

February 06, 2024

The Manager (Listing)
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai: - 400001

Scrip Code: 534618

Subject:- Transcript of Investors/Analyst Earnings Conference Call held on January 31, 2024

Pursuant to Regulation 30 and other applicable provisions of Securities and Exchange Board of India (LODR) Regulation 2015 and continuation to our communication dated January 25, 2024 and January 31, 2024 please find enclosed the transcript of the Earning Conference Call held on Wednesday, January 31, 2024 at 3:30 P.M. on Un-audited Financial Results for the quarter and nine months ended December 31, 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

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“Waaree Renewable Technologies Limited
Q3 and 9M FY’24 Earnings Conference Call”

January 31, 2024



MANAGEMENT: **MR. DILIP PANJWANI -- CHIEF FINANCIAL OFFICER –
WAAREE RENEWABLE TECHNOLOGIES LIMITED
MR. ROHIT WADE – GENERAL MANAGER, INVESTOR
RELATIONS – WAAREE RENEWABLE TECHNOLOGIES
LIMITED**

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

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9M FY'24 Earnings Conference Call of Waaree Renewable Technologies Limited. As a reminder, all participant lines will be in 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 press star and one and signal the operator. 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 sir

Amar Yardi: Thank you Manuja. Good morning, ladies and gentlemen. I welcome you all to the Earnings Conference Call of Waaree Renewable Technologies Limited to discuss the Q3 FY24 business performance. Today on the call we have from the management Mr. Dilip Panjwani, Chief Financial Officer and Mr. Rohit Wade, General Manager, Investor Relations.

Before we proceed with the 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 filings that can be found on the company's website.

Without further ado, I would like to hand over the call to the management for the opening comments and then we will open the floor for Q&A. Thank you and over to you, Dilip, sir.

Dilip Panjwani: Thank you, Amar. Good evening, everyone. I would like to welcome you all to the earnings conference call of Waaree Renewable Technologies Limited to discuss the third quarter and nine-month-ended FY24 financial performance. I hope you all have got an opportunity to go through our financial results and investor presentation which has been uploaded on the stock exchange, as well as on the company's website.

I wish to express my heartfelt gratitude to all those who dedicated their time to join the call and have consistently been part of our journey. I have along with me Mr. Rohit Wade, General Manager, Investor Relations on the call.

Let me begin by giving you a brief outlook on the Indian economy and the solar sector. In the midst of the global economic uncertainties, the Indian economy emerges as a beacon of resilience. The second quarter GDP growth has surpassed expectations and as noted by Reserve Bank of India, the fundamentals of the Indian economy remain robust.

Banks and corporates exhibit stronger balance sheets, fiscal consolidation progress as planned. GST collections remain buoyant and there is substantial forex cushion against external shocks. These factors not only underscore the stability of the Indian economy, but also reinforce its role as key driver of global growth.

In terms of Indian solar sector, the country possesses substantial solar energy potential with around 5,000 trillion kilowatt hour of energy incident over its geographical area annually. Harnessing solar photovoltaic electricity has proven successful, enabling extensive scalability across the country. India aims to decrease the carbon intensity of its economy by less than 45%

by the end of the decade. Attain 50% cumulative electric power installed from renewables by 2030 and reach net zero carbon emissions by 2070.

The adoption of low carbon technologies has the potential to generate a market worth of 80 billion in US by 2030 -- in India by 2030. The country also aims to generate 5 million tons of green hydrogen by 2030.

According to recent draft floated by Central Electricity Authority, India would need substantial investment of 4.75 trillion by 2027 towards investment in renewables. The share of solar power would rise to 206 gigawatt in the period. Over time, India's solar power sector has become a significant player in grid connected power generation capacity, aligning with government's goal for substantial growth and reinforcing energy security.

Integral to India's national action plan on climate change is the National Solar Mission, a pivotal solar focused program driven by Indian government in collaboration with states. This plan is designed to foster environmentally sustainable development and tackle energy security challenges and it underscores India's commitment and emphasis on integrating renewable energy for future growth.

In terms of module prices, over the past year, module prices have experienced a notable reduction and the introduction of new production capacities in China has created substantial supply pressure; leading industry analysts to predict a prolonged period of subdued module prices.

At present, the conditions are favorable for new projects to start, thanks to lower cost of producing electricity. This is expected to bring more opportunities for companies like ours. Our business development teams are working very hard and remain focused to deliver the strong growth trajectory we are targeting in this year and we are well placed and optimistic about reaching the goals set earlier in the year.

In conclusion, the upward progress of Indian renewable energy sector, buoyed by the government's commitment and strategic initiatives, sets a promising trajectory for the future. We continue to leverage our expertise in the sector and are eagerly anticipating the unfolding of exciting opportunities on the horizon. We are committed to delivering unique services with the primary focus on maximizing value for our customers and stakeholders.

