EQUITY RESEARCH REPORT

Waaree Renewable Technologies Ltd

WAAREERTL

December 2025

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INDUSTRY OVERVIEW

Think of the Indian solar industry right now as one massive construction site that is working overtime. We are currently in a "super-cycle" because the country is racing to triple its renewable energy capacity by 2030. However, the game has changed. It is no longer just about buying cheap panels and bolting them to the ground in a desert. The industry is rapidly moving toward complex, high-tech setups—like mixing solar with wind or adding giant batteries to store power. This shift is raising the bar, making it much harder for small, unorganized contractors to compete with specialized engineering firms.

The real "gold mine" in this sector isn't actually the giant government projects you see in the news. Those projects are tough—the margins are razor-thin, and getting paid can take ages. The sweet spot is the "Commercial & Industrial" (C&I) market. This involves building solar plants for private factories, data centers, and corporate offices. These clients pay faster and offer much better profit margins because they are desperate to cut their electricity bills. With the price of solar panels crashing globally, it has become a no-brainer for factory owners to install solar, leading to a flood of profitable orders for the companies that install them.

Finally, the biggest nightmare in this business is promising a project deadline and then getting stuck because you can't import the solar panels. This is where the "family advantage" comes in. Standalone construction companies often get squeezed when global supply chains get messy. However, companies like Waaree Renewable have a massive edge because they are backed by a parent group that actually *manufactures* the modules. It is like a chef who owns the farm—they don't have to worry about running out of ingredients, which allows them to deliver projects faster and more reliably than their competitors.

COMPANY OVERVIEW

The "Builder" Behind the Brand If you think of the Waaree Group as a giant kitchen, **Waaree Energies** is the one growing the ingredients (manufacturing the solar panels), but **Waaree Renewable Technologies (WRTL)** is the chef who actually cooks the meal. WRTL is the engineering and construction arm—the team in hard hats who take a bare piece of land or a factory roof and turn it into a fully functional power plant. They don’t just sell the hardware; they handle the entire headache of designing, buying components, and building the project (EPC) until the switch is flipped on. While the parent company gets the headlines for its massive factories, WRTL is the service engine executing the work on the ground.

Chasing Profit, Not Just Revenue WRTL has grown aggressively because they are picky about who they work for. Instead of getting bogged down in low-margin government tenders where everyone fights over pennies, they have doubled down on the **Commercial & Industrial (C&I)** sector. These are private clients—steel mills, data centers, and textile factories—who are desperate to cut their massive electricity bills. Unlike government bodies that can take months to pay, these private companies pay on time and value speed over the lowest possible price. This strategy has turned WRTL into a cash-generating machine with profit margins that are significantly higher than the industry average.

The "Family" Advantage The biggest nightmare for any solar construction company is promising a deadline and then getting stuck because the solar panels didn't arrive from China or the local factory. WRTL has a massive "unfair advantage" here: their parent company is India’s largest panel manufacturer. While competitors often face delays or price hikes during supply shortages, WRTL has a secured supply line right from the source. This reliability allows them to bid with confidence. Furthermore, they aren't just sticking to plain solar; they are future-proofing themselves by aggressively moving into **Battery Energy Storage (BESS)** and Green Hydrogen, preparing for a future where clients need power 24/7, not just when the sun shines.

FINANCIAL DATA OF WAAREE RENEWABLE

1. Balance sheet
Period : March 2014 - March 2025

Balance sheet for a period of 12 years

All values in INR crores

Items	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Capital	6	10	10	10	10	10	21	21	21	21	21	21
Reserves	4	0	0	0	0	1	10	12	31	91	227	436
Total shareholders Equity	10	10	10	10	10	11	31	33	52	112	248	457
Borrowings -	**0**	**0**	**0**	**0**	**0**	**36**	**37**	**37**	**0**	**0**	**40**	**27**
Long term Borrowings	0	0	0	0	0	36.23	36.67	36.94	0.09	0	27.37	24.18
Short term Borrowings	0	0	0	0	0	0	0	0	0	0	13.11	3.19
Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Other Liabilities -	**0**	**0**	**0**	**0**	**2**	**1**	**1**	**13**	**80**	**143**	**427**	**637**
Trade Payables	0	0	0	0	0	0	0	3	58	77	298	234
Advance from Customers	0	0	0	0	0	0	0	1	7	7	62	135
Other liability items	0	0	0	0	2	1	1	10	15	60	68	268
Total Liabilities	**10**	**10**	**10**	**10**	**12**	**48**	**68**	**83**	**132**	**254**	**715**	**1,121**
Fixed Assets -	**0**	**0**	**0**	**0**	**4**	**4**	**3**	**3**	**3**	**9**	**154**	**195**
Land	0	0	0	0	0	0	0	0	0	6.2	10.19	10.19
Plant Machinery	0	0	0	0	0	0	0	0	3.68	3.68	148.69	194.19
Equipments	0	0	0	0	0.01	0.01	0.01	0.01	0.01	0.01	0.1	0.12
Computers	0.04	0	0	0	0.05	0.04	0.04	0.04	0.12	0.21	0.36	0.42
Furniture n fittings	0	0	0	0	3.68	3.68	3.68	3.68	0	0	0.64	2.5
Intangible Assets	0	0	0	0	0	0	0	0	0	0	0.01	0.01
Other fixed assets	0	0	0	0	0	0.01	0.02	0.02	0.01	0.02	6.17	5.18
Gross Block	**0.04**	**0**	**0**	**0**	**3.74**	**3.74**	**3.75**	**3.75**	**3.82**	**10.12**	**166.16**	**212.61**
Accumulated Depreciation	0.03	0	0	0	0.04	0.19	0.35	0.51	0.67	0.85	12.22	17.47
CWIP	0	0	0	0	0	0	0	0	0	80	3	56
Investments	1	1	1	0	0	32	32	32	1	0	9	52
Other Assets -	**9**	**10**	**10**	**10**	**9**	**13**	**33**	**48**	**128**	**165**	**549**	**818**
Inventories	2	2	5	6	0	0	0	0	2	37	29	6
Trade receivables	0	0	0	0	0	3	0	2	45	61	372	497
Cash Equivalents	0	0	0	0	7	1	0	1	39	13	121	193
Loans n Advances	0	0	0	0	0	1	1	38	40	39	11	36
Other asset items	7	7	4	3	1	9	32	7	3	15	16	85
Total Assets	**10**	**10**	**10**	**10**	**12**	**48**	**68**	**83**	**132**	**254**	**715**	**1,121**

2. Profit and loss Statement
Period : March 2014 - March 2025

Profit and loss statement for a period of 12 years

All values in INR crores

Particulars	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales +	0	0	0	0	1	5	2	8	154	342	876	1,597
Expenses +	0	0	0	0	2	3	2	5	140	266	669	1,286
Gross Profit	**0**	**0**	**0**	**0**	**0**	**2**	**0**	**3**	**13**	**76**	**207**	**311**
Other Income +	0	0	0	0	1	1	3	4	14	5	4	11
EBITDA	**0**	**0**	**0**	**0**	**1**	**3**	**3**	**7**	**27**	**81**	**211**	**322**
Depreciation	0	0	0	0	0	0	0	0	0	0	6	6
EBIT	**0**	**0**	**0**	**0**	**1**	**3**	**3**	**7**	**27**	**81**	**205**	**316**
Interest	0	0	0	0	0	2	3	4	1	1	7	15
Profit before tax	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**3**	**26**	**80**	**199**	**301**
Tax %	35%	25%	31%	0%	73%	65%	-52%	12%	21%	26%	27%	24%
Net Profit +	**0**	**0**		**0**	**0**	**0**	**0**	**2**	**20**	**59**	**145**	**229**
EPS in Rs	0.02	0.02	0.02	-0.01	0.02	0.06	-0.02	0.22	1.96	5.71	13.97	22.01
Dividend Payout %	0%	0%	0%	0%	0%	0%	0%	0%	5%	4%	7%	5%

