Date: November 26, 2024

To
The Manager,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra - Kurla Complex, Bandra (East)
Mumbai - 400 051
Trading Symbol: WAAREEENER

To
The Manager,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Scrip Code: 544277

Sub:- Transcript of the Analysts/Institutional Investors Meeting / Call on financial results for the quarter ended September 30, 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 ended September 30, 2024, held on November 19, 2024 at 12:00 p.m.

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

We request you to please take the afore-mentioned information in record and oblige

Thanking you,

Yours faithfully,

For **Waaree Energies Limited**

RAJESH GHANSHYAM GAUR
Digitally signed by RAJESH GHANSHYAM GAUR
Date: 2024.11.26 15:07:22 +05'30'

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

“Waaree Energies Limited

Q2 and H1 FY25 Earnings Conference Call”

November 19, 2024

MANAGEMENT: **MR. AMIT PAITHANKAR - CHIEF EXECUTIVE OFFICER – WAAREE ENERGIES LIMITED**
MS. SONAL SHRIVASTAVA - CHIEF FINANCIAL OFFICER – WAAREE ENERGIES LIMITED
MR. ABHISHEK PAREEK – GROUP FINANCE CONTROLLER – 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 Waaree Energies Limited Q2 and H1 FY25 Earnings Conference Call organized by Orient Capital. 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 call, please signal an operator by pressing star then zero on your touch-tone 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: Thank you, Michelle. Good afternoon, everybody and welcome to the Q2 and H1 FY25 earnings call of Waaree Energies Limited. From the management today we have with us Mr. Amit Paithankar, Chief Executive Officer, Ms. Sonal Shrivastava, Chief Financial Officer, Mr. Abhishek Pareek, Group Finance Controller and Mr. Rohit Wade, GM 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 statement 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 Exchange. I hope everyone had a chance to go through the results. We also request you to keep the presentation handy for the call.

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, Ms. Swami. A very, very good afternoon to everybody who is listening in and a warm welcome. Thanks a lot for giving us your time. We are going to talk about quarterly results for Waaree Energies Limited. As we said, if you can keep the presentation that was uploaded yesterday handy, it will help because I'm going to take you through the presentation.

So if you look at the cover slide, it shows three pictures, the first picture on your left is actually of our factory in the United States. It's almost nearing completion. We should be having a beginning of commercial production very soon. The middle picture is the picture of our factory in Chikhli in Gujarat, not too far from Mumbai where we are sitting. There we have one of the largest concentrations of solar PV module manufacturing. And very importantly, the two buildings that you will see at the back of the picture are actually 5.4 gigawatt cell manufacturing capacity that we have and it's going online even as we speak here. And the last picture is representative of the almost 370 plus stores that our franchisees and our channel partners have set up all across the country.

Let's move to the chart four, which gives a background of Waaree, of our history, which we are rightly very proud of. What started off as an instrumentation company morphed itself into a solar company by 2007. It has a good two-decade experience in the solar industry. We have – I'm going to go and fast forward to 2021 to 2024. We have six gigawatts of PLI that we have

won some time back, and that will be operational, I would say, by 2027. The 5.4 gigawatt cell that I talked about just some time back is actually also in advanced stages and will start commercial production fairly soon.

Let's move to the chart five, or slide five, where we talk about the energy transition journey that we are embarking ourselves upon. On the solar side, if you see on the left-hand side of the slide here, you can see a wide range of offering. There are, of course, the normal rectangular sort of black-looking modules, which you will see all around our country as you drive through the countryside. That is, of course, a staple offering. But we have got BIPV, or Building Integrated Photovoltaics. We also have flexible panels where the contours of buildings don't really lend themselves to rectangular design, and then there are constraints of weight. We also have offerings from a technology perspective that are advanced, TOPCon and HJT also.

Our EPC offerings are repeat where we do engineering, procurement, and contracting for rooftop solar, floating solar, and several other types of renewable projects. On the retail side, an extremely important focus for us, especially given strong impetus by Prime Minister's Surya Ghar Muft Bijli Yojana, it's an extremely important push for us as well. We are also foraying into hydrogen. Our electrolyser manufacturing plants will be revealed also fairly soon.