Our dedication to contribute meaningfully to the sustainable growth and success of the renewable energy landscape, reflects our dedication to staying at the forefront of innovative and sustainable solutions.

Now I would like to take you through our business performance for this quarter and nine-month ended FY24. I am pleased to report that our company has had a strong Q3 and nine-month FY2024. We have an un-executed order book of 749 plus megawatt peak and we have successfully executed orders of 473 plus megawatt peak in nine-month period for FY24.

Revenue from operations and management – O&M stood at INR7.19 crores in nine-month FY24. Revenues from power stood at INR10.89 crores during the nine-month FY24. In this

quarter, we have received orders for one rooftop solar project and one ground-mounted solar project, respectively which we have already announced on the stock exchanges.

Third quarter performance, revenue for third quarter FY24 stood at INR324.19 crores representing a growth of around 338.78% year-on-year as compared to INR73.88 crores in quarter three FY23.

EBITDA for third quarter FY24 stood at INR87.81 crores representing a growth of 145.3% year-on-year as compared to INR35.80 crores in quarter three FY23. Profit after tax for quarter three FY24 stood at INR64.46 crores representing a growth of 158.09% year-on-year as compared to INR24.98 crores in third quarter FY23.

Nine-month FY24 performance, revenue for nine-month FY24 stood at INR 603.19 crores as against revenue of INR289.47 crores in comparative period during nine-month FY23 representing growth of 108.38% year-on-year. EBITDA for nine-month FY24 grew by 114.6% year-on-year from INR 61.46 crores in nine-month FY23 to INR 131.89 crores. PAT for nine-month FY24 grew by 117.98% year-on-year from INR 43.06 crores in nine-month FY23 to INR 93.86 crores. That's it from our end. Thank you for joining us today and we look forward to your interaction.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vikram from Niveshaay Investment Advisors. Please go ahead.

Vikram: Hello. Hi, sir. Congratulations for a good set of numbers in the current quarter. So I have a first question regarding the sustainable EBITDA margins. Previously we have said that sustainable EBITDA margin would be in the range of 12% to 15%. But recently during an interview, our CFO guided that EBITDA margin would be in the range of 15% to 20%. So if you could highlight the reason for the same. Is it due to module price correction?

Dilip Panjwani: You know, in all our communications, we have maintained that our sustainable EBITDA margins should be in the range of 15% to 20%. In our previous earnings call and in our other communications, which we have met with other analysts, etc., we have always said that we see our margins to be in the range of 15% to 20%. And we have stated various other things as well, you know, in relation to how 15% to 20% margin emerges.

So I don't know where do we get this 10% to 12% number. But, you know, we continue to maintain that it should be in the range of 15% to 20%.

Vikram: I think we have mentioned in last con call only. Okay. And then what is current bidding pipeline and expected conversion rates?

Dilip Panjwani: So, you know, as I mentioned in my opening remarks that we have an unexecuted order book of 749 megawatt. Our bidding pipeline today is at 9 gigawatt, is what we are discussing with our potential customers. And it is increasing by the day as we speak. But as of today, you know, January 31, when we speak, you know, it is 9 gigawatt.

Vikram: But what is our past conversion rate?

- Dilip Panjwani:** See the conversion, you know, these orders are quite big, you know, one order itself, you know, takes you to a bigger number. So whatever percentage we mentioned, you know, would be not that relevant. But if you want to take a thumb rule, normally in our trade, the conversion rate is between 30% to 40%, anywhere between 30% to 40%.
- Vikram:** 30% to 40%. And lastly, like, can we draw from one gigawatt plus execution this year? What kind of growth we are expecting next financial year?
- Dilip Panjwani:** See, you know, we never give guidance on how much growth we will do. I can talk about sector and how we are participating in this sector growth. So, as I told you, you know, in our opening remarks also by 2027 itself, solar would be about 206 gigawatt up from, you know, 65 to 70 gigawatt, which is today, roughly around 65 gigawatt is what solar is today.
- And, you know, by 2027, which is like four years down the line itself, we are going to see a growth of 206 gigawatt. And, you know, one thing I can definitely tell is we are getting ourselves to be a big contributor to this growth in the sector.
- Vikram:** Okay, sir. Okay, sir. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Vivek Gautam from GS Investments. Please go ahead.
- Vivek Gautam:** Yes, sir. Congratulations. A very good number, sir. Basically, sir, I have started tracking the company recently only. So, you might find my questions to be a bit beginner's type. Sir, one query and concern which we have is this China plus one, that is the big threat.
- And is it being helped by anti-dumping duty imposed by government and or if whatever, what is the route to Thailand, Vietnam, and other countries? And there was also news on general group, ESW group, preventing its plan of going into solar module due to Chinese competition. So, how are we placed and how are we coping with it?
- That is the first question. And second is, sir, about the oil imports from Middle East all over which India is suffering. And can it be substituted by solar energy, for example, solar pumps playing a critical role in it?
- And how viable is it, sir, and by what percentage? And third question is on the battery storage plan in the non-peak hours. So, solar is there in the day and evening and the night. What are our plans? And Waaree Energy's IPO also, if you can tell something, sir. Thank you.
- Dilip Panjwani:** Vivek, you know, we are happy to address all your questions. However, a couple of caution things that I would want to note. This is a conference call for Waaree Renewable Technologies. And some of your questions relates to Waaree Energy, you know, which Waaree Energy is already under DRHP. Plus, we are not authorized to speak on behalf of Waaree Energy. So, we will have to carve out that question for you and you may address your question to investor relations at Waaree Energy. They might, you know, assist you in your questions. Okay, sir. China Plus One and anti-dumping duty.

