WAAREE | RTL
Execution with Pace & Comfort

August 4, 2023

To,
The Manager (Listing)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai 400 001

Dear Sir/Madam,

Script No. 534618

Sub: Transcript of Investors/Analyst Earnings Conference Call held on July 28, 2023

Ref.: Disclosure under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Further to our communication dated July 24, 2023 and July 28, 2023, please find enclosed the transcript of the Earning Conference Call held on Friday, July 28, 2023 at 11:00 AM to discuss the unaudited financial results for the quarter ended June 30, 2023.

This intimation is also available on the website of the Company at www.waareertl.com.

We request you to take the same on your record.

Thanking You,

Yours faithfully,
For **Waaree Renewable Technologies Limited**

HEEMA KALPESHKUMAR SHAH
Digitally signed by HEEMA KALPESHKUMAR SHAH
Date: 2023.08.04 10:20:13 +05'30'

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"Waaree Renewable Technologies Limited

Q1 FY'24 Earnings Conference Call"

July 28, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 28th July 2023 will prevail.

MANAGEMENT: **MR. PUJAN DOSHI- MANAGING DIRECTOR**
MR. HITESH MEHTA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER
MR. VIREN DOSHI – EXECUTIVE DIRECTOR
MR. ABHISHEK PAREEK – GROUP FINANCE CONTROLLER
MR. ROHIT WADE – GENERAL MANAGER, INVESTOR RELATIONS

MODERATOR: **MR. AMAR YARDI – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY24 earnings conference call of Waaree Renewable Technologies 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 call, 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 Mr. Amar Yardi from Orient Capital. Thank you, and over to you, Mr. Yardi.

Amar Yardi: Thank you. Good morning, ladies and gentlemen. I welcome you all for the Q1 FY24 earnings conference call of Waree Renewable Technologies Limited. To discuss this quarter and full year business performance, we have from the management, Mr. Pujan Doshi, Managing Director, Mr. Hitesh Mehta, Executive Director and Chief Financial Officer, Mr. Abhishek Pareek, Group Finance Controller, Mr. Rohit Wade, General Manager, Investor Relations and other management team as well on the call. Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risk and uncertainties.

For more details kindly refer to the investor presentation and other findings that can be found on the company's website. Without further ado I would like to hand over the call to management for the opening comment and then we will open the floor for Q&A. Thank you and over to you Hitesh sir.

Hitesh Mehta: Thank you, thank you very much. Hi, good morning everyone. I would like to welcome you all for the Q1 FY24 Earnings Conference call of Waaree Renewable Technologies Limited to discuss the financial performance. I wish to express my heartfelt gratitude to all those who have dedicated their time to join the call and have consistently been a part of our journey. I have been along with our MD Mr. Pujan Doshi, our Executive Director Mr. Viren Doshi, Mr. Abhishek Pareek, our Group Financial Controller and Mr. Rohit Wade, General Manager investor relationship and the other members of the management team as well on the call.

Before I start with this business update, I would like to briefly introduce the company to all the participants who are looking at the company for the first time. Waaree Renewable Technologies Limited is a subsidiary of the Waaree Energies Limited and is mainly into the business of the EPC, O&M and the IPP business. We are technically advanced End-to-end EPC solution provides that finance constructs, owns, operates solar projects. The company operating across the geography strategically targets long-term investment within the commercial and industrial customer segment.

The main purpose of the company is to tap the growing renewable energy market. Starting with our order book position, we have an unexecuted order book of 856+ megawatt. We have successfully executed 96+megawatt in the Q1 of FY24. In this quarter, we have received some major orders of 100 megawatt in Jamnagar, Gujarat and 36 megawatt in Amreli, Gujarat respectively.

Now moving to the industry outlook, as of March 31st, 2023, the Indian renewable energy sector has achieved a remarkable milestone, signifying a commendable journey towards the sustainability and the clean energy. With the impressive installed capacity of approximately 125 gigawatt, India has made a significant stride in embracing renewable energy sources. The forefront of the green revolution is solar power, leading the way with an impressive capacity of 67 GW, closely followed by wind energy with 43 GW. This remarkable progress has boosted renewable energy contribution to the country's energy mix which has grown from 15% at the end of FY16 to an impressive 30% by the end of FY23.

The Government of India has played an important role in driving this growth by setting up ambitious targets to achieve 500 GW of non-fossil fuel based capacity by 2030. Segment-wise, the government aims to reach 280 GW for solar and 140 GW for wind. This strong commitment along with the effective policy formulations and implementation has been a major catalyst in propelling the renewable energy sector forward. To bolster the self-reliance in solar module sourcing, the Indian government has introduced a production link incentive which is a PLI scheme.