Moving to the slide six, this is an important slide. This is what keeps us excited. This is what we would love to talk to you about. This is what keeps us awake. This is what keeps us energized as we go into our offices and into our factories. The first and foremost on this slide is macros and demand drivers. This industry actually has a lot of tailwinds, and the reason for that is very simple and straightforward. Solar energy is the lowest cost energy globally anywhere in the world at this point in time. You can compare it with coal, you can compare it with oil, you can compare it with gas, you can compare it with nuclear, you can compare it with any other form of energy. It is the cheapest source of energy available to the mankind at this point in time. The other extremely important demand driver is diversification of supply chains. Concentration of supply chains in one given country has a huge number of demerits and is clearly seen as problems by many countries. United States and India in particular have a strong China plus one strategy which benefits us. In India, we know that government has a strong 500 gigawatt target of renewable energy by 2030. That translates to almost 60 to 70 gigawatts of solar power every year, and this does not include areas like data centre, EV charging, and even hydrogen boom that is expected. So all of that taken together, in fact, 500 gigawatts is actually a conservative number. We will actually be looking at an even larger number. Again, very, very strong demand drivers that we are looking at. That translates to a solid healthy order book for us.

We stand at 20 gigawatts, a diversified mix of customers. We have exports, we have large customers, we have C&I customers, we have retail customers. So good diversified portfolio of 20 gigawatts. And to ensure that we deliver on the strong order book, we are building on robust execution skills and ultimately, we would want to move towards what we call as manufacturing excellence.

On the manufacturing excellence, I would just want to draw your attention on H1 production, we have produced 3.3 gigawatts in the first half of this year as opposed to 4.8 gigawatts for the entire financial year last year. So that just shows you the volume growth that we have. And then how do we energize growth?

There are other extremely important elements of energy transition, which include hydrogen. Hydrogen policies across the country for various states are very strong and we also have a very strong central policy. That's the reason why we are making foray into hydrogen. The other aspect of energy transition, which is extremely important, is battery energy storage systems. The likely driver for the same is 70 gigawatt hour requirement of battery energy storage system in India by the year 2030.

So net-net, we have very, very strong fundamentals, which are translating into a strong order book. What is now needed is we need to propel ourselves and execute for growth, which then brings me to the slide number seven. Another extremely important chart where we will start taking a deeper dive into the market dynamics. We've talked about the fact right now. That at this point in time, the dynamics were good, but how does it look in the future? If you look towards the chart on your left hand side top of the screen, it shows the amount of decline in the prices that have happened on the solar as well as battery side in cents per watt peak. We are hovering somewhere around $0.15 to $0.17 cents per watt peak. And in batteries, it's almost $70-odd per kilowatt hours, in the last eight years, we have seen 80% decline. A combination of these two, solar and batteries is actually going to be one of the best solutions for firm and dispatchable renewable energy.

Globally, we are extremely seeing an extremely impressive growth. Solar capacity is going to reach 7.2 terawatts by 2030.And the job creation in this sector is highest among the entire elements, other elements of energy sectors. India has taken some very strong steps for Aatmanirbhar Bharat. We already know that there is basic customs duty on modules, which is a tariff barrier, and ALMM, or Approved List of Models and Manufacturers, which is a non-tariff barrier. Right now, ALMM is applicable to modules. But soon, by 2026, it will be applicable for cells as well. The PM's Surya Ghar Muft Bijli Yojana is going to add almost 30 gigawatts of requirement in the solar sector. And the PM-KUSUM scheme, which benefits the agricultural sector, is also going to add another 35 gigawatts.

Solar, ladies and gentlemen, therefore, is a multi-decadal growth story. And we have just started the journey. I would like to emphasize that this is a multi-decadal growth story.

On slide eight, let's look at our order book. How does it look like? I've already said it is 20 gigawatts strong. It's a global customer base. The two most important markets for us are India and United States. As of September 2024, we were 27.5% of domestic and 72.5% of overseas, which also points out at a strong healthy order book, a profitable book as we move out into the future. Channel partners or franchisees is a way in which we will cover the length and breadth of our vast country from a retail perspective. The retail outlook is strong.

We are at almost 23% of retail for the overall business at this point in time. And it has got a massive potential to grow out into the future. On the mix of customers, there are the three top customer segments, utilities, commercials, industrial, and EPC can be clustered as what we call as KAM or key accounts. And then export forms a fairly large part of our mix. So opportunities are there, they are growing, and they are all across the world. And we are chasing them. And we will continue to chase them. So how do we cater to this large opportunity base that we have? We have to ensure that we have a very robust manufacturing footprint.

