is slightly lower. So, you know, what kind of profitability would this have compared to, say, similar sort of generators? And, what percentage is sort of owned by the other partner? I assume it's Norfund or some money equivalent to that. So maybe any data points regarding email that you can share?

Amit Paithankar: So broadly, directionally, we'll be using about 30% of our internal approvals to fund some of the newer businesses. But, we will potentially be taking decisions on the funding portfolio a little later. And we have a bit of an NDA restriction, honestly speaking, because of which we may not be in a position to talk about this in the details.

Sonal Shrivastava: The point I want to add, as you know, the transaction is yet to close. So we have just signed the first agreement. So obviously, we'll come back with full details once the transaction is closed.

Moderator: Thank you. The next question is from the line of Prateek Kumar from Jefferies. Please go ahead.

Prateek Kumar: Good afternoon, sir. My first question is on US markets. You talked about it in opening remarks. Just to elaborate what the US clients is saying currently in terms of...

Moderator: Sorry to interrupt, Pratik. You're not quite audible. Can you please come to a clear network area, please?

Prateek Kumar: Thanks for the opportunity. My question is on US markets. So I just wanted to understand, like, what are your US clients saying in current macro environment and political scene in terms of the kind of installations which the country may have in terms of going forward, as well as, like, the outlook on incentives which the local players are supposed to get going forward?

Amit Paithankar: Great question, Prateek. Thank you very much for that. Our US clients are actually quite unphased by the changes that have happened in the recent past. In fact, all of them, we have actually spoken to most of them, and our order books clearly stand strong. No real changes to that. In fact, we are actually seeing a wider and a bigger pipeline. So any change of dispensation honestly has not resulted in any negative impact on the order book, number one, as also the pipeline for the US business that we see.

You also asked a question on the outlook on the various US related policies. I think it would be too premature to comment on that. We are ourselves waiting and watching as to what's happening in the US. But the important part, as I said in my opening conversation, is that we have configured the business in such a manner that it needs to stand on its own two feet.

Prateek Kumar: Right. And related question, there is a 6.5 gigawatt increase in order book in this quarter. Is this all like international markets?

Amit Paithankar: It's a mix, Prateek. It's not really only international markets. I mean, Indian markets are also very, very strong. So it's a mix.

Prateek Kumar: Okay. I have one other question.

Moderator: Pratik, if you've got more questions, please rejoin the queue as we have to move on to the next participants. Thank you. The next question is from the line of Nikhil Nigania from Bernstein. Please go ahead.

Nikhil Nigania: Yes. Thank you for taking my question. My question is, earlier we were hearing of issues in getting equipment from China. And, you know, even visa related issues for people to come in from China into India to set up the facilities. If you could share if there has been any update or improvement on these trends.

Amit Paithankar: Nikhil, thank you very much for the question. Your first question on equipment from China. We are not seeing any major issues. We are, in fact, getting fairly regular deliveries of equipment from China. Whilst visa was a fairly large issue, I would say maybe a quarter ago. At this point in time, those issues are significantly alleviated.

I'm not saying they are completely gone. But we are working very, very closely with the government. And government is also supporting us from a visa perspective. So that visa situation is improving every day as we speak.

Nikhil Nigania: Understood. Appreciate the answer. The second question I had is, you have a very big order book. Good to see that. But if you could give some color on the order book, is it indexed to some aspect?

And how binding is it on the customer if prices move a lot from where they are today? And relatedly, if you could just give us some color on the ongoing module prices in India that you're seeing and ongoing domestic modules with domestic cell prices that you're seeing in India.

Amit Paithankar: Again, great set of questions. So from the perspective of the order book, we consider an order as an order when it's firm. And to some extent, we have got advances from the given customer. And so it's actually quite firm and strong.

And therefore, we have very high confidence on these numbers. So that was the question on the order book. The next question was, can you repeat that, Nikhil?

Nikhil Nigania: Domestic prices that you're seeing for domestic modules and also domestic modules made with domestic cells. Because we hear the cell market is really tight. So if you could just give that color?