This scheme is designed to encourage the private investment throughout the module supply chain in encompassing Polysilicon, wafer, Cell and modules. While we celebrate this achievement, it is important to highlight some challenges in sectors. As of March, 2023, India's module and cell manufacturing capacity stood at 38 GW and 6 GW respectively. However, the recently released ALMM list indicates an approved module capacity of 22 GW, a figure lower than the operating capacity due to outdated facilities.

In conclusion, India's renewable energy sector contributes to showcase remarkable progress thanks to the unwavering commitment and strategic initiative taken by the government. We are excited about the opportunities ahead as we work towards achieving the ambitious target set for the future. We remain dedicated to driving the sustainable growth in the renewable energy landscape and creating long-term value for our stakeholders.

Now I would like to take you through the consolidated financial highlights for this quarter and FY23. In Q1 of FY24, we have recorded a revenue of Rs.129 crores as compared to Rs.95 crores in Q1 of FY23, representing a year-on-year growth of 36%. At the EBITDA level margin for the Q1 FY24 was 12.4% as compared to 13.7% in the Q1 FY23. We are confident of sustaining the margin and the endeavour to improve upon the same.

In Q1 2024 our profit before tax was INR15.2 crores as compared to INR11.9 crores in Q1 of FY '23. In Q1 of FY '24 our net profit after tax is INR11.1 crores as compared to INR9.9 crores in Q1 of FY '23 which is representing 12% of the growth. We have an unexecuted order book of 856 megawatt. We have successfully executed 96 megawatt in Q1 of FY '24.

Thank you. Thank you for joining us today and we look forward to your questions now. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have the first question from the line of Vikram Sharma from Niveshaay Investment Advisors. Please go ahead.

Vikram Sharma: Hello. Hi, sir. Thanks for the opportunity. So my question was, so the EBITDA per megawatt if I calculate for FY '23 was around INR25 lakhs and if I check for the current quarter then it reduced to around INR15 lakh, INR16 lakhs EBITDA per megawatt. And so can you highlight the major reasons behind decrease and what should be the sustainable margin on a full year basis?

I think in last call, we guided EBITDA margin range in the 15% to 25%. But in recent interview, we highlighted approx 12% to 15%. So what kind of margins we should expect going forward?

Hitesh Mehta: So thank you, Vikram. Thank you for your questions. And as you know we are basically into the EPC business where there are four phases of the activities. The first phase is the engineering and the drawing, the second phase is the sourcing of the materials, the third phase is the construction activity and the last is the commissioning of the project.

Generally in the Q1 of the year, the project starts and basically it's more on the side of the engineering and the drawing side where the revenue what you book is also less and the margin is also less as compared to what you booked in the Phase 2 and Phase 3 of the project. So I think going forward you will see a better margin also and the overall margin what we expect will be in the same range what we have said which is in the range of 12% to 15%.

Vikram Sharma: Okay and sir recently like in last quarter the module prices has corrected a lot in last month. So how you are seeing traction like prices are lower you are seeing traction for higher and higher EPC execution higher EPC contracts?

Hitesh Mehta: No, I am not clear about your question. Could you repeat please?

Vikram Sharma: Yes, so I was saying module prices has corrected a lot in last quarter. So if we check the I-need module prices, they corrected up to 30%-40% in the last quarter. So this correction, are we seeing a higher number of EPC projects enquiry due to this?

Hitesh Mehta: Maybe I will ask Abhishek to reply on this.

Abhishek Pareek: Hi Vikram. Yes, what happened basically, this industry has seen price rationalizations in last 10-12 years, prices have rationalized especially for the modules, right? Prices have rationalized as high as 85% to 90%. While in last 2 years, prices were still range bound and in last quarter we have seen, you know, prices started again falling. So that was something which was anyways predicted, and the industry was ready for that.

So since module comprises of the major component of our EPC contract of solar power plant, definitely this gives a reason for the community and for the industry to take quick decisions when the module prices are being rationalized and do the EPC in that point in time. So yes, the trajectory is right. If prices are at the bottom rock, you can definitely find more inquiries and more tenders floating in the market and hence a larger market could come across in the next few quarters.

Vikram Sharma: Okay. And sir, last question on the O&M business side. So generally what is range revenue per megawatt for O&M business and all orders we are like all orders we are executing are we also handling O&M for those?

Hitesh Mehta: So we have a good portfolio for the O&M also. And we have approximately 490 megawatt projects where we are doing the O&M activity. And the price is generally ranging between INR3 lakhs to INR4 lakhs rupees per megawatt.

Vikram Sharma: And what is our cost in INR3 lakhs, INR4 lakhs price?

Hitesh Mehta: So we generally incur a cost of around 60% to 70% in this.