3. Cash Flow Statement
Period : March 2014 - March 2025

Cash flow statement for a period of 12 years

All values in INR crores

Particulars	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash from Operating Activity -	**-4**	**0**	**0**	**-2**	**0**	**5**	**3**	**3**	**34**	**58**	**128**	**302**
Profit from operations	**0**	**0**	**0**	**0**	**0**	**2**	**0**	**3**	**14**	**77**	**209**	**308**
Receivables	0	0	0	0	0	-2	3	-2	-43	-16	-311	-125
Inventory	0	0	-3	-1	6	0	0	0	-1	-35	7	23
Payables	0	0	0	0	0	0	0	3	55	19	223	-63
Loans Advances	0	0	2	0	0	0	0	0	0	0	0	0
Stock on hire	-1	0	0	0	0	0	0	0	0	0	0	0
Other WC items	-3	0	0	0	-5	5	1	1	12	18	25	231
Working capital changes	**-4**	**0**	**0**	**-1**	**1**	**2**	**4**	**1**	**23**	**-14**	**-55**	**65**
Direct taxes	0	0	0	0	0	0	0	0	-3	-5	-25	-71
Cash from Investing Activity -	**3**	**0**	**0**	**1**	**-3**	**-31**	**3**	**-8**	**19**	**-66**	**-114**	**-237**
Fixed assets purchased	0	0	0	0	-4	0	0	0	0	-6	-11	-101
Capital WIP	0	0	0	0	0	0	0	0	0	-80	0	0
Investments purchased	0	0	0	0	0	-32	0	0	-1	0	-9	-40
Investments sold	3	0	0	1	0	0	0	0	0	1	0	0
Interest received	0	0	0	0	1	1	3	4	4	5	4	12
Invest in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
Redemp n Canc of Shares	0	0	0	0	0	0	0	0	42	0	0	0
Other investing items	0	0	0	0	0	0	0	-12	-27	15	-98	-107
Cash from Financing Activity -	**1**	**0**	**0**	**1**	**2**	**27**	**-6**	**5**	**-39**	**-2**	**-7**	**-49**
Proceeds from shares	0.67	0	0	0	0	0	19.98	0	0	0	0.17	0.22
Proceeds from borrowings	0	0	0	1.13	0	36.23	0.44	8.61	0	0	1.5	0
Repayment of borrowings	0	0	0	0	0	-7.43	-23.17	0	-36.85	-0.09	0	-13.11
Interest paid fin	0	0	0	0	-0.08	-2.2	-3.38	-3.62	-1.47	-1.18	-6.77	-14.84
Dividends paid	0	0	0	0	0	0	0	0	-1.04	-1.04	-2.08	-20.84
Other financing items	0	0	0	0	2.51	0	0	0	0	0	0	0
Net Cash Flow	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13**	**-10**	**6**	**17**

4. Statistical Analysis Data
Period : March 2014 - March 2025

Statistical analysis Data

Year	Sales	EBITDA	Net Profit	Total Assets	Equity	Current Assets	Current Liabilities
Mar-14	0.00	0.00	0.00	10.00	10.00	9.00	0.00
Mar-15	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-16	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-17	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-18	1.00	1.00	0.00	12.00	10.00	9.00	2.00
Mar-19	5.00	3.00	0.00	48.00	11.00	13.00	1.00
Mar-20	2.00	3.00	0.00	68.00	31.00	33.00	1.00
Mar-21	8.00	7.00	2.00	83.00	33.00	48.00	13.00
Mar-22	154.00	27.00	20.00	132.00	52.00	128.00	80.00
Mar-23	342.00	81.00	59.00	254.00	112.00	165.00	143.00
Mar-24	876.00	211.00	145.00	715.00	248.00	549.00	427.00
Mar-25	1597.00	322.00	229.00	1121.00	457.00	818.00	637.00

RATIO ANALYSIS OF WAAREE RENEWABLES TECHNOLOGIES LMT

Ratio Analysis is like a **"health check-up"** for a business that turns raw, boring numbers into a clear story. It looks past the surface-level profit figures to measure the company's actual vital signs—like how efficiently it uses its cash, whether it's drowning in debt, or if it can survive a bad month. By comparing different parts of a financial statement against each other, it levels the playing field, allowing you to compare a small local shop against a global giant to see who is actually running a tighter, safer ship.

RATIO ANALYSIS

All values in INR crores

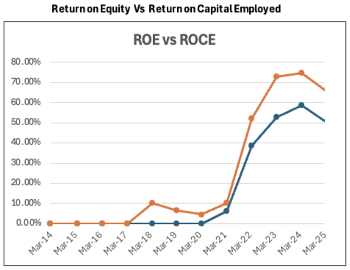
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
1) Profitability Ratios												
Gross Margin	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	0.00%	37.50%	8.44%	22.22%	23.63%	19.47%
EBITDA Margin	0.00%	0.00%	0.00%	0.00%	100.00%	60.00%	150.00%	87.50%	17.53%	23.68%	24.09%	20.16%
Net Margin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	12.99%	17.25%	16.55%	14.34%
ROE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.06%	38.46%	52.68%	58.47%	50.11%
ROA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.41%	15.15%	23.23%	20.28%	20.43%
ROCE	0.00%	0.00%	0.00%	0.00%	10.00%	6.38%	4.48%	10.00%	51.92%	72.97%	74.58%	65.72%
Equity Multiplier	1.00	1.00	1.00	1.00	1.20	4.36	2.19	2.52	2.54	2.27	2.88	2.45
2) Leverage Ratios												
Debt to Equity ratio	0.00	0.00	0.00	0.00	0.00	3.27	1.19	1.12	0.00	0.00	0.16	0.06
Interest coverage ratio	0.00x	0.00x	0.00x	0.00x	0.00x	1.50x	1.00x	1.75x	27.00x	81.00x	29.29x	21.07x
Debt to Assets ratio	0.00x	0.00x	0.00x	0.00x	0.00x	0.75x	0.54x	0.45x	0.00x	0.00x	0.06x	0.02x
3) Efficiency Ratios												
Asset Turnover Ratio	0.00x	0.00x	0.00x	0.00x	0.08x	0.10x	0.03x	0.10x	1.17x	1.35x	1.23x	1.42x
Inventory Turnover Ratio	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.00	140.00	13.64	20.27	73.49
Inventory Turnover Days	0	0	0	0	548	0	0	0	3	27	18	5
Receivables Turnover Ratio	0.00	0.00	0.00	0.00	0.00	1.67	0.67	4.00	3.28	3.23	2.02	1.84
Average Receivables Days	0	0	0	0	0	219	548	91	111	113	180	199
Payables Turnover Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.67	2.30	1.97	1.78	2.42
Average Payables Days	0	0	0	0	0	0	0	219	159	185	205	151
Cash Conversion cycle	0.00	0.00	0.00	0.00	547.50	219.00	547.50	-127.75	-45.03	-45.36	-6.18	52.58
4) Growth Ratios												
Revenue/ Sales growth	-	0.00%	0.00%	0.00%	0.00%	400.00%	-60.00%	300.00%	1825.00%	122.08%	156.14%	82.31%
EBITDA Growth	-	0.00%	0.00%	0.00%	0.00%	200.00%	0.00%	133.33%	285.71%	200.00%	160.49%	52.61%
Net Profit Growth	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	900.00%	195.00%	145.76%	57.93%
EPS Growth	-	0.00%	0.00%	-150.00%	-300.00%	200.00%	-133.33%	-1200.00%	790.91%	191.33%	144.66%	57.55%
5) Liquidity Ratios												
Current ratio	0.00	0.00	0.00	0.00	4.50	13.00	33.00	3.69	1.60	1.15	1.25	1.28
Quick Ratio	0.00	0.00	0.00	0.00	4.50	13.00	33.00	3.69	1.58	0.90	1.18	1.27