Amit Paithankar: Again, great question on cells. So you have hit the nail on the head there. In fact, the way I would like to put it is cell is the currency in this business. I think that's what, especially on the domestic content requirement cells. And that's the reason why it was extremely important for us to backward integrate into cells.

Going out into the future, as we see more and more cell manufacturers coming in, we can see pricing change a little bit, may not be a whole lot, because I think from a demand and supply situation, as far as the DCR cells are concerned, I think we will continue to see a gap. So although there will be a bit of tempering of prices, I don't see it dramatically moving.

Nikhil Nigania: Thank you. Those were my questions.

Moderator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Thank you, sir, for the opportunity. And congratulations on a very, very good quarter. My first question is, sir, what kind of advances you receive for international orders? Is it 5% of the value or 10% of the value?

Amit Paithankar: So, Mohit, thank you very much for the question and thank you very much for congratulating us. The advances are anywhere in the region of 5% to 10%. It really depends on customer to customer.

Mohit Kumar: Understood. And do you need any certification from the U.S. for supplying your modules, which will have your cells?

Amit Paithankar: So there are very stringent quality certifications to get into the United States market. And similarly, there are standards that we will need to meet, which, you know, our factories are actually configured to take care of all of that.

Mohit Kumar: How much time would it take for you to get a certification for supplying to the U.S. for a cell?

Amit Paithankar: So it already really depends on the customer from a market perspective. Like I told you, we have already abided by all the standards that are required. And so as we start manufacturing, we would have already have the necessary quality certifications required to enter into the U.S. market.

Mohit Kumar: Understood. Thank you and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Kuntal Shah from Oakland Capital. Please go ahead.

Kuntal Shah: Hi. Thanks for this opportunity for the call. So my question is just, again, related to the margins, that you have an order book with a weighted duration of margins. If the entire order book was to be executed today with current raw material prices and tapering DCR content for pricing, what would the margins look like?

And second question was on ENEL. Though I understand it's a work in progress, I wanted to understand the rationale, because the history of past capital good guys going into forward integration into IPPs kind of a business has not been great from capital allocation standpoint. So you want to originate the transaction, complete the transaction and sell it off, recycle, or are you going to hold on to the assets for a much longer period of time? Those are the questions.

Amit Paithankar: Super. Great questions. Very, very good questions, Kuntal. The first question is a question which I would like to ask either ChatGPT or maybe DeepSeek, because it is beyond my intellectual capability to quickly process all the numbers and say, if hypothetically everything I do right now, what would be the kind of margins that we have? So I'm looking at my CFO here, and she kind of agrees to the fact that we may not be in a position to give that number at this point in time. So I would gracefully pass that question.

But the second question, the reason why we are actually getting into various different kinds of businesses within the energy transition vertical is primarily to support the core manufacturing business that we have, which is solar. And, of course, as we move on, the other adjacencies of batteries will come up, inverters will come up and so on and so forth. So a business like ENEL will actually provide us some internal consumption for our modules.

And that's that's one of the primary sort of reasons why we seek these adjacencies. All of these are adjacencies. Right. So the rationale essentially also and again, we have a large EPC arm within, which is again a listed company WRTL. And that also is an important element that that can forward integrate into the into the ENEL type of business. So those are the reasons why we are extremely excited about the ENEL acquisition.

So overall, it's a creative to our business. It helps the core manufacturing business. It helps the core EPC business. And those are the reasons why we have got into ENEL.

Kuntal Shah: Yes, but once the asset is stabilized, will it be transferred or will you retain it for a long period of time?

Amit Paithankar: So honestly speaking, Kuntal, those are decisions which will be made by the business as times evolve. I would not be in a position to definitely tell you whether we will flip it every time. But we may we may potentially flip some portions of that as well. I mean, that's definitely there as a part of the overall business plan.

I mean, just to just to add on to it, we have, we could potentially be looking at equity partners as well. You know, we can potentially look at how do we flip it so that, there are various ways in which we will approach this business.

Kuntal Shah: Noted. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Jain from ICICI Prudential AMC. Please go ahead.