China Plus One is always good for India. But we are still seeing imports from China in our EPC projects. Plus, we are seeing both Indian product offtake also. So, I mean, government is, you know, considering ALM M. But that relates again to manufacturing sector and not for us. As an EPC player, we are agnostic to whether you are using an imported material or whether you are using a domestic material.

So, we do not get impacted on China or China Plus One as an EPC player. As regards to your second question on oil imports. You know, when you say energy basket, energy basket comprises of many things. Solar is only one component. There is wind energy component. There is oil usage.

Then there is a gas component. Solar alone can never replace entire oil put together. What we have mentioned is the share of solar is going to be very significant. By 2030, the expectation of solar segment to India's energy basket is going to be to the order of expected order, you know, which is in various papers, citation is 280 gigawatt. That's the number that I can put across to you from a solar perspective. On a battery side, a lot of discussion papers from the government has started.

And as seen in developed economies, you know, the way battery segment has taken off and is taking off both. India will also, you know, have to consider and is considering in if you see the various Central Electricity Authority discussion papers, etc. But there is another company of our Waaree group, which is Waaree Technologies Limited, which is in that segment.

Their plans, they will be authorized to talk. You can again send their queries, you know. As an EPC player, we have already spoken about this, that be it solar, be it battery, be it pump storage, Waaree Renewable will participate in all those projects and we will execute them.

But as we speak today, most of our order book comes from solar energy only, solar segment only. I hope I have addressed your question.

Vivek Gautam: Yes, sir. I will get in touch with your IR also. And any antithesis point that if you'd like to highlight, sir?

Dilip Panjwani: No, nothing antithesis, you know, it's all, you know, I mean, the sector is at such a good growth point that there is no antithesis, you know, it's just you have to seize the moment and every company has to work in getting the business on its right side.

Vivek Gautam: The opportunity size remains huge and really I think our company is doing very well in it. Keep up the good work, sir. And all the best, sir.

Dilip Panjwani: Thank you, Vivek.

Moderator: Thank you very much. The next question is from the line of Shubham Upadhyay from the Microcaps Minute. Please go ahead.

- Shubham Upadhyay:** Hello. Yes. Good evening, everyone. And congratulations on a good set of numbers. So my question is a little bit specific regarding the green hydrogen plant. So what is exactly the timeline on this particular plant?
- Dilip Panjwani:** So Shubham, this is a contract we have got on a pilot basis from a PSU. And they are yet to give land for the same. Unless we hear from them on that, it's very difficult. But this was a showcasing thing one by one project for us. And we take it with pride that we want to execute even in, as I mentioned previously to the second question of Vivek, that we want to be in energy space.
- And any hydrogen project that comes up in future also, we will build, where energy transition to creating hydrogen, green hydrogen will come in. So as of now to put up timelines will be very difficult until we get the timelines from on land from the PSU that from whom we have got this order.
- Shubham Upadhyay:** Okay, okay, thank you. That answers the question. And the project which is under planning and execution as per your Investor presentation is around 750 megawatts. So what part of this megawatts will be executed in this quarter and next quarter?
- Dilip Panjwani:** So this -- to put to exactly this quarter and next quarter will be difficult, but we are planning to be in the range of about 900 megawatt 900 to 950 megawatt this year completely, out of which we have executed about 473 megawatt we have executed.
- Shubham Upadhyay:** Okay, that's my question. Thank you. I will re-join the queue.
- Moderator:** Thank you very much. The next question is from the line of Rohan Parikh from Ohm Stock Brokers. Please go ahead.
- Rohan Parikh:** Hello, everyone. First of all, congratulations for a good set of numbers. My question stands that there were some plans of doing some backward integration in the company. So is that plan being executed or what's the plan for backward integration, sir?
- Dilip Panjwani:** I can you rephrase that question, backward integration in EPC would be in what sense?
- Rohan Parikh:** So there were some plans of backward integration for the business, which you had mentioned in a couple of quarters ago. So is that plan being executed or no?
- Dilip Panjwani:** Okay, I think now I get your point. I think you must be talking about Waaree Energies again, because they are in backward integration mode.
- Rohan Parikh:** Okay, okay. It's not anything to do with Waaree Renewable.
- Dilip Panjwani:** No, Waaree Renewable is an EPC company and Waaree Energies is a manufacturing company. That's why I also requested that you might be referring to some other business part of the company. But if you are reiterating that it is backward integration, then it must be Waaree Energies.
- Rohan Parikh:** Okay, okay. That's it. Thank you.