Moderator: Thank you. We take the next question from the line of Umang Shah from Edelweiss. Please go ahead.

Umang Shah: Hi sir, good morning. Good morning. Sir, so actually I had a broader question. If we look at the government incentives or the government idea of 2030, do you think that we are still currently in the pace to reach that 500 gigawatt renewable energy. And we, I mean, from wafer to everything we were trying to push through. Currently, where do you think that our company could lead towards? So I have a broader understanding, but if you could answer this fundamental question first?

Hitesh Mehta: So as I said in my previous about the company, that I said that the overall target for the government is 500 gigawatt by 2030. Of the around 280 gigawatt will be from the solar. If you see as of today, we have around 65 gigawatt to 70 gigawatt which is implemented in India and we expect the balance to be implemented in next seven years of the time. We expect from 2024-25 onwards it will be minimum 40 gigawatt of the installation every year and we see a great opportunity in the coming years even for the companies for this.

Umang Shah: Okay, so are we saying that our capex in -- either in parent company or in renewables would be a continuous process for coming three- four years because we are going backwards we are now manufacturing cells and wafer, ingot so, we would be going backwards. So what would be the overall capex still for coming at least four, five years, if you guide that also?

Hitesh Mehta: So if I'm talking about the Waaree Renewable Technology, we don't require much of the capex in this because here we are much into the EPC business and the O&M business. We don't do much of the IPP business in this company. And if you're talking about the parent company, which is into the manufacturing of the module, that depending upon the demand supply, we will incur the additional capex.

Umang Shah: Okay. And so just related to parent, are we, I mean, we earlier were planning for an independent listing for the parent company but I think that is either in talks or on course. But are we looking to go ahead with that and also there are few unlisted companies which are there, which we have taken over, for example Indo Solar. So what are the status on that, if you could also, I know it's not the right platform, but if you could answer those, it would be very helpful.

Hitesh Mehta: You rightly said, this is not the right platform. We can discuss this one-to-one also. But in any case, we are going with the public issue in the near time for the parent company.

Umang Shah: Okay, all right, great. Thank you so much, sir.

Hitesh Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Dhananjai Bagrodia from ASK Investment Managers. Please go ahead.

Dhananjai Bagrodia: Hi, sir. I just wanted to understand more regarding competitive intensity. How are we seeing that in terms of peers and maybe even, let's say, companies doing their own in-house. How are we seeing that coming along?

Hitesh Mehta: I'll ask Abhishek to reply on this.

Abhishek Pareek: So, Dhananjai, if my understanding is correct, you want to understand the competitive landscape and the advantage that the company have because of the presence of the parent in the manufacturing domain as well?

Dhananjai Bagrodia: Yes.

Abhishek Pareek: Yes, so see, certainly as a group we have our strength in both manufacturing as well as EPC business and O&M business and that really helps us to take very prudent decision in buying at the right time. Being a listed company Waaree Renewable Technologies and the EPC company and into this space for quite some time. The team is very, very large team and which has got good experience in taking the right buying decision. And since majority of the cost component comes from the procurement in this business, the strength of the group in the overall supply chain really supports the subsidiary as well.

Although, while dealing between the companies, listed company as well as the parent company which is in manufacturing of modules, you always have to take care of the arms and pricing and that's where the independence of this company comes through. But yes, the overall experience of the group really help the subsidiary company to take very prudent decision in buying the materials, especially the modules and help the company with that.

Dhananjai Bagrodia: What is their strength? You are saying that their strength is that they are able to manufacture according to raw materials at the right time or could you elaborate a little bit on that?

Abhishek Pareek: So when I say the right time, it's not for the manufacturing company because manufacturing company has to keep on supplying irrespective of the pricing going up and down. It's for the EPC company, wherein the procurement forms a major component of the cost of the project. Hence the timing matters for an EPC company because we are not taking up very risky propositions wherein we take and then we hunt for the procurement. Largely we intend to continue a business of back-to-back buying.

So today if you are taking a project, we would ensure that we cover up our position with the back-to-back purchases of the key raw materials, and hence play a very safer side of the game.

So that way the judgment of taking quick decisions on the procurement is something that as a strength comes from the parent company. Because we know where the market is going up, having a legacy of 15+ years in this industry now.

Dhananjai Bagrodia: Okay, and what about the competitive landscape in terms of our competitors? Has there been more aggression to get orders or is there a number of players reducing? Anything on that?

Abhishek Pareek: So, if you see last few years, especially two to three years, there has been a lot of consolidation and there has been a lot of change in the competitive landscape. So there used to be more than 300, 400 mid-side and small-side EPC players in this industry. While in last two years, we have seen only few players have remained who are very sensitive to the risk that they were taking, a very calculative risk.