Prateek Jain: Hello. Yes. So just coming back to the margin expense we had. So I understand that you don't have visibility on the future order book, what kind of margins you'll make. But is it an industry wide change that since you were able to, if we see from the P&L, the majority of the drop in expenses came from the raw material as well as the inventory and stock entry. So is it just for waaree, are they doing something different or is it an industry wide change that you can see the margins expanding for other players also?

Amit Paithankar: So, Prateek, phenomenal question. I will talk about Waaree and what we do. Of course, I would not want to give out our secret sauce in entirety. But primarily what really helps us out is number one, our scale. Number two, our dogged determination to be lean and execute in full speed, have a good negotiating leverage with our suppliers. Like I said, our order book is very strong. So we use that as a lever for the right mix and making sure that the profitability is always sound. So these are all the tricks of the trade that we have available with us.

Moderator: Thank you. The next question is from the line of Naman Kasad from Wimbledon Asset Management. Please go ahead.

Naman Kasad: Yes, hello. Congratulations on good set of numbers. So my first question is when we are expecting full-fledged commercial production, it's commercial production of 1.4 gigawatt and 4 gigawatt cell line separately. And also what are the challenges we are facing in setting up a cell line or in general also?

Amit Paithankar: Naman, thank you very much for these questions. As far as 1.4 gigawatt cell line is concerned, it's a matter of days. I would say anywhere between the next 10 to 15 days or even earlier than that. We will have our COD declared. As far as 4 gigawatts of TopCON line is concerned, we will, like I said in my opening commentary, anywhere between April and March, we should be in a position to start commercial operations.

Naman Kasad: Okay. And sir, another part of the question was what are the challenges a company has in setting up a cell line?

Amit Paithankar: Well, actually, I can't generalize it. Every company will have its own nuances and issues. One of the big things in a cell line is if you visit a factory and at some point in time, we would love to invite all of you to our factory. Inside the clean room, it looks all beautiful. It's all air conditioned. It's really clean. The PPM levels have to be maintained. But to keep that that way and also to insert all the gases which is going to be used for doping, almost two times that real estate space outside is used for utilities.

And these utilities are quite difficult and the gases that are used are actually fairly poisonous at times. And so therefore, you know, those are very critical elements of setting up a cell plant. So safety becomes extremely important while operating as well as while building the plant. So many, many critical issues need to be dealt with on the utilities side.

Naman Kasad: Okay. And sir, my second question is what is the progress regarding the Odisha facility and especially cell part of the Odisha facility? When we are expecting full-fledged starting?

Amit Paithankar: Naman, thank you very much for the question. The Odisha facility, the PLI facility is very much on track. We have talked about 2027 of operation and we continue to be optimistic that we will start at that point in time.

Moderator: The next question is from the line of Akash Mehta from Canara HSBC Life.

Akash Mehta: So my first question would be on the gross margins in the US. So, I mean, can you help us understand the gross margins with and without probably the IRA benefits, if it were to get implemented, like how it will impact the gross margins for you all? And does it impact the existing order books or no?

Amit Paithankar: So, a great question. The realization, as you know, from a US market tends to be much better than other markets. And so that determines the gross margins in terms of exact margins. It really varies from customer to customer. And where do we decide to manufacture? You know, we now have in our playbook manufacturing in India, manufacturing in the US. So really giving you a number to that might be difficult. So you want to add something to that?

Sonal Shrivastava: I think you spoke about the order book. So we have our order book, which is quite steady in US. And we have just started our manufacturing. We are pretty much looking at a very stable sourcing also for US. So we don't see a major issue as of now in terms of the profitability. But we will see how it evolves and we'll report it in the coming weeks.

Akash Mehta: And in terms of the cells that are getting, the cell capacity that is getting commissioned, so any part of the existing order book includes cells that will be manufactured from Waaree?

Sonal Shrivastava: That option is always there. So as you know, our domestic cell manufacturing will really find two channels. One is, of course, the DCR market and the second will be the US sourcing as well. And we will see what proportion it takes. But yes, it will take in the domestic cell manufacturing as well.

Akash Mehta: Okay. So as of now, nothing is there in the order book, right? It's just a commissioning case. So no existing order book doesn't have?