Moderator: Thank you very much. The next question is from the line of Aman Saifce from Iwealth Management. Please go ahead.

Aman Saifce: Hello, sir. Am I audible?

Dilip Panjwani: Yes, you are audible, sir.

Aman Saifce: So firstly, sir, congrats on a superb set of numbers. I just wanted to understand that previously we had mentioned that we are venturing into power generation business in a big way with some potential partner. So what is the progress there and what is the capital investment we'll be doing there and how will we fund that?

Dilip Panjwani: Okay, see we already have 44 megawatt of power assets with us. And we have already also announced that we have done for nine month period, about INR10.89 crores of revenue generated from these power assets. We have plans and it all depends on -- from the pipeline, how many people would want us to set up their power plants and run also.

It depends on that from the 9 gigawatt pipeline, which I mentioned. So to put a specific timeline, it will be extremely difficult because these are long gestation projects to discuss today and to signing itself takes nine months it's a lead time. As far as investment is concerned, a typical investment in solar alone is today in the range of INR3.5 to INR3.75 crores per megawatt.

So if I say about a 1,000 megawatt just for hypothetical mathematical calculations as a round figure, that would translate to INR3,750 crores. Typically the ratio for equity and debt is 25-75. So somewhere around INR700 to INR800 crores of equity will also need to be pumped in. So this will be well considered things in the future when we take up these projects on funding, on capital investment and all those things.

Plus it has to be remunerative and EPS accretive for us.

Aman Saifce: Understood, sir. Got it. And sir what is the extent of our working capital needs? Could you provide the details regarding the payment terms in place? And additionally, do we have the policy of securing upfront payment from our customers?

Dilip Panjwani: So, most of our projects in Waaree Renewable, as we have mentioned in the past, come from utility IPP projects and C&I segment, where the payment terms are normally favourable to us because we have to give Bank Guarantees we need to have working capital in the nature of non-fund based facilities only.

So we give advanced bank guarantees and we mobilize 10% of the money. And from that 10%, we start circulating our capital for supply of materials as well. And once the material is supplied, usually the payment gets between 15 to 20 days, we get the payment. We also get a credit period through LC issuances.

So technically in those projects, on a practical basis, the capital requirement is very less, only to the extent of margins that we give to banks. These things get tilted a little bit in favour of PSU or government contracts, where there is a working capital requirement to a certain extent. But

there also if it is PSUs like, which are in power sector, they are normally fast in payment, but there's still, some 10% to 15% of the capital gets held up. But normally, that held up doesn't mean, you don't get money in the end.

You get money, but there's a working capital cycle there. Since, as I mentioned, most of the projects of Waaree Renewable are in private utility segment, IPP segment, our working capital requirement is very less, I mean, very negligible.

Moderator: Thank you very much. The next question is from the line of Rudresh Kalyani, from Kalyani Private Business. Please go ahead.

Rudresh Kalyani: Sir, am I audible?

Moderator: Yes, yes, sir.

Rudresh Kalyani: Okay, so congrats on the good number. So I had a few questions. So when can we see something on the, if we -- Maverick Services Private limited?

Dilip Panjwani: You know, Maverick is a collaboration agreement, the Maverick guys have to come back and set up their manufacturing here and have to start, discussing with clients. So it could take anywhere between, quarter and couple of quarters, for client acceptance and all those to happen. So which we are planning in this first quarter to invite them, to adhere to the terms of the collaboration agreement and start setting up the unit for showcasing it to our clients.

There's a new concept that has come up. It cut shorts the delivery timelines and execution timelines for our solar ground-mounted projects. So, there's a rough timeline that we are saving for the Maverick collaboration agreement to fructify.

Rudresh Kalyani: And my next question is, do we have any plans to monetize the carbon credits, which we have saved with our plans?

Dilip Panjwani: To the extent available to us, we definitely would do that. But in EPC segment, there would be hardly any carbon credits. Carbon credits would accrue to solar IPP guys.

Rudresh Kalyani: Okay. And yesterday, L&T won a big order in the Middle East. Do we see any of that trickling into our company?

Dilip Panjwani: Can you repeat that? I missed your specific question.

Rudresh Kalyani: Yesterday, Larsen and Tubro won a big order in Middle East in the EPC segment. So do we see any of that order trickling to us?