DASHBOARD REPRESENTING HISTORICAL PERFORMANCE

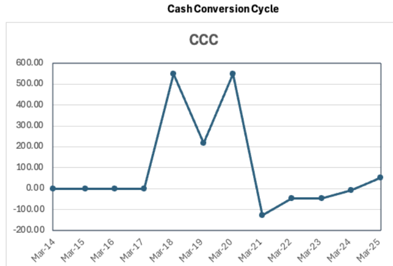
Key Metrics of Dashboard

1. Return On Equity (ROE) Vs Return On Capital Employed
2. Cash Conversion Cycle
3. Debt To Equity Ratio
4. Revenue Growth
5. EBITDA Growth
6. EPS Growth
7. Dupont Analysis
8. Leverage Vs Return Tradeoff
9. Liquidity Position

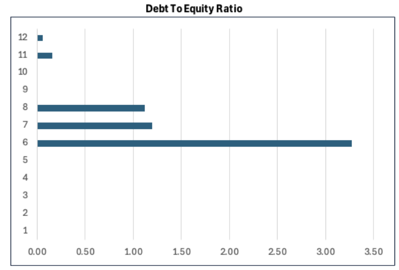
Return on Equity Vs Return on Capital Employed

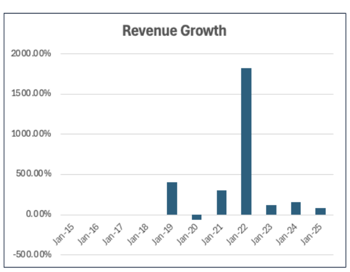


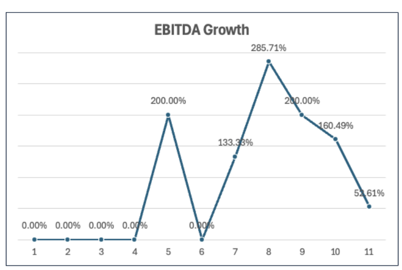
Cash Conversion Cycle

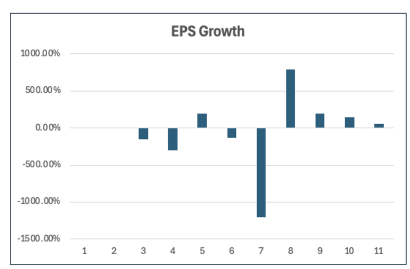


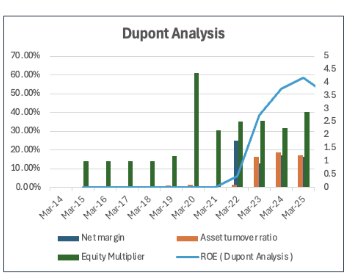
Debt To Equity Ratio

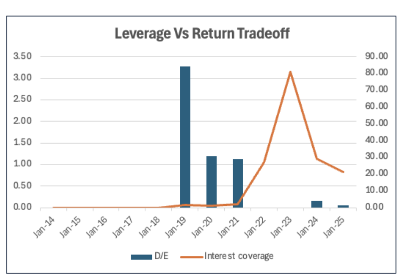


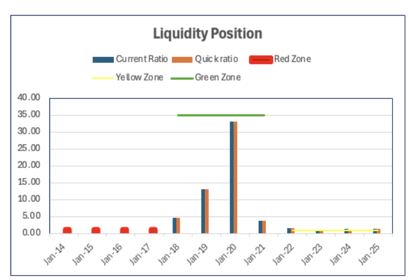












ANALYSIS OF DASHBOARD / RATIO ANALYSIS

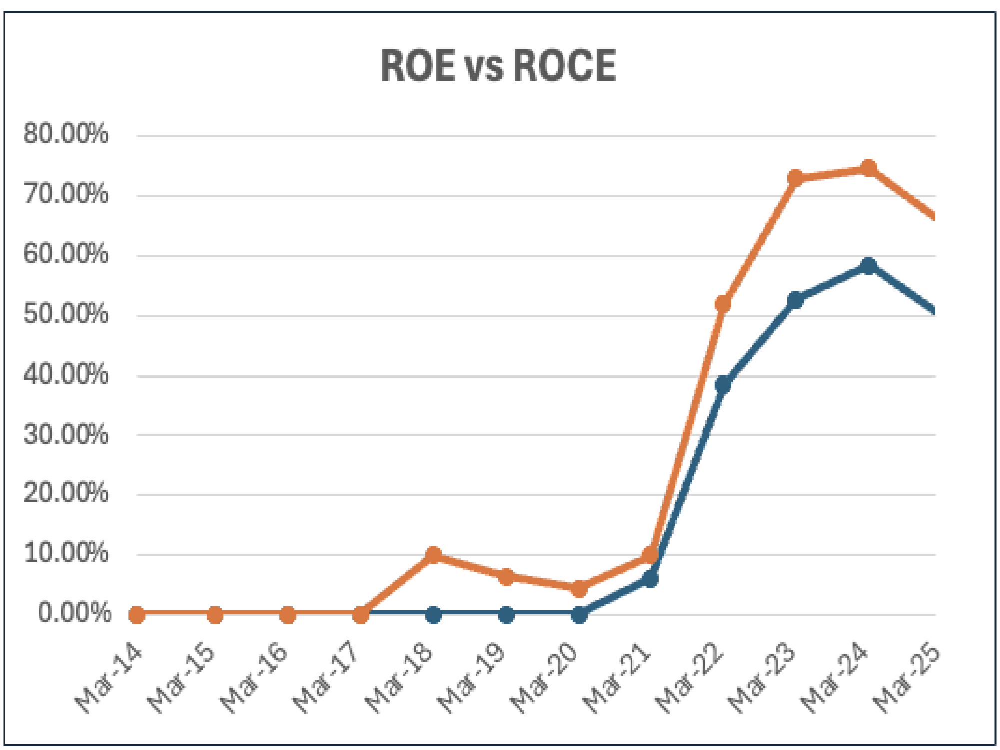
1. Metric 1
Return On Equity Vs Return on Capital Employed

Decoding the Lines

Blue Line (ROE) - The return that the shareholders are getting on their money invested into the business.

Orange Line (ROCE) - This is the return the company generates by investing all the capital into the business. (Inclusive of Debt)

As the company has started introducing Debt in its capital structure, there is a clear indication that Debt has proven to be "Positive Financial Leverage" because the ROCE has consistently been higher than the ROE.