So many players have gone out of the business in last one or two years, industry has seen turmoil. So we believe that this may still continue if the players in this industry are taking uncalculated risk, we may still see some accidents in the near future. But here the competitive landscape still continues. And we believe that as a strength, we will continue to play our own game.

Dhananjai Bagrodia: So then, sir, just to understand, if the number of players is reduced, has our bargaining power or our receivables, any of that improved?

Abhishek Pareek: So number of players have reduced, but what has happened along with time that majority of the developers are now also establishing their own in-house EPC projects as well. So though number of players in the market have reduced, but the in-house capacities of large developers is also increasing at the same time, wherein they are not giving end-to-end turnkey projects to the EPC players, they are giving a portion of it. So in a way, that's still the competition line, but it's now an outside competition, as well as the inside own capacities of the large developers to do the EPC projects.

Dhananjai Bagrodia: Okay, so then our addressable market would have shrunk assuming that incrementally a lot of the new capex in this segment is coming by let's say the three large players and they seem to be having the in-house EPC players, would our addressable be significantly reducing them?

Hitesh Mehta: And so see market up sizing is too large. If we see last two years market size is increasing year on year. 7 gigawatt to 15 gigawatts installations and going ahead, we are looking at 40 gigawatts, 50 gigawatts annual installations. So though, there are a few large players but then still the market is very large for the existing players to take their share.

Dhananjai Bagrodia: Okay, fine, sure. Perfect. Thank you.

Moderator: Thank you. The next question is from the line of Kanv Garg from Garg Advisors. Please go ahead.

Kanv Garg: Hello. Hi, Good morning, sir. Thank you for the opportunity. So I have two, three questions. So first question is, so let's say when we bid for any kind of a project, you have already explained that, we procure modules from the parent on an arm's length basis. But let's say, do we also install the substations? If we install the substations, how do we procure those substations from? We are reading somewhere that there is a shortage of transformers there in the market.

Hitesh Mehta: So may I request Pujan Doshi to reply you on this question? Pujan?

Pujan Doshi: Hi, good morning everyone. So, when we take the decision to procure and what happens is that, each project size is different, each project engineering is done differently and hence the selection of transformers are done differently. It is true however that there is a shortfall in terms of capacity of manufacturing the transformer. However, given our relations with our existing suppliers and we have been operating long enough to have a good relations with those suppliers, we are able to take a long lead time and deliver those transformers for our customers. So I hope that answers your question.

Kanv Garg: This a follow-up on this? Who would be our top two- three suppliers?

Pujan Doshi: It would not be prudent to declare our suppliers in this forum publicly, but we do procure it from India's top five to top 10 players.

Kanv Garg: Okay. Thank you, sir. So my second question is, so recently there was a 2 gigawatt of orders which were declared by a SECI. Just trying to understand, do those companies who won these projects, they subcontract the work to us, or there is no opportunity for us to get the orders from them?

Hitesh Mehta: So there will be an opportunity for all these projects going forward. And we are in touch with all the developers. And we are discussing with all of them.

Kanv Garg: Okay, sir my last question is, if I look at your numbers, right? I think there's a decrease in the power sale from last year. In last year, June quarter, we did INR316 lakhs. And in this year, we did INR2 crores, INR2.2 crores, right? So just trying to understand, in last one year, we must have added some capacity, right? So why there is such a percentage from this 50% or what, 30% fall in the revenue from power sales?

Hitesh Mehta: So, largely if you look at the power sales, it's firstly cyclic in nature and then in that case and there are one or two smaller projects, which have hived off in the last one and a half odd years. So when it seems our module is build a project, operated for some time and then transfer it off. So we'll keep on seeing the some fluctuation in the overall power generation revenue, but then it's the strategy that we build, we will operate it for some time and then we'll sell the project. So when you sell the project, the revenue won't come in the -- hence forth in the coming quarter. And hence you will see an overall fluctuation in the power generation revenue.

Kanv Garg: So sir, when we sell the project, does it come into exceptional items of profit, when we sell the project? Where can we see that line item?

Hitesh Mehta: Profit will come in the main business because it's one of the key earning business of the company. If you look at the operating revenues, the power generation revenue is still a part of my total operating income only. And hence any revenue from the sales of those projects also form part of my operating revenue.

Kanv Garg: Okay. Thank you, sir. Thanks a lot. Good luck for the future.

Hitesh Mehta: Thank you.

Moderator: Thank you. We have the next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Yes. Thank you for the opportunity. I want to know, what is the market size for the type of business that you do? I understand the total size is 500 gigawatt for government planning over the next few years. But what is your addressable market out of that? And the second question is, who are your main competitors?