Amit Paithankar: So it's like this, right? Our order book is for modules. Our cell procurement strategy is independent of that. If we don't commit that we are going to use this cell, that cell, in some cases we do. It's not always. But it can be largely independent of that. So the way in which we are going to use the cells, our own manufactured cells, the priority is two-fold. One is for the US market and the other one is for the local DCR market.

So the local DCR market is also an extremely important component for India. And so these are the two priorities on which we are going to work on. And on the back of that, again, profitability is an important driver on the back of which we will decide where to use our own internal cells.

Moderator: Thank you. The next question is from the line of Karthik Kohli from CLSA. Please go ahead.

Karthik Kohli: Hello, sir. Thanks for taking my question. First of all, I wanted to understand what is the landed cost of a cell in India and what is the average realization of a module that you sell in India and what you will be able to sell in the US on a per-unit basis?

Sonal Shrivastava : So basically, the cell prices really depends on two things. One is if you're sourcing for the US market, non-China policy, or the local market which doesn't require China policy. There are no restrictions around that. So currently, the cell price is anywhere between four, I would say, $0.4. That's the average which is currently running. That's for the India market. And of course, for the US market, it is higher.

As far as the module prices which are concerned, currently in India, the average prices are anywhere between 17-17.5 cents and US, of course, is higher. There are orders which are at 30 cents, there are orders at 27 depending upon the scope that you cover. So that's the kind of range we have.

Kartik Kohli: And this you mentioned, like the 4 cents is the landed cost including all the duties and everything? And secondly, I wanted to understand how your...

Sonal Shrivastava : Sorry, this is the plus duties.

Kartik Kohli: Okay, plus duties. I understand.

Sonal Shrivastava : Yes, go ahead, please.

Kartik Kohli: My second question is on how - I wanted to understand how your contracts or how your orders which have a long duration, like sir mentioned that there could be big utility companies and overseas orders could be 1 to 2 years. So how are they priced like essentially if the price fluctuates a lot like if something was like 2 years ago, the prices have crashed a lot. Is there an adjustment factor in place for those contracts? Is there something like that?

Amit Paithankar: Yes, absolutely. The contracts are configured in a manner in which there are certain components which are actually rife to a lot of changes. They are typically taken as pass-through or there is a certain formula which is kind of used. On a long-term basis if there is a fixed contract then there are back-to-back arrangements that are made. If at all we get into that.

Kartik Kohli: So like ma'am said, there could be orders at 30 cents also or even 24 cents. There's a big variation in that. So that's what I wanted to understand. How does that play out?

Amit Paithankar: And that exactly plays out because of the variation, the type of contract. All of that has a bearing on the overall cost. I mean, our cost and of course, therefore the price that we give to the customer. So therefore, you will see that variation. The end game for us obviously is profitability. So Waaree is razor-sharp focused on profitability to ensure that our numbers are met and investors such as yourself get the returns that you desire out of us.

Kartik Kohli: So your contracts ensure a margin for Waaree…

Moderator: Sorry to interrupt. Could you please rejoin the queue for more questions?

Kartik Kohli: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Ketan Jain from Avendus Spark. Please go ahead.

Ketan Jain: Thank you. Good afternoon, sir. I understand that there are four different markets in India. One is the non-DCR. One is the DCR. And one is an US export market. And there is another one which is a captive market and a CNI market. Sir if you could help us understand how big are these different market segments and what is our market share amongst all these different markets. I understand we are majorly in export US, but if you could just brief us about how different markets are, the different sizes?

Amit Paithankar: So you are absolutely right. India market broadly I'll divide into two parts. Retail which comprises of PM Surya Ghar Yojana a very, very big component of that. It's a DCR market. PM Kusum Yojana, which is more in the agricultural sector, there is also pretty much a DCR market. So those two tend to be DCR.

Then we move into CNI segment and then through CNI segment then to a larger segment of large utilities and so on and so forth. That's a mixed bag. Some of them could be DCR, some of that may not be DCR. Even some of the SECI tenders could be DCR. Of late, the DCR clauses are kind of not as much pronounced. So again on the larger sides of the orders, it's a little bit of a mixed bag.