Dilip Panjwani: No, I don't think, we have any right now set up with our collaboration with L&T. And we are not present in Middle East as well as of now. So I don't see any, fallout of L&T coming to us.

Rudresh Kalyani: Okay. And we talk a lot about the analytics on the solar panels. Can you talk a little bit about that?

- Dilip Panjwani:** I mean, I don't know what is this analytics on which, you want a specific question or anything. You know, what do you want me to talk about analytics on solar panels?
- Rudresh Kalyani:** In one of the slides, you have mentioned that we do some analytics on the solar panels. So is that whatever the panels which are underperforming, we do some analytics on that so that we can bring up the producing capacity of that panels or something like that? Do we do?
- Dilip Panjwani:** Understood. So, you know, in operations and management, what O&M business that we do, we gather a lot of data on generation. You know, each panel is supposed to perform in a particular way, so you have to monitor that. So, as a part of our services, we do capture the data on the generation capacity during various periods of time based on illumination.
- And wherever we find efficiencies or inefficiencies, you know, we discuss with clients and do, you know, change them or improve their performance. It impacts how, you know, solar panels are cleaned also. It is about that, it's basically a technical aspect of solar panel maintenance under our O&M.
- Rudresh Kalyani:** Okay. Is that a manual process or the automated one?
- Dilip Panjwani:** It is automated back end only, but based on how much current gets generated.
- Rudresh Kalyani:** Okay. And my final question is, what would be our sustainable growth rate? Let's say for five years down the line or 10 years down the line?
- Dilip Panjwani:** Five years down the line and 10 years down the line to predict is extremely difficult, but the government's plan, I can say, goes up to 2070. Even if you go up to 2030, by which they want to establish 280 gigawatt of solar capacity in India, that itself is huge. Then there are global opportunities as well, which you yourself mentioned that L&T has got order in Middle East.
- We also read it in media. We don't have any specific information other than what is in public media. But the sector, specially , going net zero carbon itself presents a significant opportunity in renewable space. What I spoke to you is only about solar. Then there is wind. Then there is green hydrogen. Then there is battery storage on a greener side. All that is happening in renewable energy sector. To say that, sustainable beyond 10 years is extremely difficult.
- But for a good foreseeable period of time, this sector is going to be a talking sector as an inflection growth.
- Rudresh Kalyani:** Thank you. All the best.
- Dilip Panjwani:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Vatsal Kothari from AlfAccurate Advisors. Please go ahead.
- Vatsal Kothari:** Hello, sir. Congratulations on a good set of numbers. My question is based on the order book split. If I'm not wrong, last quarter, I recall that you had said that you had a very large order from the private sector. How would the un-executed order book split be looking like right now in

terms of the private sector and the government sector? And it would be great if you could also give some color on how that makes a change going forward given the favourable government policies? Thank you.

Dilip Panjwani: So out of the 750 odd megawatt that we are mentioning, a bulk is still from utility IPP. But from the pipeline, definitely movement is happening towards PSU. From under 10%, we should be definitely, significantly movement towards PSUs.

You know, that's a big segment that is coming up and no one can ignore that segment. So as we speak, you know, we have bid in a couple of days, you know, with the PSU. And, you know, every couple of weeks, there's going to be a bid from PSU segment. So there could be a shift from utility IPP, our private sector to government-slash-PSU segment as well.

Vatsal Kothari: Understood. Thank you.

Moderator: Thank you very much. The next question is from the line of Dalpat Mehta from Citi Advisors. Please go ahead.

Dalpat Mehta: Yes. Good afternoon, sir. So as you said in the previous answer of previous question, that this year till now, we have completed 473 megawatts for nine months. Do we have the figures for each quarter, quarter one, two, and three?

Dilip Panjwani: Yes, we do publish those numbers for each quarter as well.

Dalpat Mehta: Okay. Because as you said, the total yearly target is roughly 900 megawatts, and 273 is done in the nine months. So am I right on track to presume that the next quarter will be around 427 megawatts?

Dilip Panjwani: So, we normally don't give guidance, I repeat. We said that, expectedly, we should be in the range of between 375 to 400, 420 is what these our range should be for the next quarter. But it could very well change as well, because these are, EPC contracts, and many things may not be in your control. There are variables to these assumptions as well.

Dalpat Mehta: Fully agreed, but this is just our estimation?

Dilip Panjwani: Yes, Yes.

Dalpat Mehta: That or what the company intends to complete, execute the order for the full year?

Dilip Panjwani: Yes, correct.

Dalpat Mehta: Okay. And second thing, sir, for quarter one, the EBITDA margin was 12.4%. For second quarter, it was 18.7%. And for third, it is 27% plus. So is the margins have peaked out or still we expect the margins will be still growing on?

