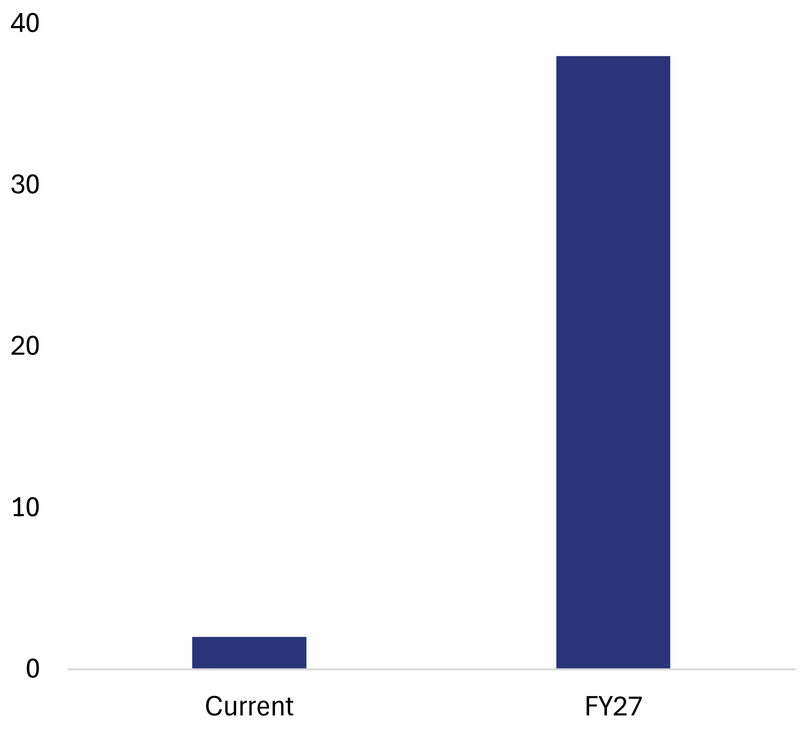
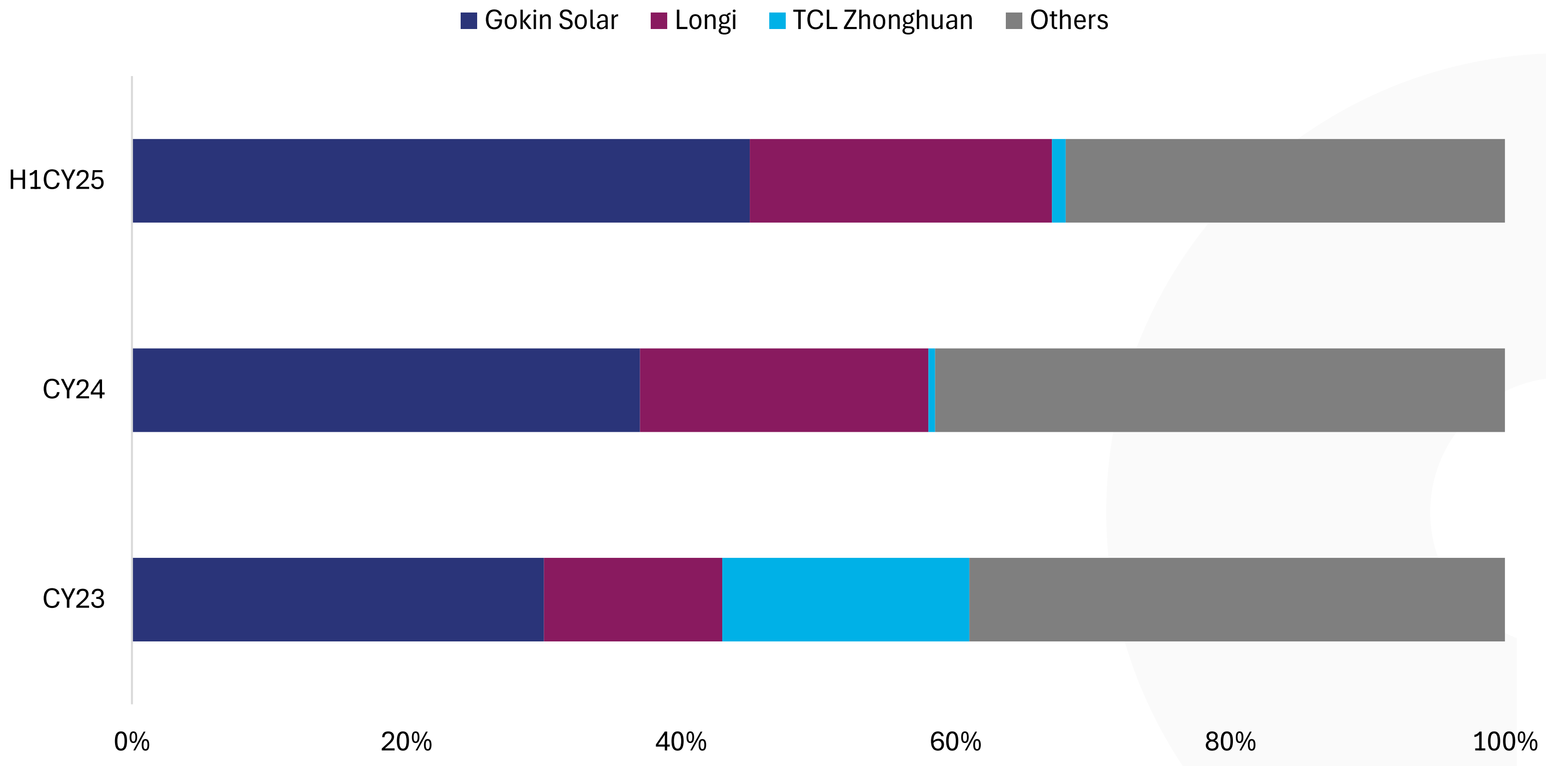
FURTHER UPSTREAM INTEGRATION STILL YEARS AWAY