And that brings me to the slide number nine. If you go to the slide number nine, it shows we have 12 gigawatts of capacity presently that is distributed across India. The 12 gigawatts is in the Mumbai-Surat belt in Tumb, Nandigram, Chikhli, and Surat. Chikhli being the biggest for us. Indosolar, which is in Greater Noida, is 1.3 gigawatts of capacity. It started its operations in July this year and is ramping up very, very nicely as we speak. In the United States, we have 1.6 gigawatts of model manufacturing facility, which is coming up, of course. It's not online, on stream right now. It's in a town close to Houston in the United States in Texas. We are going to be inaugurating it sometime in February. We should be starting the commercial operations, I would say, fairly soon here by the end of January.

We have a 5.4 gigawatts of cell capacity in Chikhli that is coming up again as we speak. A 6 gigawatts of integrated facility in Odisha is also planned. It's actually in fairly advanced stages of planning. We already have 595 acres of land allotted to us. Another 400 acres is being allotted very soon. From a design perspective, we are in advanced stages. The primary contracts related to design are already awarded, and the long-lead items are being negotiated as we speak.Solar cells, you know, the 5.4 gigawatts as we talked about, we are actually commissioning the cell facility at this point in time. Dry runs of the cells have begun. We should be having commercial operations commencing, I would say, middle of December.

For the U.S., we have future capacity in mind, 3.4 gigawatts of additional module capacity and potentially 5 gigawatts of cell capacity. All of this is under evaluation. We are constantly observing and monitoring the situation in the United States, extremely bullish about the United States, extremely positive about the market in the United States. Irrespective of the dispensation, one fact will always remain, and that is the primary demand driver of low-cost energy. And solar power, as we have established, is the lowest-cost power available to mankind at this point in time. We believe that is going to propel growth in the United States, and therefore we remain committed to the United States.

On the right-hand side of the slide there, bottom, it just shows the way in which our module capacity and the cell capacities are going to build. This chart here is primarily for India. You need to add the United States capacities, which are shown on the left-hand side, to have a complete understanding of where we will be. In 2025, as we end the year, we will be having 13.3 gigawatts in India, 1.6 in the U.S., so that will make it a total of 15 gigawatts by the end of this financial year. And by the end of financial year '27, in India, we will be having 21 gigawatts

of module capacity and 11 gigawatts of cell capacity. And then, of course, you can add to that the module capacity and the cell capacity that will potentially get added in the United States.

Going to slide 10, we are not going to stop at solar, Waaree's ambition is to move towards a broader energy transition theme, and that's the reason why we are foraying into green hydrogen and battery energy storage systems. Our electrolyser manufacturing plan is in advanced stages, and we should be in a position to communicate the same to you in the next two months' time. We are getting into renewable power infrastructure. Our Board has just sanctioned INR600 crores of investment for this particular foray, which we are going to use for connectivity and for bidding. The broader energy transition and other important elements of energy transition are something that we are going to drive towards.

Solar is where it got us here, and it is these other broader energy transition themes which will drive the present and the future growth for this organization, not to mention solar itself is a big growth driver. With that, ladies and gentlemen, thank you for the patient listening. I'm now going to hand it over to Sonal, our Chief Financial Officer for financials.

Sonal Shrivastava: Thank you, Amit, and good afternoon to all, and welcome to the earnings call. Moving on to the financial performance of the company, on a consolidated basis, we have reported a revenue of INR36,634.63 million in the quarter, an increase of about 2.95% year-on-year. For EBITDA in Q2 FY25, the number is INR6,139.37 million, an increase of about 14 % year-on-year, with an EBITDA margin of 16.76%

Profit after tax stands at INR3,756.59 million, reporting a growth of about 17.35 % year-on-year basis. Talking about our H2 performance – sorry, H1 performance, we have reported revenues of INR71,598.76 million in the H1, an increase of about 2.67% year-on-year basis. EBITDA in H1 is close to INR12,539.26 million, an increase of about 14.74% over previous year, with an EBITDA margin of 17.51%

Profit after tax stands at INR7,767.84 million, a growth of about 17.98% year-on-year basis. With that, maybe we can take some questions.

Moderator: Thank you very much, ma'am. We will now begin with the question-and-answer session. The first question is from the line of Varun G from Value Quest.