Dilip Panjwani: See, in the first question itself, we spoke about sustainable margin. We continue to maintain that our margins in EPC segment ought to be in the range of 15% to 20%. So there are always factors in EPC contract, because these are long duration contracts. They don't get over in one quarter.

They spill over to three to four quarters, sometimes five to six quarters also. If you look at the contract in its entirety from start to end, your margins always will hover between 15% to 20%.

Dalpat Mehta: Okay. And the last one is, as the Prime Minister announced this Suryodaya scheme, so how the company want to explore the opportunity in that scheme? Is there any strategy set by the company or how do we want to go ahead with this scheme?

Dilip Panjwani: See, we are treading the scheme as of now, number one. And number two, we do kilowatt, do this rooftop projects also. But those are very far and few, we normally deal in big megawatt, most of our, if you contract as you see execution, it's, 50 megawatt, 100 megawatt, we are not taking even 290 megawatt also we have done. So our focus has always been on those big megawatt orders. This is a very scattered one. So the company has to, sit and think of how to do this. Low kilowatt, remunerative, not remunerative for EPC. But there could be other areas of, supply chain with the company can benefit. But that we are not yet formed upon on that plan yet.

Dalpat Mehta: Okay. Yes. Thank you, sir.

Moderator: Thank you very much. The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh: Yes. Hi. Thank you for the opportunity. Firstly, sir, if you could just indicate how much percentage of the order book is with the modules and how much that we need to fulfil without a module?

Dilip Panjwani: Look, we have always maintained that, to give specific details is very difficult, but general observation in trend analysis is that about 25% to 30% of the orders comes with modules. The rest of the 75% of the order book always is 70% to 75% is without modules. But in particular quarter, sometimes it can be, a high percentage maybe with modules. In particular quarters, two, three quarters, it may be also go without module. If you get 10 contracts, roughly our observation is 2.5 to 3 contracts we get with modules. Otherwise, generally it is without modules.

And even if it comes with modules, sometimes we only manage the supply chain and they place the order directly. The company Waaree Renewable doesn't get involved in risk and reward of that module. So that is how, the EPC contracts normally work.

Rishikesh: Okay. And also if you could share the bid pipeline that you have currently and what conversion rate are we expecting?

Dilip Panjwani: So the bid pipeline as of today is 9 gigawatt for us. And conversion cycle is roughly, in this sector, even one order could change the face of the balance sheet. So normally the conversion rate is in the range of 30% to 35%, in this segment, 40% also sometimes. So between 30% to 40% is what we take as a benchmark for conversion.

Rishikesh: Okay. So 9 gigawatt would be a huge bid pipeline. How do you see your execution going ahead? Currently this year we are executing less than 900, 950 megawatt. How do you see this scaling for the next two to three years?

Dilip Panjwani: So, the projects which are ahead of 100 megawatts, they normally take longer than three to four quarters. So if it is, much more higher than that, like 300 megawatt, 400 megawatt, then it can stretch up to 18 months also, which is like six quarters. But smaller projects, which are 50 megawatt, 100 megawatt, we can execute very quickly and we can finish also.

And it depends on land availability. If the customer comes with land, then it can be done in four quarters itself, in one year itself. If land is to our account, we have to go and buy the land and it takes about, six quarters or seven quarters, which I told you. So it depends on all permutations combinations of what kind of order you are getting. PSU orders normally come with land sometimes. So if it comes with land PSU order, you can execute it in three to four quarters itself.

Rishikesh: Okay, got it. Thank you very much.

Moderator: Thank you very much. The next question is from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: Hi, sir. Thank you for this opportunity. So I'm new to the company. I would just briefly like to ask a bit about the company. So do you consider yourself as an EPC company or a solar panel manufacturing company? Because on the website, it says that you have a capacity of 12 gigawatts of solar panel manufacturing. So, I mean, what do you consider yourself?

And you mentioned that you do projects apart from solar as well. So and I also want to understand if, I mean, all the manufacturing of solar panels that you do, is it for captive consumption or do you supply it to someone outside as well?

Dilip Panjwani: So, Gunit, first of all, Waaree group is a large group. So Waaree has a manufacturing facility and that name of the company is Waaree Energies Limited. Waaree Renewable Technologies is a pure EPC player as of now. So we don't classify ourself as manufacturing. We classify ourself as pure EPC player. Module is only one part of it and we procure it from anywhere, including Waaree Energies Limited. So there's nothing captive as such for us.

And like in my previous question, I also mentioned that it is client's prerogative to choose module. If they choose Waaree module, they can go and procure directly also. And we only handle the logistics part of it. If they want us to be a pass-through with us as well, we do both, which is a turnkey project. So it all depends on client's requirement rather than our requirement.

Gunit Singh: All right, sir. Got it. So what percentage of our revenue comes from solar and what is from non-solar?

Dilip Panjwani: All of the revenues is from solar projects only right now. However, we are planning to do all kinds of projects in renewable space. But as we speak today, it's a pure solar play.