DEPENDENCE ON WAFER IMPORTS IS ALMOST COMPLETE

WAFER CAPACITY (GW)



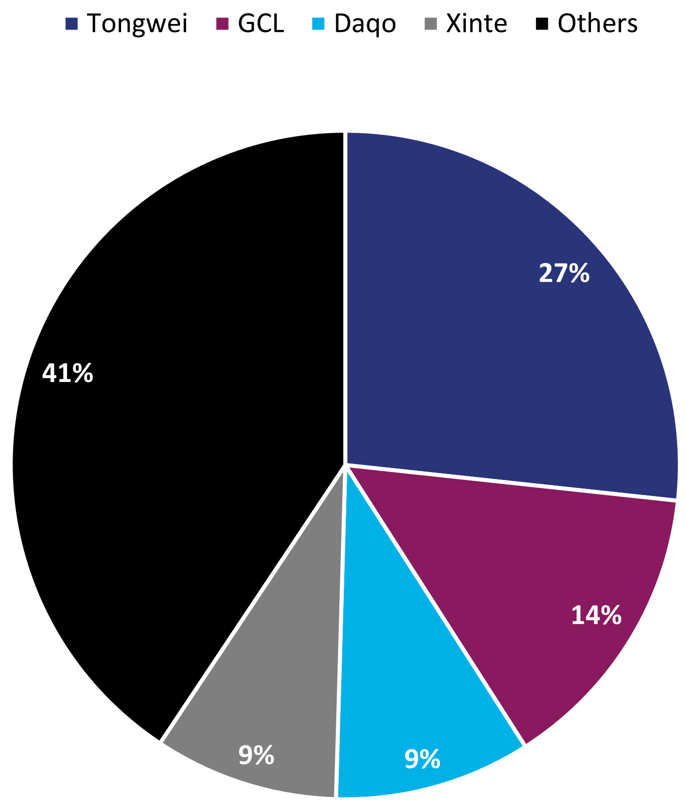
MARKET SHARE OF TOP SOLAR WAFER EXPORTERS TO INDIA