And it may or may not be DCR. Like I said, US tends to be a fairly large component of our overall order basket, but that need not necessarily be the case as far as our sales profile is concerned.

Ketan Jain: Understood. So if you could help me with the gigawatt size like how big is the DCR market in India annually like every year there's 20 gigawatt demand?

Amit Paithankar: Just to give you an example. The retail market is actually growing at a very rapid rate. I mean, if you just look at the goal of PM Surya Ghar Yojana of the number of households multiplied by three kilowatt per household, it almost lands up to about three gigawatts of requirement and that should be fulfilled in the next 1 year, 1.5 years. So we are talking about a very, very large market.

India, at this point in time, I think we were straddling around 18, 19, 20 gigawatts a year. Every year till 2030, we are actually going to see an exponential rise. And in the out years, I will not be surprised if you are in the region of around 40 gigawatts to 50 gigawatts overall and each of the segments is growing within this.

Ketan Jain: Understood. For USA, for example, we export India exported around 6 gigawatts last year likewhat's the trajectory of this market in the size, in terms of size?

Amit Paithankar: So US market on an overall basis is I would say somewhere around 30-35GW right now. And we have climbed to about 100 gigawatts to 220 gigawatts by 2030.

Ketan Jain: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Sarang Joglekar from Vimana Capital. Please go ahead.

Sarang Joglekar: Yes. So you said input costs drop. So just wanted to know what input costs drop…

Moderator: I am sorry to interrupt sir. You're not quite audible. Could you please come with us better network?

Sarang Joglekar: Can you hear me?

Moderator: Yes, please go ahead.

Sarang Joglekar: Yes. I was asking, you had mentioned that the margin expansion was partially due to drop in some input costs. So if you could expand on that, what actually - what prices actually fell, is it the fell or is it the other raw material?

Sonal Shrivastava : So basically for our input we have two main raw materials so to say. One is of course the cell cost. And then the other is a basket of materials where we call balance of systems. So the main components are there is the aluminum, the glass and some adhesives like EPA and EVA. So this is and others, of course, there are other things as well. This is BOS. And then you have the cell cost.

So we have seen a downward trend in the sell cost in some pockets. And you have to sort of source that, tie up the quantities, so on and so forth. And it's been a trend since early beginning of this year. Now it's stabilizing and you can get this information on info link actually. It's quite widely available. And the other materials also partially we have seen some costs come down, but then again pick up on the slightly turning around.

So it's all about how do you sort of actively manage your sources and how which ones you want to tie into for a little long-term contract, which one you want to keep flexible for the short-term rolling contracts. And we constantly do that when we're taking all those or when we're even reviewing it, when we're executing all those. So this exercise really continues, like I said.

Sarang Joglekar: Got it, thanks. That's it.

Moderator: Thank you. The next question is from the line of Shyam Maheshwari from Aditya Birla Mutual Fund. Please go ahead.

Shyam Maheshwari: Yes. Thank you for the opportunity and congratulations to the entire Waaree team on a great set of numbers. Sir firstly on the gross margins, wanted to understand a little bit more in detail. If it was just the cost of the sourcing of the cells at a lower cost that played a part or has pricing also moved favorably in the last 6 months post the implementation of ALMM So has the pricing also contributed to the state numbers?

Sonal Shrivastava: So overall pricing does - we are doing a little segment management like I said in the beginning. We're also looking at to penetrate the retail market grow that share. So that's also helping us in terms of our mix in the domestic market. So yes, it does play a role with the pricing plus.

We're also, like I said, optimizing on some good orders, like you say, and chase the profitable orders and give up some orders, which are, let's say, not so profitable. So that also goes on constantly.

Shyam Maheshwari: Interesting. So the $0.17, $0.175 that you're mentioning in the utility market, what was that maybe pre-ALMM, if you could just give a comparative figure?

Sonal Shrivastava: So that was about 15 roughly, you could say.