Varun G: Thank you, Amit Ji, for such an articulate and very well laid-out scenario for us. Welcome to the maiden con-call. Really, congratulations to Hitesh Bhai and the entire Waaree team for reaching so far. I think Waaree has always made all stakeholders proud. I have two basic questions. One, there is a common misconception that modules are a commodity. So, I thought this would be good to understand what is the value addition that we do, how technical is the product given we supply to some global utilities, how do customers look at our product versus somebody who is probably new in the business or there are so many new entrants. So, I was trying to understand, is this really a commodity or is it, you know, something that only a few of us can manufacture.

And second is, there is again a perception that the industry is only driven by profits that are protected through tariffs. And here again, I would love your clarification on, one, the need for tariffs or how do we see this playing out. And why industry -- capital is not just maybe based on tariffs and there are several other adjacent opportunities already mentioned.

Thank you so much. And I'll come back in the queue for more questions.

Amit Paithankar: Great, Varun, well, thank you very much. Extremely good question on commodity and should we call module as a commodity. My answer to that is a resounding no. It is not a commodity. Two extremely important factors we need to remember when we talk about solar modules. The technology involved in manufacturing is extremely evolved.

The cell, you know, which is one of the most important and I would say difficult to manufacture from a technology perspective is where a lot of the efficiency drivers lie. And that's the technology has been evolving in the cycle of every three years. You know, so Mono Perc to TOPCon, you know, we could be staring at HJT and then tandem cells, which will just take the efficiency to a next orbit.

So every three years you will see a new evolution. And any module manufacturer who wants to be relevant into the future will need to -- in their plan, have a full technology roadmap in them. In fact, we at Waaree, we actually depreciate all of our manufacturing equipment in three years' time to accommodate for all these large technology waves that keep happening.

And that's why you have to keep yourself fresh. And so technology is an extremely important reason why modules are not a commodity. The second reason that we should – and whilst on technology, I would also like to emphasize that with technology comes quality and certification. And to be accepted in India and also in markets like United States. You need specific certification, which comes with years of experience, which comes with quality, which is demonstrated. And not just demonstrated once but demonstrated over a period of time. That will define the bankability of your solar panel. On the tariffs, it's extremely important to note that everything that we do from a business and a model perspective is agnostic to tariffs.

So, all of our business plans are built to stand on their own. So even if the tariffs tomorrow are removed, they should stand on their own feet, whether it's in India or whether it's in the United States. Of course, what happens is when you have tariff and non-tariff barriers, it creates an ecosystem of growth and creates Atma Nirbharta from an India perspective, and I think from that sense, it is extremely important. And it incubates the whole, you know, the whole industry, I would say. Going back to the commodity and modules, I would like to add one more point, where there are other types of modules, solar modules. I talked about it, it's building integrated photovoltaics, flexible panels, all of these require a technology at a totally different level. And these are just beginning, I would say. So, Varun, thank you very much for the question.

Moderator: Thank you. The next question is from the line of Hemang Khanna from Nomura. Please go ahead.

Hemang Khanna: Hi Sir, thank you for taking my question and congrats on the great set of numbers. Sir first, if you could share some updates on the progress on both the 5.4 gigawatt cell facility and the 6 gigawatt integrated facility. You definitely mentioned December. Could we get some updates on the 6 gigawatt facility? Are you on track for maintaining those timelines? And related to this, how much is the total spend for both of these plants now?

Secondly, you all mentioned that you all are investing about INR600 crores for RE infra and bidding. Can you help us understand what's the long-term strategy for the company over here? And let's say more on a medium-term basis, what is the targeted capacity that you want to hit for RE infra or, let's say, bidding pipeline?

Also, what would be the typical capex needed for this in the coming years? I would assume that, you know, given that we are a large module manufacturing capacity, we'd have significant advantages versus other players who are procuring these modules from outside. Could you help us understand this piece of the business a bit better?

And I'll come back in the queue for further questions. Thank you.

Amit Paithankar: Great. Hemang, thank you very much for the questions. I did talk briefly about the 5.4 gigawatt cell facility that is coming up in Chikhli. There's good news there. As we speak, you know, the pilot runs for cells is already up. Parts and pieces of the equipment are being tested. I would believe that we should be in a position to declare commercial operations to be up and running somewhere in the second half of December. That's for 5.4 gigawatt cell plant.