Gunit Singh: All right, sir. Got it. And do we see any seasonality in the business? So, I just want to understand that the Q3 numbers that we have of INR320 crores top line and around INR60 crores bottom line, can we consider this to be the run rate going forward considering the kind of order book that we have and the execution timeline?

- Dilip Panjwani:** We have communicated very well that we don't give guidance as such. My order book, unexecuted order book is, as of today, little under 750 megawatt. My pipeline is 9 gigawatt. And the sector I said is looking for by 2027, it's looking for 206 gigawatt from solar and 280 gigawatt by 2030. And we will definitely be participating in every sphere of that activity. So that's what I can speak as of now.
- But as far as seasonality is concerned, seasonality -- normally, there's no seasonality as such in our projects. But we have observed that our first half is always it is on the lower side and second half is better side. Maybe due to the way you undertake contracts and all those things. But unlike other businesses like FMCG or some other businesses, there's no seasonality as such in this business. It depends on how corporates take decision in capital investments.
- Gunit Singh:** All right, sir. Got it. And my last question would be just one follow up from one of the previous participants. So did you mention that in Q4, we are targeting about 325 to 400 megawatts of execution this year?
- Dilip Panjwani:** That's the internal -- I would think that we must execute so much of the projects, depending upon how our order book is now stacked up. That's what we context.
- Gunit Singh:** All right, sir. Thanks a lot. That's all from my side.
- Moderator:** Thank you very much. The next question is from the line of Sarang Joglekar from Vimana Capital. Please go ahead.
- Sarang Joglekar:** Hello. Can you hear me?
- Dilip Panjwani:** Yes.
- Sarang Joglekar:** Thank you. So my question is about the unexecuted order book. You have mentioned in the presentation that you have 750 megawatt unexecuted order book. So just to understand that, none of the revenue pertaining to that order book is realized yet, or it doesn't work in progress, then how do we look at it?
- Dilip Panjwani:** See, it's always in EPC contracts, you can never say that when you have completed 200 megawatt, one client has got over. These are continuing contracts. Money gets realized over a period of time and some money always remains unrealized as well.
- So it's always a mix of both. Unexecuted order book means the extent of so much megawatts, my so much order book value is still pending, which I must complete the work, invoice and get the money in. That's the indication.
- Sarang Joglekar:** Okay. So basically, when let's say you have 100 megawatt contract, and once the entire contract is executed completely, then it moves out of your order book. Is that right?
- Dilip Panjwani:** That's right. So when we say 750 megawatt, it's still partial only. So I must do work for the balance portion. Because the accounting in our books is always proportionate with the percentage completion method. So under percentage completion method, suppose out of 100 megawatt, I have completed 30%. So I will book INR30 crores.

- Sarang Joglekar:** Okay. But in terms of megawatt, it will still be seen as 100 megawatts.
- Dilip Panjwani:** No, it will still be 30 megawatt who is completed. I'm sorry, I used the word INR30 crores. I should have used the word 30 megawatt.
- Sarang Joglekar:** Okay. Got it. Also, when you do execute certain EPC contracts, for the operations and maintenance contract also do you only as company bag it or there is no such mandate?
- Dilip Panjwani:** There is no such mandate. But we try to -- because it's a good tail business for us, we always try to get it. But there's no such compulsion.
- Sarang Joglekar:** Right. And what is the success ratio in getting that business once the contract is done?
- Dilip Panjwani:** Big utility scale providers generally don't tend to give. But for smaller contracts, which are like 200 megawatt, 300 megawatt, they normally give O&M to us. The big guys try to do on their own.
- Sarang Joglekar:** Okay. And last one question. So you said you have 9 gigawatt in pipeline. So that is what you have bid for, right?
- Dilip Panjwani:** Right.
- Sarang Joglekar:** Yes. So, I just want to understand in this sector of solar or renewable of EPC specifically, what sets a company apart? Why would one win a contract over others?
- Dilip Panjwani:** See, there are -- since these are big capital investment projects, the PSUs and the government sector, it's very easy. L1 qualified. You would bid for it. The financial strength, the technical strength, that's quite easy. But in utility segment and C&I segment, they look for two things very importantly, Your vintage and experience, a design plays a very important part in it, optimization and all those things.
- So your experience in this segment as to how complex, like we have done even floating solar projects also we have done. We have been in this business for more than 10. We have been doing this EPC since 2010, in fact. So that is one thing. Second thing is, manpower. It's a very niche area. You can't say that I have engineers. You have to say that I have engineers who are qualified in renewable space.
- Sarang Joglekar:** Okay. Got it. So if I can quickly squeeze one last question in about return ratios. So what do you think would be a sustainable return on capital going forward?
- Dilip Panjwani:** See, that's very difficult to predict. But as I told you that it's not a very capital-intensive business, EPC business.
- Sarang Joglekar:** Yes.
- Dilip Panjwani:** So what is happening today, must continue unless, you see something else coming up.
- Sarang Joglekar:** Okay. Got it. That's it from my side. Thank you.