Hitesh Mehta: So thank you. Thank you for the same. But as you say that there is a 500 gigawatt of the market for the renewable by 2030. Of this, 280 gigawatt will be from the solar. And we see that, probably around 40 to 50 gigawatt from 2024- 25 onwards every year. Of this you can say the market size, which is available for the player, EPC player would be in the range of anywhere around 50% of this particular size because 50% they do this on their own. So I think around anywhere around 20-25 gigawatts will be available for us, for all the players as a EPC every year.

And as far as the name of the competitor goes, there are many players who are there in this field and some of them have closed their business also because of the again, it's the competition with the people, who do the quality work and then the small people who just play on the cost side and on the margin side. They don't care about the quality. So I think, if you see, there are very limited players as far as the top Tier 1 or top 5 players it goes, which is Sterling Wilson or Waaree or Mahindra Susten or Vikram.

Tushar Sarda: And coming back to this market size, you do EPC for behind the meter or also for the rest, which are going to supply to the grid?

Hitesh Mehta: So we do the complete, we do both the things, we even supply to the grid also.

Tushar Sarda: And modules you acquire from your parent company or the customer decide, where to acquire from? Is it your decision or customer decision?

Hitesh Mehta: So it depends upon the customer choice. So if a customer requires this from the parent company, then we purchase this from the parent company. Or else, even they chose this from the outside party also. So it depends upon customer choice.

Tushar Sarda: And what is your IPP capacity?

Hitesh Mehta: My IPP capacity is not much. It's hardly around 20 megawatts, not more than that.

Tushar Sarda: And any plans to add to that?

Hitesh Mehta: So we are adding a small project, again, not on a big way on this. So we are adding a project of 10 megawatt something like this.

Tushar Sarda: Okay, Thank you for answering my questions and wish you all the best. Thank you.

Hitesh Mehta: Thank you.

Moderator: Thank you. We take the next question from the line of Naveen Garg from Growup Investments. Please go ahead.

Naveen Garg: Hello, good morning sir.

Hitesh Mehta: Good morning.

Naveen Garg: Sir, I have a question, do you have an any plan of listing Waaree renewable in the NSE?

Hitesh Mehta: We have to list in NSE but there are some regulation, which needs to be followed. Once we complete those formalilties, then we will list on the NSE. Okay, it's under procedure.

Naveen Garg: Can we expect the listing in 2023?

Hitesh Mehta: It all depends upon the regulation fulfilment of the NSE.

Naveen Garg: It's under consideration matter.? Okay, thank you, sir. Thank you.

Hitesh Mehta: Yes Yes.

Naveen Garg: Okay, thank you, sir. Thank you.

Moderator: Thank you. We take the next question from the line of Dhananjai Bagrodia from ASK Investment Managers. Please go ahead.

Dhananjai Bagrodia: Sir, just another question, how much of our, let's say, sales happen with the parent company? Let's say a client asks for both together, and how much is it without that?

Hitesh Mehta: So your question is, how much we buy from the parent company, right?

Dhananjai Bagrodia: No, when a client approaches you all, or is it, like, how is the sales channel? Is it the client approaches the parent company and we get an offer with it together or is it separate?

Hitesh Mehta: No, it's separate. Generally, it's like company directly approach the customers and in case if the customer requires the module, in that case, we approach to the parent company and we get this purchase from the parent company.

Dhananjai Bagrodia: But any idea, how much percentage of yours would come with the parent, like how much of your projects are with the parent company?

Hitesh Mehta: So it's ranging around 10% to 15%, that is what I can say. Not much of the, yes, not much.

Dhananjai Bagrodia: Okay, fine, sure. Thank you.

Moderator: Thank you. The next question is from the line of Kishan Toshnival from Polar Ventures LLP. Please go ahead.

Kishan Toshnival: Hi. Congratulations, first of all, on a good set of numbers. My, I have two, three questions. Basically, what is the ratio of government and private business that you have out of this whole EPC business that you have? What is the ratio of government or private?

Hitesh Mehta: So again, most of the projects is from the private only. So you can say around 90% of the projects is from the private and hardly 10% will be from the government.

Kishan Toshnival: Okay. Also, you have three companies as far as I know, two are listed and the parent which will get listed in sometimes. How does Waaree Renewable Technology benefit with this? And also, what is the synergy between the three companies, which will help Waaree Renewal Energy or if I am a shareholder of Waaree Renewal Energy, what will be the benefit that Waaree Renewable Energy is having, when there are three companies that are there and why not there is a single company that does all the work?

Hitesh Mehta: So all the three companies are into the different solar activities basically. So Waaree Energy as you know is mainly into the manufacturing side. Waaree Renewable Technologies is mainly into the EPC, OEM and the IPP business side. And the third listed company is into the battery storage side. So these three are the different activities and as and when required, we Waaree Renewable technology for change the storage from the other listed company and the modules from the parent company.