2. Metric 2

Cash Conversion Cycle (CCC)

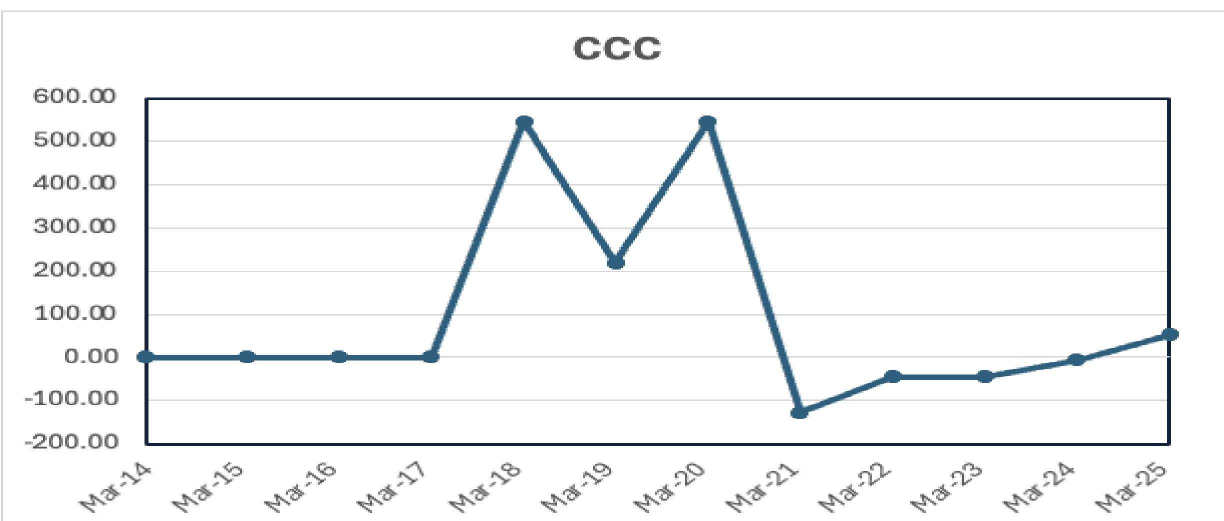
Cash Conversion Cycle basically tells an investor, How long did the company take to convert its inventory into Cash? A smaller number indicates a positive sign as it indicates that the company is able to receive cash early and also can pay its suppliers slowly.

Waaree Renewables had its worst CCC during 2018 - 2020 phase where the CCC had topped out at about 547 days. **An EPC (Engineering, Procurement and Construction)** company invests in projects that require huge investment in inventories, longer periods of payment from customers as the project itself takes a longer time in order to commission.

The company had also been a Very good CCC during the phase of 2021- 2024. This means that the company now started receiving payments from its customers and does not have a lot of credit as their initial cash outlay had already been during the period of 2018 - 2020 which now has started reaping benefits.

It had 128 days of period where it did not have to pay its creditors which is quite a large number. This essentially means that the suppliers are financing the company's operations.

This allows the company to tie up its own working capital in other investment venues that can generate returns.



3. Metric 3
Debt to Equity Ratio (D/E)

Debt to Equity ratio is a financial Leverage ratio that indicates how much debt is present in the capital structure of a company. It tells of how much of the company's assets have been financed via Debt.

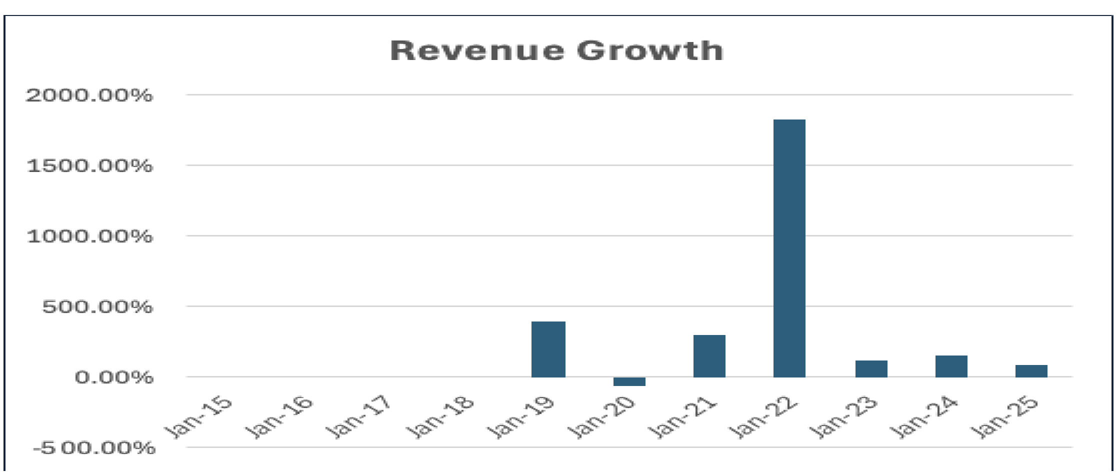
Waaree Renewable technologies that have a significant proportion of debt in its capital structure during the period of 2019. **This is clearly visible in the cash flow statement that the company had made 32Cr of investment during that period which predominantly was financed by debt.**

The interest coverage ratio for this year was terrible in terms of ability to meet interest obligations as the company had only 1.5x of interest coverage ratio which is a bad sign.

4. Metric 4
Revenue growth

Period 2014 - 2018 - This is a period where the company had minimal operations and didn't generate a lot of revenue. This is typical in the case of pre commercial Phase where the company is waiting for regulatory approvals.

Period 2019 to 2025 - This was a period when the company saw an average revenue growth of around 403.65%. This was the boom period for the company as they struck major EPC deals during this period.



5. Metric 5

EBITDA Growth

The company has seen an average EBITDA Growth of about 148% for a period of 7 years from 2019 to 2025.

High EBITDA growth can be implied as the company is managing its operations well and is able to generate higher revenue by virtue of operational leverage before interest, tax, depreciation and amortization.

Another reason why there was a spike in EBITDA from 2021 to 2022 is because of other income. Other income in 2021 was about 4cr which surged by 250 odd % to touch 14cr by the end of 2022.

6.Metric 6

EPS Growth

EPS stands for, "Earnings per share". This shows how much an equity investor would earn per share for the amount invested by them into the business.

Waaree Renewables had an average EPS decline of **-37%** over a period of 11 years (2015 to 2025).

There are few implications an investor can derive from this:

a) There can be 2 reasons why the EPS Growth has decreased, decrease in the company's profitability or increase in the number of outstanding shares.

b) In the case of Waaree Renewables, the company had seen approximately 20x increase in the number of outstanding shares from 2018 to 2025 which led to a significant dilution of EPS. In 2018, they had 5.1 million outstanding shares which reached 104 million outstanding shares in 2025.

c) The logic is simply, when the company does not see a significant increase in its net profit, and is constantly issuing new shares, the earnings "Per Equity Share" Reduces as the denominator is increasing.

d) If you look at the net profit of the company, average growth has just been 37 and odd % over a period of 12 years. This is not justifying its increase in outstanding shares as it needs proportionate increase in net profit as well.

7. Metric 7

Dupont Analysis

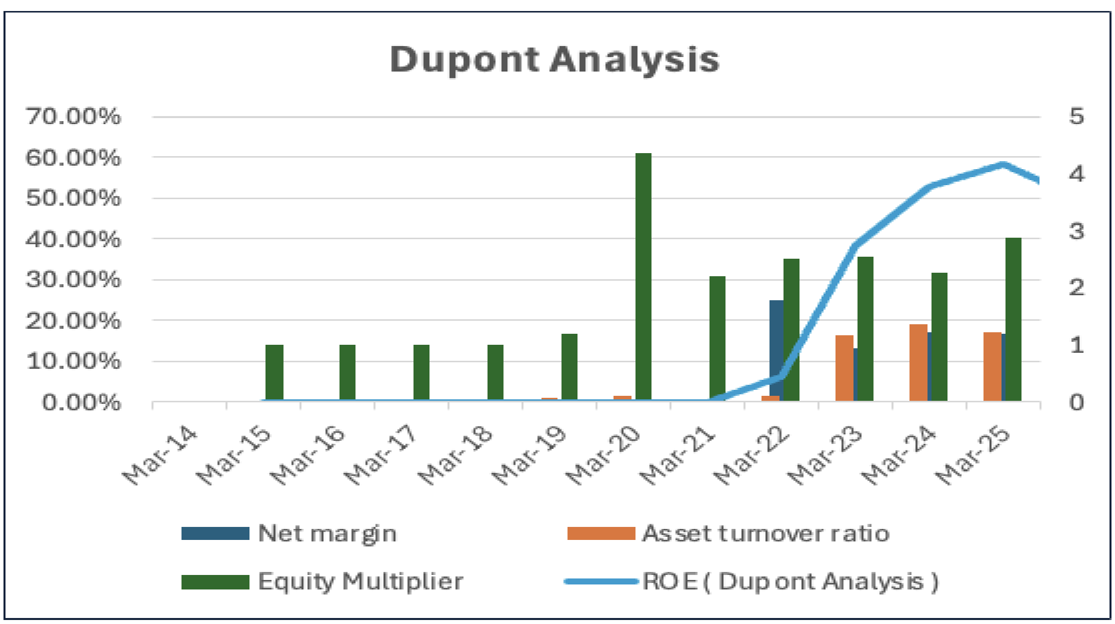
Dupont Analysis is a method of calculating or measuring the company's Return On Equity as a product of - Net Margin * Asset turnover Ratio * Equity multiplier.