Shyam Maheshwari: Okay, and secondly, wanted to understand from a strategy point of view, we're making quite a few ancillary acquisitions and business opportunities. Particularly on the inverter side, wanted to understand what was the thought process for going into this business and what is the existing competitive landscape here? Like it's largely dominated by Chinese players currently on the inverter side and probably we are among the first Indian guys entering there and the kind of size of market here going ahead?

Amit Paithankar: Great question, Shyam. So wherever there is a solar panel, there has to be an inverter. And that's one of the key rationale. There are, of course, a basket of players right now available in the marketplace. But there is a demand and supply gap in the inverter segment and which Waaree could fill, number one.

Number two, there are some requirements from a data protection perspective that if we have a local manufacturing, it really helps us. And so we also find overall environment, political or other policy environment, favorable towards having local manufacturing of inverters as well as a part of overall Atma Nirbhar Bharat, and making sure that the data that comes out of inverter actually stays within India. And so that also is a reason why we looked at inverter market favorably.

Shyam Maheshwari: Interesting, sir. And currently, are there any other Indian players…

Moderator: Sorry to interrupt Shyam, could you please rejoin the queue for more questions?

Shyam Maheshwari: Okay.

Moderator: Thank you. The next question is from the line of Aashish Upganlawar from InvesQ PMS. Please go ahead.

Aashish Upganlawar: Thank you so much for this. I wanted to understand a bit in detail since our order book is almost half overseas. And so is the U.S. market largely dependent on IRS for viability of the solar capacities that are getting installed there? And if not, then what happens to the overall supplies that we do from here?

If that were to be diverted, maybe in India or other countries, does our profitability suffer? So overall, from Waaree perspective or from the sector's perspective, can you just help us understand all these things? How, whether there can be a possibility with the kind of capacities being put in India?

There are also kind of reports that basically there can be a oversupply situation maybe 3 years in. So with all these concerns, it will help us as investors to understand your perspective on this.

Amit Paithankar: Sure. Aashish, very, very interesting question and very important question. As we look out into the future and look at various incentives like IRA, being there or not being there, how will it impact the business? On a long-term basis, if we look at, there are two possible cases, right? IRA continues in some way, shape or form and therefore it potentially is business as usual if there is anything like that in this business and things continue.

But if IRA is taken out, what would happen, right? Obviously, there are certain margin expectations that the business will have overall and we will continue to endeavor to get those margins by pressing all the potential levers and that will include further indigenization in India, getting the cost down, making sure that those are the ones which we are supplying there, number one.

Number two, prices will also be looked at. As an industry, I'm sure we will have a bit of a rationalization to take into account any major policy change gets absorbed and there is some sort of a price change that happens in the industry. So all of these things will play out into the future and the margins will be held on to.

From the perspective, you also somewhere asked about the competition and therefore what would happen. One of the important factors to understand here is we are at the beginning of the whole solar story, whether it's in the U.S., whether it's in India, whether it's in Middle East Africa, Australia, wherever.

It's just the beginning and so we are actually going to see the size of the market itself grow quite substantially, and it can take several quality players. Out into the future, we might see some consolidation and that's quite inevitable but quality players will be there out into the future and each one will have enough business just because of the size, size of the market.

Aashish Upganlawar: Yes, but sir, don't you think that profitability of the industry overall...

Moderator: Can I please reach you in the queue for more questions?

Aashish Upganlawar: No, we're discussing the same question. I think the answer is not complete as of now.

Moderator: Okay, please go ahead.

Aashish Upganlawar: Yes, so you're saying that despite maybe capacities coming in or something going wrong with the IRA, still the margins of the profitability will be maintained as the demand is going to be quite there, right? Is that the answer? Because it doesn't seem to be...

Amit Paithankar: Okay, you have more or less got my answer. Let me paraphrase it. We will endeavor to keep the margins as they are today or maybe even better going forward using all the levers that we have as a company and as an industry.

Aashish Upganlawar: Okay, so probably you're pointing towards the cell capacities adding to your profitability, right?

Amit Paithankar: Everything. We have sell as a lever. We have many levers. I talked about levers of profitability several times and we'll use all those levers.