Kishan Toshnival: In addition to this from the parent company that is going to, that will list in the future, I don't know, when it will get listed, do we have the technological advancement also, technology transfer also to this company as and when we need because that company is making multipurpose cells and all the grids and all are made by that company, the parent company. So this company also gets technology transfer also or is it only a clean EPC company, which has got nothing to do with its parent. It's a separate company and a parent is a separate company and we do not get any technology transfer from there?

Hitesh Mehta: So you rightly said, both the companies are the separate company only. The parent company is focusing on the manufacturing side, this company is focusing on the EPC side and the O&M side and the IPP side and as and when we, this company requires the module, they source this from the parent company.

Kishan Toshnival: Okay, thank you.

Hitesh Mehta: Thank you.

Moderator: Thank you. We have the next question from the line of Dhruv Bhatia from AUM Fund. Please go ahead.

Dhruv Bhatia: Hello. Sir, I want to understand is, what is the sustainable margin run rate that we can do in our business?

Hitesh Mehta: So as I explained to you earlier also that we are into the EPC business, where we have four different stages. And depending upon the booking of which stage you are into, so it cannot be the same margin in every quarter, but if you see on the yearly basis, probably will be anywhere around 12% to 15%, that is what we can think about.

Dhruv Bhatia: 12% to 15% is a sustainable thing on a full year basis, correct?

Hitesh Mehta: Yes.

Dhruv Bhatia: And sir, last year, last quarter you had said in the call that, around we would execute around 800 megawatts of orders in the current year. So are we on track for the same?

Hitesh Mehta: So in the last, I think, call what I said is we'll, the company will execute around 817 megawatts of the order in 12 months to 15 months. And as of today, we have a pending order of 856 megawatts and we will try to finish this order probably in 9 months to 12 months period.

Dhruv Bhatia: Okay. And sir on the booking enquiry or you know new pipeline of orders sir, how do you see the whole environment?

Hitesh Mehta: So the traction is very good in fact in the industries and we have around a pipeline of 3 gigawatt.

Dhruv Bhatia: Okay. I guess the pipeline was the same last quarter also, so is there anything meaningful development from the same or how is the order finalized or when will these order get finalized in our books?

Hitesh Mehta: So generally it takes a period of anywhere between 6 months to 9 months to get it finalized.

Dhruv Bhatia: Okay. Thank you sir.

Hitesh Mehta: Thank you.

Moderator: Thank you. The next question is from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.

Vp Rajesh: Thanks for the opportunity. So just one question on your O&M margin, what kind of EBITDA margins are you doing there?

Hitesh Mehta: What kind of margin you mean to say?

Vp Rajesh: Yes. EBITDA margin are you making in your O&M business?

Hitesh Mehta: So probably EBITDA will be in the range of around 30%-35%.

Vp Rajesh: 30%- 35% EBITDA margin. And as your competitor was talking about, at least in this quarter, around 13% EBITDA margin on the O&M side. So you think they can move up to this kind of number or are you doing something different, which leads to such a high number for you?

Hitesh Mehta: So it is difficult to comment on the others but a margin of anywhere around the 35% should be fine.

Vp Rajesh: Okay, understood. And then you talked about your third group company, which is into batteries, storage batteries. So what is the business that is overlapping with the battery company? Meaning, as you explained, that only 15% of the business is being touched by your parent company when you are supplying to the customer. So, what is that kind of number, where you are supplying batteries to your customers as part of the project?

Hitesh Mehta: So, again, I mean, not much of the orders we received along with the battery storage in this company for the EPC business.

Vp Rajesh: Okay. So, in a way, these three companies are completely separate from each other and you are just saying that maybe in 10% to 15% of this company, the EPC company, you are buying the panels from your parent company, right?

Hitesh Mehta: Correct, you are saying.

Vp Rajesh: Okay. And then just lastly the profits are you bearing the cost of the panels or are you passing it to the customers? I mean, who's responsible for the change in the cost of the panels, that's really what I'm trying to understand?

Hitesh Mehta: So again, it's differ from order-to-order basis and customer-to-customer basis. So, it's too difficult to comment on a generalized statement on this particular.

Vp Rajesh: Okay, so let's say your order book is INR100, how many of, what percentage of that INR100 will be, where you are bearing the cost and what percentage you will not be bearing the cost?

Hitesh Mehta: See, it's generally around 50%, 60% will be for the module price and the rest will be for the other materials.

Vp Rajesh: No, I was asking in your contract, if there is a fluctuation in the module prices, are you passing that through to your customer or you have to be judicious about booking etc. so that you don't get impacted by the fluctuation in the module prices, that's what I was trying to ask that question?