Dupont Analysis is a very important financial metric that assumes that the company is earning Return on equity is driven by 3 key factors

- ➢ Profitability margin (Net Margin)
- ➢ Efficiency Ratio (Asset turnover ratio)
- ➢ Equity Multiplier (Leverage measure)

It believes that an investor is earning invested capital based on one of the above factors, hence its important for an investor to understand what among them is driving ROE significantly. It helps an investor understand and compare 2 companies in the same industry and answer the question - If ROE of company A is higher than ROE of company B, then what is driving this Alpha?

An investor can break down the ROE into the above 3 factors and understand - Is company A's ROE higher due to **high financial leverage** or from **better management?** It would provide deeper insights by not only answering the question of ROE being higher but also **"What drives it"?**



<u>Lets try and understand what is the prime reason which explains the growth in ROE of Waaree Renewables</u>

If you have a look at the chart, the company's ROE is mostly driven by the Equity multiplier which is a leverage ratio. Equity multiplier simply tells us, how the company's assets have been financed, are they debt heavy or Equity heavy. Heavy debt finance has high financial leverage which means profits could multiply faster in an economic boost while on the other hand the chances and degree of losses also increases when there is a downside. It works with a simple logic.

<u>High risk = High return</u>

Have a look at the Waaree's Chart, till the year 2020, they have not had returns even though there was a significant proportion of debt in the capital structure of the company. In the year 2020, the company had 4x amount of debt when compared to its equity. And the returns have been 0%. This is a very bad signal for the company as the company had been paying interest on the borrowed capital.

On the other hand, from the year 2021 the ROE has shown a significant increase as visible in the chart. All the above factors that drive ROE have contributed to its exceptional growth but again, the main factor as visible has been the equity multiplier which drives growth at the cost of high risk.

Investors should make sure they analyze and answer the question, has high leverage been profitable or pain for the company? But when it comes to Waaree, the main reason for ROE growth has been high leverage which is not a good sign. It is suitable for investors who have high risk appetite and are able to bear the downside of negative returns.

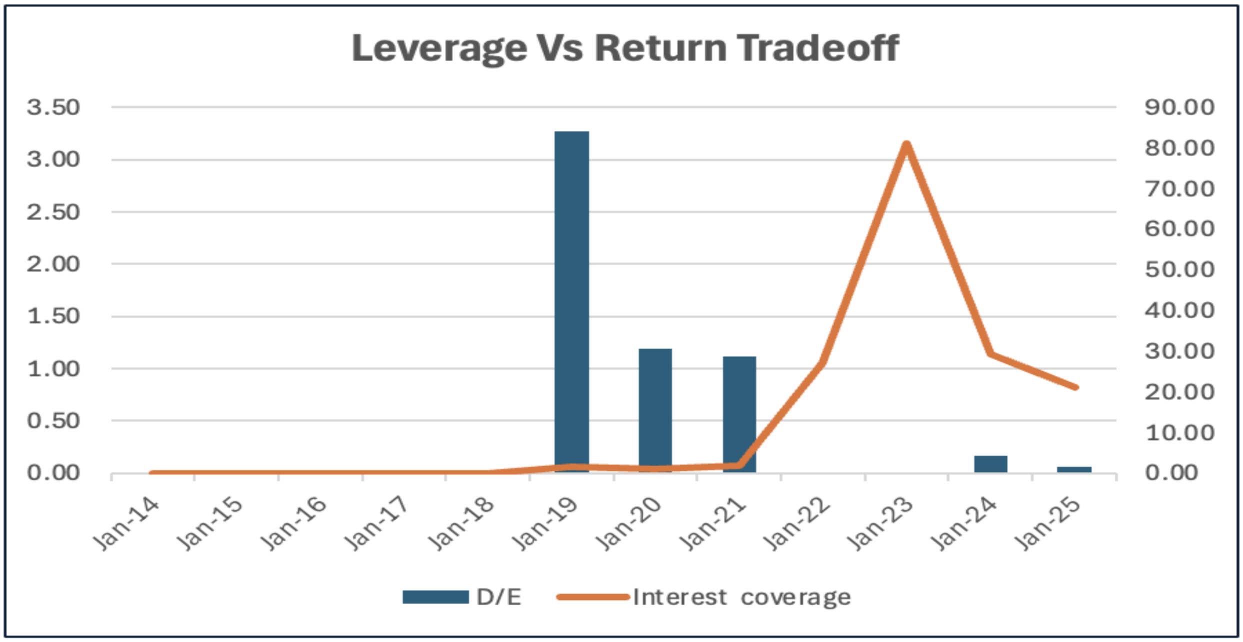
<u>Period 2023 - 2025</u>

Have a look at the company's Asset Turnover ratio, it has clearly depicted an uptrend. Ideally this is what long term investors should look at, because this shows the operational efficiency of the business and is clear that the company is generating returns by utilizing its assets efficiently and not only relying on Debt financing to amplify returns.

A good phase to invest in Waaree would be from 2023 to 2025 because the ROE has significantly increased by the virtue of high debt and efficient utilization of company's Assets.

8. Metric 8

<u>**Leverage Vs Return Tradeoff**</u>



Have a look at the above chart, the company had almost 0 debt from 2014 to 2018 which could be due to conservative capital structure as the company relied more on internal wealth and equity financing and this is clearly evident in the balance sheet.

In 2019, the company had seen a significant spike in its Debt which touched 3.5 which Means for every 1$ of equity, the company has 3.5$ in debt. But when we compare its ability to meet interest obligation, it's close to 0. This is a very bad sign for the company and could lead to bankruptcy if not addressed. Instead of debt acting as a boon, it was more like a bane as there was no significant earnings that could be earned by borrowing money.

<u>It's a simple cycle -</u>

Companies borrow to amplify returns — Returns are not enough to meet interest obligations – Investors are not happy — Investors sell shares as they feel pessimistic about the company's growth — Share price falls because of low demand.

This is a very important analysis for an investor as it speaks about the company's internal health.