Aashish Upganlawar: Yes, sir would request a meeting with management representatives soon, because we put a request I think three, four months back. So we've not got any answers, because these are key aspects to understand for investors regarding macros of the business. So that's a request?

Sonal Shrivastava: We will be setting up meetings and you can get in touch with us as a Head of Investor Relations. Surely, surely.

Aashish Upganlawar: Sure, thank you.

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from UTI Mutual Funds. Please go ahead.

Nikhil Abhyankar: Yes. I just need a clarification on your comment earlier. You mentioned that the SECI Tenders, the recent SECI Tenders have a lower domestic content requirement. So can you just elaborate that? Because my understanding was that with the introduction of ALCM, the DCI content will only go up.

Amit Paithankar: That's absolutely right. From 2026 onwards, with the introduction of ALMM for Cells, that will continue to grow. You're right. I was referring to the situation as it stands today. But in the future, yes. Atma Nirbhar Bharat is an extremely important theme and we will have a situation where we'll have to manufacture more and more of energy-related, renewable energy-related components within India.

Nikhil Abhyankar: Sure, sir. Thank you and all the best.

Moderator: The next question is from the line of Balakrishna from Oman Investment Advisors. Please go ahead.

Balakrishna: Hi, congratulations on the good set of numbers. So I have some confusion regarding the order book. So whatever order book you are mentioning, INR50,000 crores, I think the prices of the selling price of the model are fixed? But in the recent discussions in this call, I understood that the prices may vary at the time of delivery. Is it right? Or am I missing something?

Amit Paithankar: You're right. By and large, you're right. Where the contracts are based on certain pass-through elements, these contracts may have a varying selling price at the time of delivery.

Balakrishna: Okay, thanks. Then regarding this order book, most probably we can execute in the next 2 years, right? INR50,000 crores order book?

Amit Paithankar: Balakrishna, can you please come again on that?

Balakrishna: Regarding the order book, which we have around INR50,000 crores, we can execute in the next two years, right? We can complete the order book.

Amit Paithankar: You're absolutely right. It has got orders, all the way from now to the gestation period of two years.

Balakrishna: Correct. Lastly, on this new vertical, which we have invested, like battery storage and electrolyzers and hydrogen production. So, what is the rough estimate of the revenue potential of these three, four verticals?

Could you please give me a rough idea? I don't need any exact figures. If you can understand the potential, I would like to have the figures of each vertical.

Amit Paithankar: It's kind of early days, Balakrishna, for that. The investment thesis is on the basis of a certain amount of requirement, but I think it is best to talk about those businesses once they start operating, and that would be a better time to talk about the revenue potential and the growth that we would see in those businesses.

Moderator: The next question is from the line of Rohan from Elara Capital.

Rohan: Good afternoon, sir, and congratulations on a great set of numbers. Most of my questions have been answered, but just one question. There have been a lot of announcements around the cell plants cell capacities being announced in excess of 100 gigawatts.

I want you to address, this is a critical question because I understand cell making is not that easy, as you mentioned earlier also. How much time will that take for 100 gigawatt kind of capacities announced by different players which are at announcement stage?

How easy or difficult it is for such capacities to come easily in the market in the next one or two years, or it will take a really long time?

Amit Paithankar: So, about 20 to 25 gigawatts of capacity should come online fairly quickly here because we know of plants which are kind of close to commissioning, but taking it to 100 gigawatts is actually going to take time. I think most of the additions of whatever cell capacities have been talked about now sort of add up to in the region of somewhere around 40 to 50 odd gigawatts. Like I said, these plants are not the easiest to construct, but of course they're not impossible.

I mean, several of the players have already done that, and so it really depends on the people, the expertise that the team builds, the project management skills that are brought on to the fore to get the execution done. So, it really is a function of all of that, and we do believe that overall, India will be a very important contributor to the cell industry, solar cell industry worldwide.

Rohan: Great, so then my next question comes to the point that India will continue to add around 30 to 35 gigawatts in the next four to five years, till 2030 to achieve our target this 2030. And post-ALCM implementation also, then the addressable market size in India becomes 30 to 35 gigawatts. That means the 50, 60 gigawatts makes it completely demand-supply neutral. So, where do you think that these excess capacities which will come, will be absorbed into? What is your thought process around it?