For the six gigawatts of ingots and wafers manufacturing, I would say, again, I talked about it in the presentation. Number one, our design contracts have already been given. They have already been awarded. So the design is in its advanced stages. On ground, on the land, cutting and filling of the land is going on as we speak, the boundary walls have already come up. And so things are moving fairly fast. There are some long lead items which need to be ordered now, and those are being negotiated also. So it's moving in the right direction. I would say we will start commercial operations somewhere in the FY27 time frame for the 6 gigawatt facility. As far as the INR600 crores investment is concerned, it is essentially for land and for connectivity. We are looking at how do we provide one-stop solution for our customers from the perspective of maybe EPC contracts, maybe overall offerings for renewable power projects. So this is, therefore, an initial tranche that we are given. As this business starts getting more and more fructified, we will be in a position to come and tell you about the details.

Hemang Khanna: Got it. And thanks for that. And just to get a sense of what is the overall spend for the 5.4 and 6 gigawatt facility as of now.

Sonal Shrivastava: Yes. So basically for the cell facility, we've almost completed our capex, which is about 2,400 crore and thereabouts. And for the new capex, which is ongoing, initial spends have been made for about INR300 crores.

Moderator: We'll take the next question from the line of Prateek Kumar from Jefferies.

Prateek Kumar: Good morning, Sir, my first question is on the cell capacity again. So you said December onwards you expected to start commissioning of the project. So I remember you talking about 1.4 gigawatt commissioning initially, then remaining 4 gigawatt was to commission in March. So now everything is accelerated to December in terms of commissioning.

And related question is, is there like specific testing, like if you want to sell these cells in US, is there any specific timelines for testing which the buyer may want to do and then only end up buying the product or there's no real timeline. You can immediately start selling the product. That's the first question.

Amit Paithankar: Great, Prateek, you remember it correctly. 1.4 gigawatts is what we are trying to switch on first, which is what I would say we'll get into commercial production somewhere in December. Our goal continues to be that by March of 2025, we will have the entire 5.4 gigawatts. So, 1.4 gigawatts of Mono PERC and 4 gigawatts of TOPCon cell capacity should be up and running and in various stages of maturation.

So the first few lines, which will be switched on anytime now, would have stabilized by then. And maybe the later lines will need to stabilize. On the question of what kind of testing is required, there are specified standards and all the specified tests as per the standard, we already have the capability with us.

So all the customer inspections, all the customer related requirements, we will be in a position to fulfil them within our factory itself for its quality, for its efficiency and so on and so forth. And that way we will be able to use our own cells in our own modules within India as well as in the United States.

Prateek Kumar: Yes. So my question was like, would that be available for sale? I mean, what is the kind of ramp up you are expecting in FY '26, let's say, for the cell manufacturing?

Amit Paithankar: So for this fiscal I would say we would be in the region of around 100 megawatts being conservative. That would be the kind of directional number that you would be looking at. By, of course, next financial year, I would say in the first couple of months, we would have a reasonably fully ramped up facility. And so one could expect for the first year of operation anywhere between 60% of capacity utilization factor.

Prateek Kumar: My second question is on your EBITDA growth ex other income, which is like sort of bit slower side in this quarter and revenues also. So is this material change in US mix which has happened, which was like probably higher profitable, and which has impacted EBITDA growth this quarter?

Amit Paithankar: Yes. So you're absolutely right. I mean, last year in the mix, the exports were much larger than domestic production. And that has almost completely flipped in this year. And of course, pricing has also changed. So those are the two reasons why you would see an overall reduction.

Frankly, even on the revenue side and as well as on the EBITDA side. I'll have Sonal comment on the exact numbers.

Sonal Shrivastava: I just want to point out a couple of things here. So while you see the revenue is about 1%, if you look at the expense line also, it is contained and it's stagnant. And in between, if you see, we have managed the COGS margin pretty well and that has expanded by almost 5%. So while the prices of module also come down, inputs also come down. So, we have to look at the margin and that's what we have managed in this quarter. And we'll continue to focus on it in the coming quarters.

Prateek Kumar: Can you give the US mix or export mix in this year and last year and maybe in the quarter one?

Amit Paithankar: So, again, directionally, last year we were around 60% and this year we are around 27% from a strategic perspective.

Moderator: We'll take the next question from the line of Deepak Krishnan from Kotak Institutional Equities. Please go ahead.

Deepak Krishnan: Yes. I just wanted to sort of understand, I think we are at a pretty advanced stage for the 1.4 gigawatt in the US. But the further capacity expansions, how are we looking at it? What could be the potential challenges or positives that we are looking at from an IRA perspective? Do we still require IRA to go ahead with that or we will be in a wait and watch mode? And once there is only policy uncertainty, that's when we'll sort of go and expand over there.