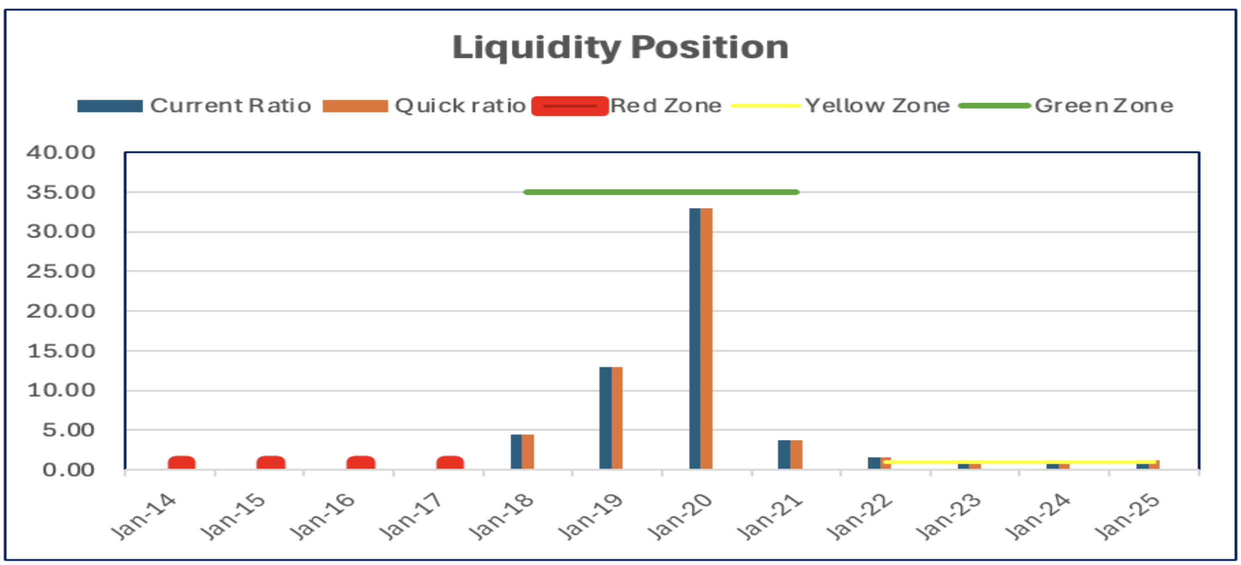
9. Metric 9

Liquidity position

Liquidity in layman terms means, does the company have sufficient cash to meet its short term obligations. There are 2 main metrics that talk about the liquidity position of the business, ie - Current ratio and Quick ratio.

The current ratio talks about the ability to meet short term obligations without the sale of inventories. If need arises, the company can sell inventories and meet its requirements. This simply tells us, is the company's current assets (cash, receivables and inventory) sufficient enough to meet its short term dues (due within 1 year).
A current ratio should ideally be above 1 which indicates the company has more assets than liabilities.

Let us understand how the Liquidity position of Waaree Renewable Technologies



The chart above depicts 3 Zones:

1.) **Green Zone :** Out of the given years, this is the best position the company has been in terms of its liquidity. A Liquidity ratio of above 30 in this case means the company had 30 times more cash/ current assets when compared to its current liabilities to meet its short term debt. This is unnaturally high and is not a great news for the company because:

- ➢ The company is sitting idle on too much cash without investing into the business or other investment avenues.

➢ The company significantly reduced its short term obligations.

2.) Yellow Zone **:** Ideally, the company is best in terms of liquidity during the period of 2021 to 2025. It has a decent current and quick ratio which is always above 1 which ideally should be the case. How is this better than phase 2018 to 2020?

➢ The company is not sitting idle on excess cash, which is a good sign. They have started investing money into the business and other investment avenues to fetch returns. This is a good sign for investors.

➢ The company has a liquidity position of above the required threshold of 1. It has sufficient current assets to meet its Short term debt.

Ideally this phase is a good phase for investors to invest when liquidity is taken as a metric as it clearly means that the company is utilizing investors capital to fetch returns.

STATISTICAL ANALYSIS OF WAAREE RENEWABLES USING PYTHON

Until now, We have understood the financial health of Waaree over a period of 12 years that is from 2014 - 2025 using different financial metrics such as ratio analysis, financial dashboard representing financial performance. But statistical analysis also plays an important role in analysing the company's financial position. Let's dive into this and try to understand this in depth.

Key Metrics of Statistical analysis

1) Descriptive Statistics Model
a) Mean
b) Median
c) Mode
d) Standard Deviation
e) Variance
f) Min/ Max
g) Coefficient of Variation

2) Moving averages of Sales, Net profit and EBITDA

3) Linear regression Model

4) Forecast calculator

DESCRIPTIVE STATISTICS ANALYSIS

Descriptive Statistics is basically used to describe the important aspects of the dataset. In our analysis, we are using the below dataset.

Statistical analysis Data							
Year	Sales	EBITDA	Net Profit	Total Assets	Equity	Current Assets	Current Liabilities
Mar-14	0.00	0.00	0.00	10.00	10.00	9.00	0.00
Mar-15	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-16	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-17	0.00	0.00	0.00	10.00	10.00	10.00	0.00
Mar-18	1.00	1.00	0.00	12.00	10.00	9.00	2.00
Mar-19	5.00	3.00	0.00	48.00	11.00	13.00	1.00
Mar-20	2.00	3.00	0.00	68.00	31.00	33.00	1.00
Mar-21	8.00	7.00	2.00	83.00	33.00	48.00	13.00
Mar-22	154.00	27.00	20.00	132.00	52.00	128.00	80.00
Mar-23	342.00	81.00	59.00	254.00	112.00	165.00	143.00
Mar-24	876.00	211.00	145.00	715.00	248.00	549.00	427.00
Mar-25	1597.00	322.00	229.00	1121.00	457.00	818.00	637.00

<u>Result of Descriptive Statistics -</u>

📊 DESCRIPTIVE STATISTICS (From 'Statistical analysis Data')

	Mean	Median	Std Dev	Variance	Min	Max	Coefficient of Variation (%)
Sales	248.750000	3.5	496.903160	246912.750000	0	1597	199.760064
EBITDA	54.583333	3.0	104.364273	10891.901515	0	322	191.201722
Net Profit	37.916667	0.0	73.915749	5463.537879	0	229	194.942633
Total Assets	206.083333	58.0	350.910882	123138.446970	10	1121	170.276206
Equity	82.833333	21.0	136.826256	18721.424242	10	457	165.182602
Current Assets	150.166667	23.0	260.690982	67959.787879	9	818	173.601098
Current Liabilities	108.666667	1.5	207.456604	43038.242424	0	637	190.910985

<u>In simple words, SD tells us how much the values in the dataset are varying from its mean (Average).</u>

Have a look at the above image, if you look at the sales, the Standard deviation is close to 500, which clearly means that the company's revenue has been very volatile over a period of 12 years. Individual data point (Sales in a particular year) has shown significant variance when compared to its mean.

Compare the median and the mean of sales, the median is far below the mean which means that during the operational period of 2014 - 2025, the company had few data points (sales in this case which has skewed up the mean). Look at the Profit and Loss statement, for about 4 years, the company had no sales and on the latter part, the sales were rapidly increasing. For an investor it is important to note that the sales have to be evenly spread and not very volatile.

Therefore, looking at the average sales would not make a lot of sense for an investor as it's a result of unusual sales in some years which has skewed up the value.

EBITDA/ Net Profit - This is another important metric for us to analyse as it speaks a lot about the company's profitability. EBITDA has shown a standard deviation of 104. In layman terms this means, on an average, the individual data points (EBITDA of 12 years) are 104 units away from its mean (Average). This is a clear sign that the EBITDA is not stable and is volatile.

Net Profit again has shown a median of 0, which means during the early stages of operations, the company did not see any profit or negligible profits. And during the recent years, the profits have shown a major spike.

Why could this happen?

1) Operational leverage of the company has started to kick in.

2) Advantage of Economics of scale. Basically means reduction in per unit price with increase in the quantity produced by the company.

Therefore an investor takeaway could be, the company is still in the margin / profit stabilization phase where profitability consistency is yet to be established.

MOVING AVERAGES ANALYSIS

How is moving average relevant in finance?
How does it help an investor make important financial decisions?
Is it important in establishing a trend analysis?

Let's explore.