Hitesh Mehta: Yes, generally, generally our policies that we do back to back only. So, whenever we receive the order from the customer along with the module, we generally place the order with the parent company for the same. So, we don't face any challenge on the increase in the cost or the reduction or have any change in the price also.

Vp Rajesh: Okay, okay. And that's true for third parties also, right, like in case the modules are being brought from a third party, you will do a similar arrangement with those also?

Hitesh Mehta: Right, right. You are right.

Vp Rajesh: Okay. Thank you so much. That's all.

Hitesh Mehta: Thank you.

Moderator: Thank you. We have the next question from the line of Samart K from KR BS Broking. Please go ahead.

Samart K: Good morning, sir. Thanks for the opportunity. First of all, congratulations for a good set of numbers.

Hitesh Mehta: Thank you.

Samart K: I have a question regarding our green hydrogen project. So, what is the current status for our green hydrogen project, I mean, what cost we have incurred till now, and what are the revenue estimates for it because recently, Indian company has raised just USD 4 billion for hydrogen and ammonia. So, what are the plans for going aggressive, or what are the company's plans?

Hitesh Mehta: Yes, I'll ask Pujan Doshi to reply on this. Pujan, please.

Pujan Doshi: The company has won 1-megawatt hydrogen project on a built-on operate basis. And as you know, this sector is quite new for the entire country and everybody is sort of getting their hands on it. We have taken this project as a learning experience. To answer your questions, we have done only a level of basic engineering. We have received LOA from the customer, but we are yet to receive the final agreements from the customer. I hope that answers your question.

Samart K: Yes, my second question is regarding how do we plan to grow our IPP portfolio? What are the road ahead for this?

Hitesh Mehta: So, on the IPP side, we are looking at the various opportunity. So, as of today, the company is not investing much on the IPP side. As I said that, we have around 20-megawatt of the portfolio and additionally 10-megawatt, 12-megawatt, which is under construction. And we continue with the such type of the module where we built, operate and receive. Till we get some good player whose intent to invest in the IPP side and who can come along with us and we can build a larger portfolio.

Samart K: Correct. And I just want to understand a few days back we have our parent company has done some MoU with our European some companies to storage the thermal power. Do we get benefit of it or it is for the parent company only?

Hitesh Mehta: Again, I think it's for the parent company and it's very in the initial stage where we sign the MoU and not even agreement. So, it's a very difficult to comment at this time.

Samart K: All right, so my question is about the RTL only, so are we going to get some benefit out of that order or something if we execute it?

Hitesh Mehta: See, it depends upon the future how we tie up for everything and we'll be coming on this at the appropriate time.

Samart K: All right, all right. My last question is about the last concall. In last concall, you've guided that we have already applied for a tender of around 4-gigawatt projects, right? Can you show some light on it, what are the stage are we standing on?

Hitesh Mehta: I think in the last call we said on the basis of the pipeline of the 3-gigawatt and we are continue seeing that it is a pipeline of the 3-gigawatt and not the tender basically.

Samart K: All right. Okay. All right, sure. Thank you, all the best.

Hitesh Mehta: Thank you.

Moderator: Thank you. We have the next question from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Hello, sir. Good morning. Yes, everything is covered. Just on the revenue front, you said margins will sustain, so what about revenue, sir? Will this run rate continue on quarter-on-quarter will this get better? How are you -- what are your expectations, sir and how will you end the year?

Hitesh Mehta: So, definitely, we cannot give any forward-looking statement. But last year, we did around 300-megawatt of the projects and this year as I said that we have a backlog of around 856-megwatt of the orders and we intend to finish this in next 9 months to 12 months period.

Rahil Shah: Okay no problem. Thank you.

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

Darshit Shah: Hi, sir. Good morning. Sir, you said that around 10%to 15% of our orders are with the solar module. Sir, in terms of value per megawatt, what would be those with the module and without the module, if you can broadly say the range?

Hitesh Mehta: So, when the order is without the module, it is ranging between INR1.25 crores to INR1.5 crores depending on the scope of the contract.

Darshit Shah: Okay. And with the module would be hovering around INR3.5 crores?

Hitesh Mehta: Will be around INR3.5 crores to INR4 crores depending upon the price of the module because again there is a fluctuation going on in the price of the module.

Darshit Shah: Sure. And sir in terms of the module prices which has now come to almost an all-time low and globally also we see the prices falling quite steeply. So, how is the demand supply scenario in India? We have an import duty, custom duty as well on solar modules and the ALMM also being extended till one year. So, is there a capacity constraint here in India, I mean, just if you can help me with the demand supply scenario on solar modules?