Amit Paithankar: The world is my oyster, Rohan. We have a huge, as you see, our order book outside of India is also very big. And all the manufacturers who have actually gone ahead and put their plans is also for a broader market.

And mind you, India itself is growing in size. India itself is growing in size in terms of market. If you have to reach to 250 gigawatts of solar power -- solar by 2030, it's actually a much larger number, by the way.

The asking rate will be in the region of 60, 70 in the out years. So, there will still be a demand-supply gap.

Rohan: Okay. So, someone who puts in 70 gigawatts of solar capacity, how much can he manufacture? Okay, I'll follow you.

Moderator: The next question is from the line of Rahul. The next question is from the line of Garvit Goyal from Invest Analytics Advisory, LLP.

Garvit Goyal: Yes. Good afternoon, sir. Congrats for a good set of numbers. I just want to understand, like, if I add up your three-quarter revenues, we are at a quarterly rate of INR3,500 CR, right? Going by that, our annual revenue this year should be around INR14,000 CR, which is a growth of almost 22% only, if over at 25. So, when we are saying that the demand is very robust and all, so does that mean we are facing some challenges in execution because our run rate seems to be muted on a quarterly basis?

Amit Paithankar: Well, we can talk about the definition of muted here, but you have seen our order book. What actually limits us is really the capacity which we are coming up, which is coming up all across the world, including India, at a very high speed. So, I think the more factories we build to cater to our customers' requirements, the faster we will be able to cater to them and the faster growth will be seen.

Garvit Goyal: So, what kind of execution we are looking for? Just a follow-up -- just a follow-up to the reply. So, just like, what is the outlook for FY'26 in terms of offline?

Sonal Shrivastava: We are not giving out an outlook for FY'26 as of now, but definitely I will point you towards our investor deck and if you can see there, that the volume has jumped 48% versus last year. So, that is an important metric to note. And we've talked about on the prices and the raw materials and you look at that jump in volume along with the expansion and gross margin, I think you will have your answers in terms of how the market is heading.

Garvit Goyal: Got it. Thank you very much for all the questions.

Moderator: The next question is from the line of Piyush Mehta from Caprize Investment Managers.

Piyush Mehta: Hi. So, I think the last part of questions on overcapacity in the industry and how we see the next few years shape up. But what I wanted to understand is while we talk about overcapacity if there is at all over the next few years, I think just wanted to understand the fundamental difference between the retail capacity and the average output from a particular facility.

When I say that, say we have a 5 gigawatt capacity expansion coming up, what is the best case output that could come from it?

Amit Paithankar: So, great question asked. In fact, many people don't realize that when we say a certain capacity, it is for certain conditions of and types of modules. And so, therefore, the actual capacity is actually depending on the type of module that comes out can be differing.

The same 10 gigawatt as an example, 10 gigawatt would mean 8 gigawatts depending on the type of module that you had manufactured. And so, it kind of varies. But it's a great question because it's a very ill-understood thing in the industry.

Piyush Mehta: So, for our capacity, which would be, say, largely TopCon in terms of expansion, what is the usual output that we can expect in terms of capacity?

Amit Paithankar: In the range of I would say that in the - of the rated capacity in the range of around say 75% to 80%.

Piyush Mehta: 75% to 80%. Okay. And this is the same for the cell facility as well, the utilization.

Amit Paithankar: Cell capacity could be a little different. It will be higher than that.

Piyush Mehta: Understood. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Amit Paithankar for the closing comments.

Amit Paithankar: Ladies and gentlemen, thank you very much for being with us, asking all these very interesting questions. Some of them very challenging questions as well, but we really appreciate that challenge. Thank you very much for the interest.

We appreciate your time. We appreciate the money you put into Waaree Energies Limited and would like to assure you that you are in safe hands. Thank you very much, ladies and gentlemen.

Moderator: Ladies and gentlemen, that brings us to the end of the conference on behalf of Waaree Energies Limited. Thank you. You may now disconnect your lines.