Amit Paithankar: Deepak, great question on the United States. United States, we are extremely committed to United States. It's a big market. It is a growing market. And we will approach this market with a certain amount of aggression, which we already have in the past. And so, therefore, you know, are we going to reduce the gas or I would say maybe gas is the wrong euphemism to be used here. But are we going to reduce the acceleration there? The answer to that is absolutely no.

Having said that, the additional 3.4-gigawatt capacity and potentially 5 gigawatt cell capacity, we will definitely look at how the policy landscape evolves. Given the change of dispensation there, it's important for us to know in which direction it is moving. And no sooner that clarity comes up, we will continue on our expansion spree.

The most important factor we need to remember here is that solar energy is the cheapest form of energy. And so that will ensure that United States and the various states which form the United States will actually aggressively move forward towards that. Our factory actually is in Texas, which, as you know, is a Republican state. But if you look at which is the state which has actually added the largest amount of solar capacity last year, the answer is Texas at 6.5 gigawatts. So our hopes are pinned on a fairly large US market as we move forward.

Deepak Krishnan: Sure. Maybe just a follow up to that. So if I look at the quarter, obviously you indicated one is 27% is exports. That's indirectly impacted our realizations also as domestic has picked up. But

for the full year, how are we targeting in terms of export and domestic mix? And for the 13.3 gigawatt capacity we have, what is the rough production numbers that you're sort of targeting for FY '25?

Amit Paithankar: So from the mix, this particular year is going to be a bit of a year which is veered more towards domestic. So the pattern may not change substantially, maybe a little more of exports from where we stand. But the pattern may not dramatically change.

Deepak Krishnan: Sure. And maybe just wanted to understand the INR600 crores investment you are doing. Would that be into renewable IPPs or what are we sort of investing the INR600-odd crores for? Would we get into IPP business, or these are just adjacencies to sort of help us expand our presence in module as well as sort of DPCR?

Amit Paithankar: It is all of the above. It would mean potentially looking at land and connectivity for our own self at the same time for IPP type of a business.

Moderator: The next question is from the line of Subramaniam Yadav from SBI Life Insurance.

Subramaniam Yadav: As you mentioned, the mix has changed this year to around 27%. Is it because of internal competition from the Southeast Asian country where it is expected that some duty will be levied there? And hence the inventory built up might have happened from their side. Or is it our cost is a bit higher than their cell cost or module cost? If you can put some colour on this and going ahead, how do you see the next six months export for us?

Amit Paithankar: Mr. Subramaniam, thank you very much for the question, a very pertinent question. The reduction is definitely not because of competition. It is actually just a point in time. If you see, even today, our order book actually there is a preponderance of exports in our order book mix at this point in time. So it's definitely not because of any structural reasons of pricing. It is just a cycle that you go through. You see that in the next year, things will be different, and it will keep evolving as we move forward.

Subramaniam Yadav: Okay. Can you just give us some figures on the pricing of the module? How much it has come down with next year and this year?

Amit Paithankar: Last year for the US, realizations were in the region of $0.28-$0.30. And this year they are kind of approaching towards somewhere around $0.24 or so. And for India, from around $0.21 or so, they are approaching to around $0.17-odd, ballpark numbers.

Moderator: The next question is from the line of Aashish Upganlawar from InvesQ PMS.

Aashish Upganlawar: Sir, the quoted capacity that you mentioned around 12 gigawatts and the numbers that we spoke about, I think 3.3 gigawatts for the first half. So this would be maybe 50% on the utilization, roughly maybe. So can you explain to me why the demand you say is very, very strong? So why this situation?

Amit Paithankar: So utilization is not because of the fact that the lines are idle. It's actually because of various factors. I mean, in fact, our factories are running 24 by 7. So it is not -- the utilization factor is not less because of lack of customers or lack of demand. It is because the way you manage your factory. It is because the type of demand, the changeovers that are required, that kind of leads us to the utilization factor of as you rightly calculated somewhere around 50%-60%.

And so that at any given point, the 12 gigawatts that you quoted is a nameplate capacity. And typically, you don't get to that point. If everything remains constant and you can run the factories 24 by 7 without any changes, without any holidays, you can get to maybe 70%-80% of that capacity.

At this point in time, what happens is that some of the lines are for a given particular customer. Some customers want Mono PERC, some customers want TOPCon, and that will require changes of lines. And each time a line changes, there are a certain number of days which are lost in production. And that is what leads to this utilization rate.