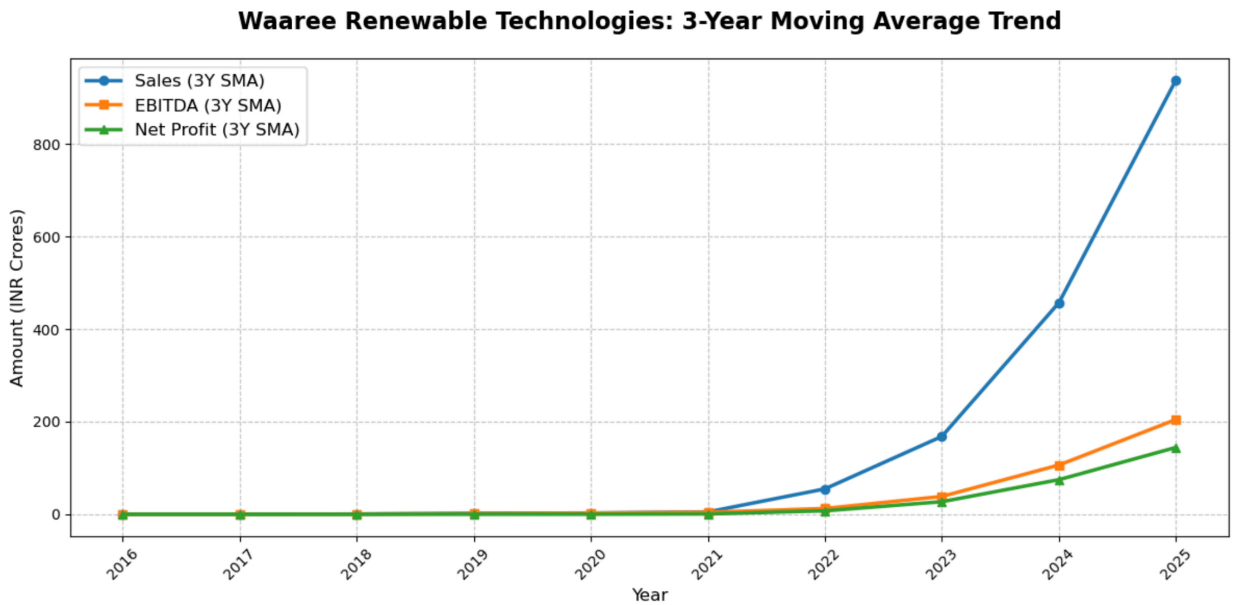
Moving averages is a key technical analysis tool in finance that smooths out the Datapoints to understand **real trends.** It is basically used when there are high fluctuations in the data points and an investor cannot establish a firm opinion with respect to the trend. **It removes the noise (short term fluctuations) from the dataset in order to reveal the underlying trend.**

An investor would want to establish a firm opinion about the trend or direction with respect to the company's profits, EBITDA, revenue, etc. In this report we are going to analyse what the trend looks like for Waaree renewables.

Datasets which are very noisy (short term fluctuations) are not suitable for analysis and establishing a trend. **Moving averages is an important statistical trend analysis tool that smooths out financial datasets that have a lot of fluctuations**. Lets interpret the findings from our **trend analysis of Net profit, EBITDA and Sales.**

```
Sales Trend: Uptrend
Net Profit Trend: Uptrend
EBITDA Trend: Uptrend
```

	Year	Sales	EBITDA	Net Profit	Total Assets	Equity	Current Assets	Current Liabilities	Sales_SMA_3Y	NetProfit_SMA_3Y	EBITDA_SMA_3Y
0	2014-03-01	0	0	0	10	10	9	0	NaN	NaN	NaN
1	2015-03-31	0	0	0	10	10	10	0	NaN	NaN	NaN
2	2016-03-31	0	0	0	10	10	10	0	0.000000	0.000000	0.000000
3	2017-03-31	0	0	0	10	10	10	0	0.000000	0.000000	0.000000
4	2018-03-31	1	1	0	12	10	9	2	0.333333	0.000000	0.333333
5	2019-03-31	5	3	0	48	11	13	1	2.000000	0.000000	1.333333
6	2020-03-31	2	3	0	68	31	33	1	2.666667	0.000000	2.333333
7	2021-03-31	8	7	2	83	33	48	13	5.000000	0.666667	4.333333
8	2022-03-31	154	27	20	132	52	128	80	54.666667	7.333333	12.333333
9	2023-03-31	342	81	59	254	112	165	143	168.000000	27.000000	38.333333
10	2024-03-31	876	211	145	715	248	549	427	457.333333	74.666667	106.333333
11	2025-03-31	1597	322	229	1121	457	818	637	938.333333	144.333333	204.666667



Have a look at the result, all the 3 have shown an uptrend. The formula is simple: If the current year's value of EBITDA/ Net profit / Sales > last year's value, there is an established uptrend.

Python has been told to take 3 years to calculate the average, and roll it down by 1 year every single time. This has led to removal of the short term fluctuations which would otherwise scare an investor.

The profits from 2022, where the company is sort of moving from a small cap to a mid cap company, there is slight stability in its growth. Have a look at its profits, every successive year, the abnormal high percentage of growth is gradually reducing.

2022 - 2023 = 300+ % of Growth in Net profit.
2023 - 2024 = 275 % of Growth
2024 - 2025 = 205% of Growth

This is an uptrend, but the margin of growth has been declining. High/ Unusual growth in profits and sales are characteristics of small cap companies where in the initial years of operations, the company is able to witness insane growth. But once the company is moving towards maturity, the growth stabilizes and **grows at a perpetual rate.**

This is positive news for investors as there is a clear indication of an up - trend which shows the long term trajectory of Waaree renewable technologies by smoothing down the short term bumps and hence giving a clear picture about its growth.

REGRESSION ANALYSIS

What is Regression Analysis?
How does it help an investor in analysing the company?
Does it help in predicting important metrics an investor would want to forecast to make informed decisions?

Let's jump in, and understand Regression from scratch.

Regression is a machine learning concept that helps to establish relationships between 2 related variables. It simply tells us, are the 2 variables moving together, where the change in one has led to a change in other?

Imagine you want to find the price of the house based on the location. You have taken data points of 1 year and you find out, as the area is getting porsche, the price of the house is increasing.

In our analysis, we want to measure/ predict what could be the change in the profits of the company, with a unit change in its revenue.