Hitesh Mehta: Abhishek will reply you on this, Abhishek?

Abhishek Pareek: Hello. So, actually we have seen in last two years, there have been a lot many efforts starting from the policy framework, which has supported the domestic manufacturing capacities in the country. Two years back, the total capacities were not even 15-gigawatt. While today, as we speak, the capacities have crossed 35-gigawatt of manufacturing of solar panels as of now. In fact, ALMM also mentions that 22 + gigawatt is already there enlisted as ALMM which is available for the domestic sales.

So, there is a plenty of supply which is coming up and if you look at the PLI scheme also the participation is beyond 50-+gigawatt of module manufacturing lines to be set up in next 24 odd months. So, looking forward, we foresee by next two years the total capacity is ranging between 60-gigawatt to 80-gigawatt of solar panels and the total demand as Mr. Mehta has also mentioned in the earlier discussion that we are looking at 40 gigawatt, 50 + gigawatt of domestic demand starting from next two years. So, basically we don't foresee any large different, large mismatch between the demand and supply going ahead.

Darshit Shah: And how would be the pricing in terms of kind of modules from China with the duty on and currently the Indian demand comes up? So, what's the current difference between the pricing from China and India if you can tell me?

Hitesh Mehta: So, if you look at the large utility scale projects, you can't afford to have any price differential between China and India. When I say price difference, it's the landed cost of panels in India. So, that's post the duty. So, if Chinese panel cost is around, let's say, 18 cents to 19 cents, which is currently prevaling pricing, the landed cost in India would be around 24 cents, 25 cents and that's a price which domestic manufacturers will have to match up to take an order at the utility scale. So, while during our sales thing there is no such difference which we can afford between our pricing of panels and pricing of the imported panels.

Darshit Shah: Okay, so in terms of our parent company it is with this price, are we able to kind of make decent margins on this business?

Hitesh Mehta: Yes certainly. So, last few years we have seen margins increasing year-on-year and this year also, margins have increased, and top line has also increased. So, that way, we can foresee that to continue.

Darshit Shah: Thank you so much.

Moderator: Thank you. We have the next question from the line of Jay Naik, an Individual Investor. Please go ahead.

Jay Naik: Thank you for the opportunity. Hello, Hitesh sir, and congratulations for the good set of numbers. I've got a couple of questions sir, one on our international foray for EPC and O&M services, so if you can throw some light on it?

Hitesh Mehta: So, as you know the company has done the EPC project in the foreign also. We have done one project in the Vietnam of 50-megawatt in 2021, and we are looking for more projects in the coming years.

Jay Naik: Okay, thank you sir and sir on O&M side while you have given enough details on the margins and revenue, I just wanted to know that we have got some 150 employees working for O&M basis of the presentation you have given. So, I just wanted to know the strategy of our company on expanding O&M business, which is a high margin and there's a huge potential for growth?

Hitesh Mehta: No, surely we are looking at more and more orders to come under this O&M also. So, as I said, we have around 490-megawatt portfolio under the O&M. And the total number of the people, when you are saying that, we have around 150 people in the company, and not in the O&M department.

Jay Naik: Okay got it. And sir one last question do we – are we looking at getting into wind power EPC and do you see any synergies between solar EPC and wind power EPC?

Hitesh Mehta: So, we are discussing with now with the customer for the hybrid solution wherein we will provide the solar and the wind together.

Jay Naik: Okay sir, thank you so much for everything. Thank you so much sir.

Hitesh Mehta: Thank you, thank you.

Moderator: Thank you. We take the next question from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: Hi sir, I just want to understand the outlook for FY'24 in terms of top line and bottom line, and how much of the order book is executionable within the next 9 months?

Hitesh Mehta: So, I think we replied on this question earlier also, where we have said that we have order book of 856-megawatt and we intend to finish this by next 9 months to 12 months period.

Gunit Singh: All right. So, in Q1 we did around 100-megawatts, right 90-megawatt to 100-megawatts?

Hitesh Mehta: Yes, 96-megawatt.

Gunit Singh: 96-megawatt. So, around 9 times to 10 times, so that is the outlook for the next 9 months. Got it. Thank you. That's all from my side.

Hitesh Mehta: Sorry?

Gunit Singh: That's all from my side. I think I got the answer over this.

Hitesh Mehta: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to Mr. Amar Yardi for closing comments. Over to you.

Amar Yardi: Thank you participants for having us today. It has been a pleasure. If there are any further questions or queries that we have not been able to answer, please feel free to reach out to Orient Capital team. Thank you and have a great day.

Moderator: Thank you.

Hitesh Mehta: Thank you everyone. Thank you Orient.

Moderator: Thank you. Ladies and gentlemen, on behalf of Waaree Renewable Technologies Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.