Our constant endeavour is to actually keep getting better and better at that. So if you see from last year onwards to this year, it's been a very substantial jump in our utilization. And you will keep seeing that the capacity utilization will keep getting better and better because of better planning.

Aashish Upganlawar: Okay. Secondly, this 20 gigawatts of order book that we said, so how much is US in that? And I mean is it in line with the cell capacities that we are putting in? Because the cell capacities seem to be much lower if US is a bigger portion of that.

Amit Paithankar: So we are at 72% of the order book is United States at this point in time. The cell capacity is not going to be so much of a limitation. The entire cell capacity that we have is going to be for internal purposes, both for India and for the United States.

We will still not be producing enough cells for our own internal consumption. For the United States, we will be taking cells from sources which are allowed in the United States, which is going to be non-China. And those supply chains are also secure. And so that is not going to be a limitation to serve our United States customers.

Aashish Upganlawar: Okay. Lastly, this cell capacity in India is coming up. So would it be fair to, I mean, whatever you think is fair to assume in terms of full utility, like you said, with modules you produce and use only maybe 70% at best. So what it would be for the cell whenever it is mature and what kind of profitability one can expect keeping in mind the current rates from the cell production then?

Amit Paithankar: So, again, great sort of question, Mr. Aashish. From the perspective of capacity utilization, they are in a sort of similar region. So we would expect somewhere around 60% to 80% as the lines keep getting stabilized. And at the full maturation somewhere in the region of around 80% or thereabouts is where one can expect.

As far as the profitability is concerned, as you can imagine, if you would have had one-to-one, we would have had a massive profit flip. But at this point in time, on a blended basis, we expect about a 200 to 300 basis points improvement in the overall profitability because of cells.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: So my question is on the duties. How do you think about the impending duties which have been talked about in the United States, the anti-dumping duty and countervailing duties? When do you think that some clarity will come in, in your opinion?

Amit Paithankar: So, as you know, there is change in dispensation in the United States. We have been closely observing the situation and trying to seek clarity. I would say, from my perspective, it will be in somewhere in January is when we potentially get the clarity on this. Just given the changes that are happening in the political landscape of the United States.

Mohit Kumar: My related question is that, of course, the anti-dumping duty and CVD will be imposed in the Southeast Asia. So how does it impact in any way our sourcing of cells?

Amit Paithankar: So a large portion of what we are actually exporting to the United States is actually directly from India. And we are going to come up with our own manufacturing facility in the United States, as you know, 1.4 gigawatts. So both of that taken together, the impact on us is going to be limited.

Moderator: The next question is from the line of Chirag Khasgiwala from Neo Asset Management. Please go ahead.

Chirag Khasgiwala: So as you said that, you know, this year the contribution from exports is more close to 25%-30% and this full year it could remain at a similar level. But going forward, the contribution will remain at a low level to exports. And also if you want to start producing in the US itself, then how will the margins change as you will be procuring cells from the US and then making modules? So could the margins be on the lower side going forward?

Amit Paithankar: Chiragji, great question. So from our perspective, the mix of the sales is going to continue to keep evolving. Just looking at the way in which our order book stacks up clearly shows the direction in which potentially next year is going to pan out. Now, like you rightly said, some of it we might actually serve from our own factories in the United States.

In what manner are we going to do that; for the United States, Most of the cell requirement, most, if not all, will be served from India. And so therefore, that is going to be a substantial margin contributor as we move forward. The way in which we will actually do the configuration of orders to be served in United States for United States, United States from India and India from India will all be configured in such a way that we maximize our profit potential.

Chirag Khasgiwala: And if you look at your order inflows, so it has been around 20 gigawatt of order book as on FY '24 and even in the first half the order book is 20 gigawatts. So what has been the order inflows in this first half?

Amit Paithankar: So it's actually been fairly robust, about 6 gigawatts or so is what I would say, 5 to 6 gigawatts is what we have got in the first half.

Chirag Khasgiwala: Could it be safe to assume that second half could be better in terms of growth? Because if you look at your listed peers, they are reporting much higher revenue growth who are purely operating in Indian market, while you're also this year concentrating more on India. Then will the revenue growth be better or how should we look at it?

Amit Paithankar: Chirag, great question. So the revenues are a function of -- if you look at our business, the revenues are a function of our manufacturing capacity and realization. And when you put all of these things together, if your manufacturing capacity increases dramatically and your realization remains flat or increases, your revenues will grow.