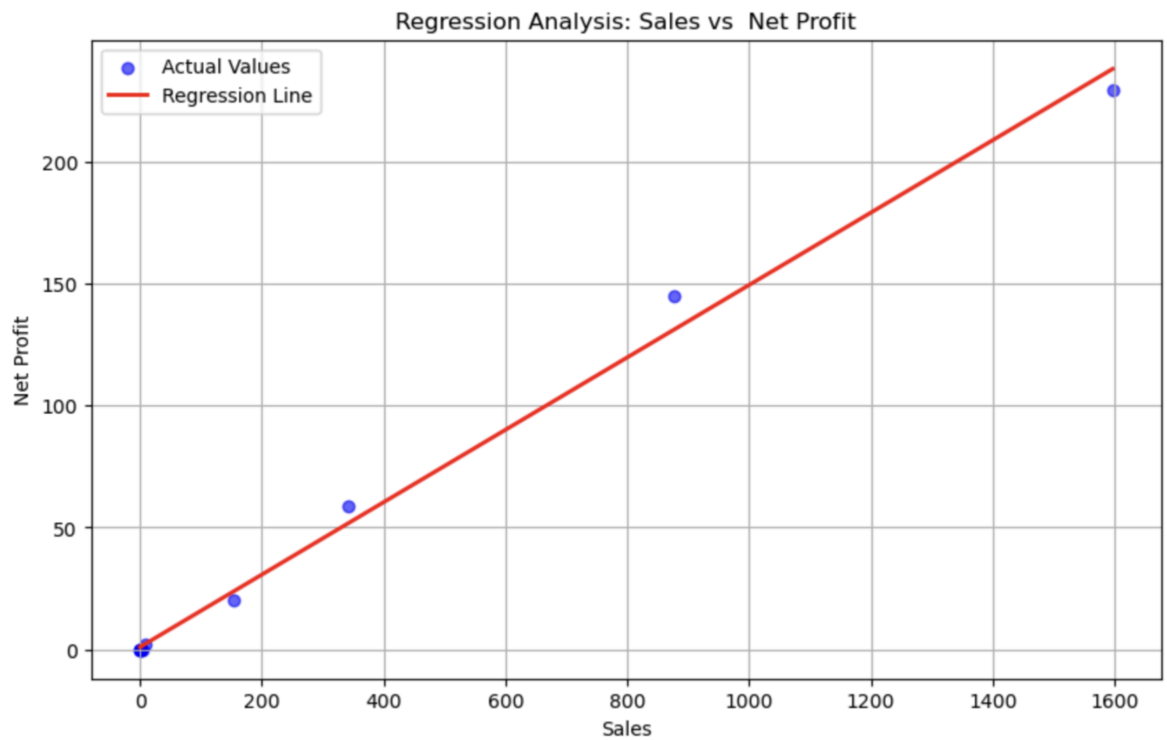
Regression helps us find the best fit (Regression line) that is able to predict the profit for a given amount of revenue. It is a very important tool for an investor as it can help them forecast profits, build investment thesis and take informed decisions. It finds the best equation which fits the line, **y = mx + c, where:**

y = Predicted value (Net profit in this case)
m = Slope of the Line (Change in “y” for a unit change in “x”)
c = Intercept (Value of y when x = 0)

Let us Decode the Variables in our regression Analysis:

X = Sales (Independent Variable)
Y = Net Profit (Dependent Variable)

An independent variable is the variable whose value does not depend on the other variable. Sales is not dependent on net profit, net profit is dependent on the sales made by the company.



Have a look at this chart. We have trained the regression model with the “Statistical analysis Dataset” and to find how well the model has been trained, we have visually represented the chart that depicts the Distance between “Actual Values” and the regression Line.

In the above image, it is clearly visible that as the sales of the company is increasing, the profit is also increasing which shows that the company is efficiently utilizing its operational leverage.

In order to predict the sales, Regression report has given the following values of the equation y = mx + c

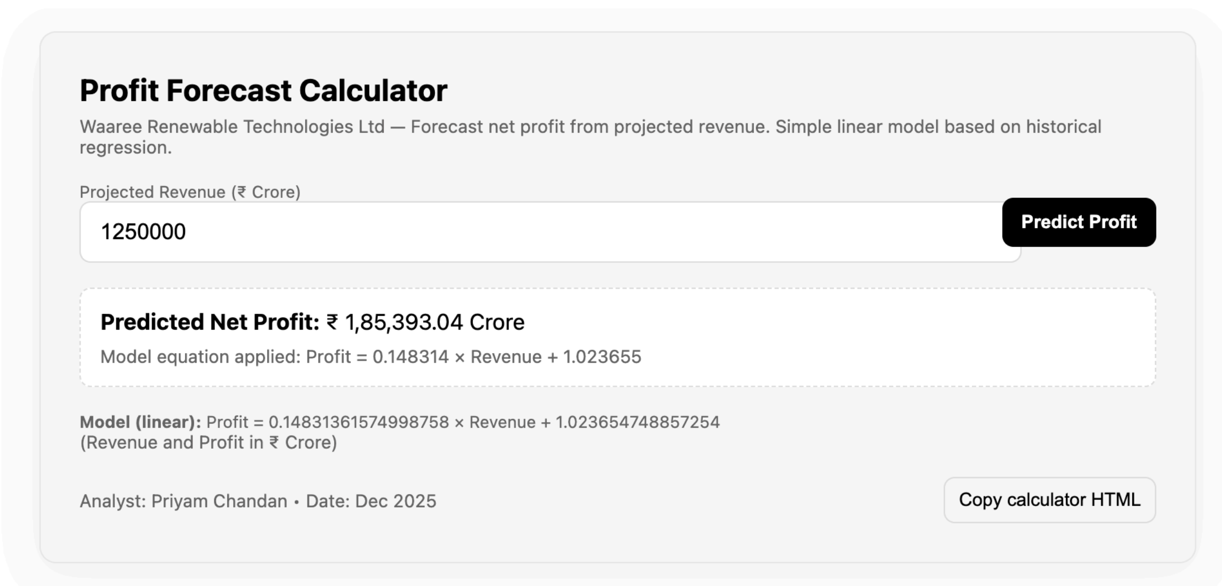
```
Slope: 0.14831361574998758
Intercept: 1.023654748857254
```

This means that, if we have a given amount of revenue and we want to predict the profit, we can simply substitute these values into the equation of the line (y = mx + c), where m is the slope and y is the intercept.

FORECAST CALCULATOR

Based on the regression model, we have designed a forecast calculator for investors who want to predict the profit if they are aware of the future revenue the company is going to generate. We constructed this calculator based on the observation of our R Squared test, the result of which was 99.41%.

This simply tells us, the “Goodness of fit” how much one unit change in profit can be explained by revenue. It's an indicator that revenue is a good metric to forecast profits of the company. **The R squared test showed us that 99.41% of the changes in Net profit can be explained by changes in revenue. Revenue is therefore a highly reliable predictor of a company's profitability.**



Run this link in your web browser to calculate profit based on a given amount of revenue for Waaree Renewable Technologies Limited.

file:///Users/priyamc/profit_calculator.html

Investment Recommendation — Waaree Renewable Technologies Ltd (WRTL)

Waaree Renewable Technologies Ltd has shown extraordinary financial expansion over the last five years, transforming from a micro-scale EPC player to one of India's fastest-growing renewable energy companies. Revenue surged from ₹8 crore in FY21 to ₹1,597 crore in FY25, representing a 200× increase, driven by large-scale solar EPC order wins. EBITDA rose from ₹7 crore to ₹322 crore, while net profit scaled from ₹2 crore to ₹229 crore in the same period, supported by strong execution efficiency and operating leverage. Trend analysis using 3-year SMAs (Sales SMA rising from ~₹2 crore in FY20 to ~₹938 crore in FY25) confirms a structural uptrend, not just short-term volatility. Regression analysis further validates this business model stability — with an R^2 of 99.41%, revenue almost perfectly explains movements in net profit, enabling reliable forecasting of future earnings.

Financial stability has improved materially, reducing investor risk. The debt-equity ratio dropped to near-zero levels in FY24–FY25, indicating a virtually debt-free balance sheet. Interest coverage spiked to 80× in FY23, reflecting the company's strong ability to service its minimal debt obligations. Liquidity ratios normalized as the firm scaled operations: the current ratio, once inflated at 33× in FY20, has stabilized near <1× in recent years, indicating that working-capital cycles have matured in line with a much larger revenue base. Total assets grew from ₹83 crore in FY21 to ₹1,121 crore in FY25, signalling an expanding project pipeline and higher capital deployment. While the coefficient of variation for revenue (~200%) and EBITDA (~191%) show high volatility, this is typical for a hyper-growth EPC business transitioning into large-scale national operations.

With India targeting 500 GW of renewable capacity by 2030, WRTL is positioned as a major beneficiary of this structural shift. Its near debt-free structure, rising profitability, and exponential revenue visibility make it a high-potential growth stock. Risks remain—such as EPC revenue concentration, execution dependence, and cyclical ordering—but the company's trajectory suggests strong long-term value creation. For investors with a medium-to-high risk appetite, WRTL offers significant upside potential as expansion continues.