- Moderator:** Thank you very much. The next question is from the line of Anirudh Singhi. From Dalal & Broacha Portfolio Managers. Please go ahead.
- Anirudh Singhi:** Hi, thank you for taking my question. Congratulations on a good set of numbers. So my question was regarding our EBITDA margin. We're saying we can do 15% to 20%. But this is sort of unheard of in the solar EPC space. You know, our competitors, our peers, they're struggling to do 9% to 10% margin. So how is it that we are doing much better margin than them? And how are we competing with them when it comes to bidding?
- Dilip Panjwani:** You know, on a lighter note, I should get away from this question, actually, Anirudh. But let me attend to the answer to this. You know, we have mentioned this previously as well, in government and other ways, there's a tender bidding, there tends to be a competitive intensity, and margins tend to shrink and our share in that segment is very negligible.
- However, when you move towards, I answered this as to why we should get contracts, that is there, when private sector, when you go to utility IPP and other segments, people choose you not because of competitive intensity, people choose you because you are set apart from others, in terms of your capability and vintage heritage experience, whatever inverted commas you want to put.
- Then you have some leverage and they don't mind you making money so long as you deliver world class facilities to them, and that's what, we are known and we have been getting our good citations from our customers as well. So that could be one reason, we are a little different from others who are doing, maybe, the doing but we continue to maintain that, 15 to 20 is reasonable for us.
- Anirudh Singhi:** Okay. And we should be able to do this, even if we get more PSU orders?
- Dilip Panjwani:** No, if there are PSU orders, it could, lead to, but then the volume will substantially increase. So even if, it's like a platform, what happens in a platform is that, once you get big orders, from PSUs, let's say you get 500 megawatts, 700 megawatts, if you get two, three orders, you are already 2.5 gigawatt and your economies of scale on the operating side will also play out, though your margins will come out, but you don't need additional capital to deliver them at the end of the day.
- Anirudh Singhi:** Right. And my second question was regarding orders with modules. So when we take these orders, does the module price also reflect in our revenues?
- Dilip Panjwani:** Yes, if it's a pass-through with us, then it reflects in our revenues.
- Anirudh Singhi:** And then the margins of that would be considerably lower, right? Because...
- Dilip Panjwani:** Yes, margins on modules will shrink your overall margins.
- Anirudh Singhi:** So could you just give me an Imagine if you have an order with modules and without modules, what could the margins be?

- Dilip Panjwani:** We go for always blended margins. You know, we don't differentiate for external people, what is my margin, margin with module, without module. So when I say 15%, it includes all my risk and rewards.
- Anirudh Singhi:** Okay. And just to get it clear, if you just do purely PCB, about INR1.2 crores and with module, about INR3.5 crores, INR4 crores, right?
- Dilip Panjwani:** That includes land and approvals as well, not INR3.5 crores.
- Anirudh Singhi:** Okay. And EPC with modules, what would be the revenue that we would realize?
- Dilip Panjwani:** So that should be in the range of INR2.5 crores to INR2.7 crores, depending upon what kind of module is that, what kind of technology is that?
- Anirudh Singhi:** Okay. And we don't make any trading margin of that, right? It's a clear pass-through.
- Dilip Panjwani:** Not necessarily. We do make some margin, but it's not a large margin like EPC services.
- Anirudh Singhi:** So if I look at a nine-month number, if I divide the revenue by 473 megawatts, it comes to INR1.27 crores. Like we didn't have any big module contract in the nine months?
- Dilip Panjwani:** Yes. We did have in the nine-month period, we did have certain customers where module is part of that contract.
- Anirudh Singhi:** Yes. And despite that, the average revenue is only INR1.27 crores megawatt, right?
- Dilip Panjwani:** Yes. So there could be some contracts where you would have delivered some lesser services and could be 90 lakhs per megawatt also. But normally we tend to believe that we should be in the range of INR1.1 crores to INR1.2 crores per megawatt overall.
- Anirudh Singhi:** Okay. All right. Thank you.
- Dilip Panjwani:** It all depends on scope of the services that the client is willing to outsource.
- Anirudh Singhi:** All right. Thank you.
- Moderator:** Thank you very much. In the interest of time, that was the last question. I would now like to hand the conference over to Mr. Amar Yardi for closing comments.
- Amar Yardi:** Thank you, Manuja. I would like to thank the management for taking out the time for this conference call today and also thanks to all the participants. If you have any further queries, please feel free to contact us. We are Orient Capital, Investor Relations Advisors to Waaree Renewable Technologies Limited. Thank you and have a great day.
- Moderator:** On behalf of Waaree Renewable Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.