For us, this is a year of making sure that we have a very strong EBITDA, very strong -- making sure that the manufacturing footprint is complete. And then, therefore, get the benefits of completion of all the manufacturing capacity. So that's the way in which realization will go up from our perspective is as the cell capacity comes up. Also, the DCR potential that our own cells gives us will also give a push to the profitability.

Moderator: The next question is from the line of Suyash Kela from Singularity.

Suyash Kela: Sir, I had a question on the improved margins because of cells. You said maybe 2 to 3 percentage points. From our understanding, looking at the peers, it looks to be much higher if you are running an integrated facility. Maybe if you can just expand a little bit on that and assume the end market is DCR.

Secondly, if you can talk about the retail business in the rooftop solar segment, from a macro perspective, the growth in the numbers is looking very exciting. So how are we looking at that segment two to three years out from in terms of the revenue and profitability of the segment?

Amit Paithankar: Right. Again, great question, Suyashji, if I've got your name correctly. From a margin perspective, yes, you're right, a fully integrated chain. So if I have 13.3 gigawatts of manufacturing of modules and 13.3 gigawatts of cells, these numbers that I quote might potentially even jump to a double, double than what I'm saying. However, on a blended basis, so when I said 200 to 300 basis points, it's on a blended basis. And that's where you are getting in that region.

But, yes, as the level of integration increases, the potential of profits actually go up and they're almost double. At this point in time, of course, there is a sense of conservatism in the numbers that I quote, as we always are. And we would like to beat those numbers as we move forward.

Moderator: The next question is from the line of Prateek Kumar from Jeffries.

Prateek Kumar: Yes, thanks for the follow up. I just had one question regarding the order book. So just wanted to understand the order book of 20 gigawatts in context of current environment in US. So all these orders are like sort of more like MOUs or like all these companies have like sort of given you some advance or I mean, and they can be like sort of cancelled because there is some change in local regulations, etc. So what is the stage of these order books exactly for this 20 gigawatt, like 70% percent is US?

Amit Paithankar: Super. So, Prateekji, a fantastic question. The way in which we look at orders and consider them as orders in Waaree is if we get advances. So almost the entire 20 gigawatts of order book is backed by advances. That's number one. Number two, Prateekji, is that we most of our orders in this order book are through sticky customers, customers who are loyal to us.

And that's the other reason why there is a certain strong belief that these orders would not be cancelled. So these are the two solid reasons why it's a solid order book. We don't consider it as an order till such time that we actually have an advance in our books. And there's an increased confidence because of the fact that they are loyal customers.

Moderator: The next question is from the line of Utsav Adani from Oaklane Capital.

Utsav Adani: Sir, I wanted to ask questions on the new businesses. One is battery storage; the other is electrolyser which you said you'll comment on probably next call. The aluminium crane, I think they have a subsidiary which is named Waaree Green Aluminium Private Limited. And a couple of years back, I think there was some business opportunity being discussed on thermal energy storage with Brenmiller. Do we have any updates on all of these businesses?

Amit Paithankar: A great question, Utsav. In my presentation, I already said that we are going to have a fairly broad spectrum from an energy transitions perspective. Out of that, electrolyser for hydrogen and battery energy storage systems have come up to a point where we can talk about it and of course we'll get back to you in detail very soon. All the other parts and pieces of the potential future business is being talked about internally.

We have a process internally where we move all of these through various stage gates. And when it crosses the right stage gates and when it becomes mature and when we are ready, we will be fairly excited to come and talk to you about that as well. But at this point in time, as they say, it's not prime time. It has not come to a stage where we can talk about it.

Moderator: Thank you very much, sir. Ladies and gentlemen, due to time constraint, that was the last question we can take today. I would now like to hand the conference over to the management for closing comments. Over to you.

Amit Paithankar: Thank you very much. Thank you very much for asking us all of these extremely exciting questions. And thank you very much for spending the time. Ladies and gentlemen, what we would like to sum up this conference is we have had a good and resilient quarter. We have

strong business fundamentals, and that's due to a strong demand, a very, very good manufacturing footprint for now and for the future. And, of course, our foray into other elements of energy transitions, which are going to bring us growth in the future. Once again, ladies and gentlemen, thank you very much for the time.

Moderator: Thank you, members of the management. On behalf of Waaree Energies Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.