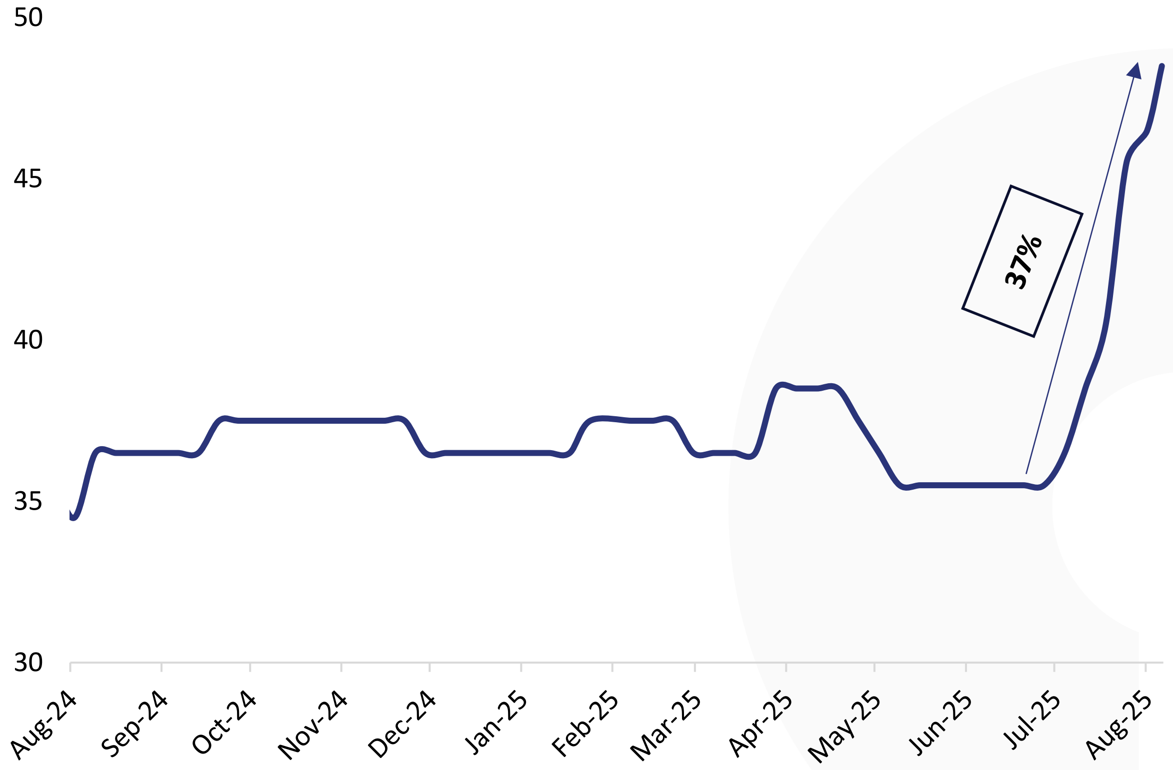
- Only one player in India has wafer capacity in India, and thus the country relies on Chinese imports. While there are talks of a ALMM for wafers/ingots, India is unprepared for such a move
- Only solar cells manufactured using undiffused wafers (black wafer) are considered to be eligible for consideration in use cases which demand domestically manufactured cells. Diffused wafers (blue wafers) are not eligible for this status

POLYSILICON PLAYERS DISTINCT FROM REST OF THE SUPPLY CHAIN

SHARE OF TOP POLYSILICON MANUFACTURERS (CY25E)



POLYSILICON PRICE INDEX



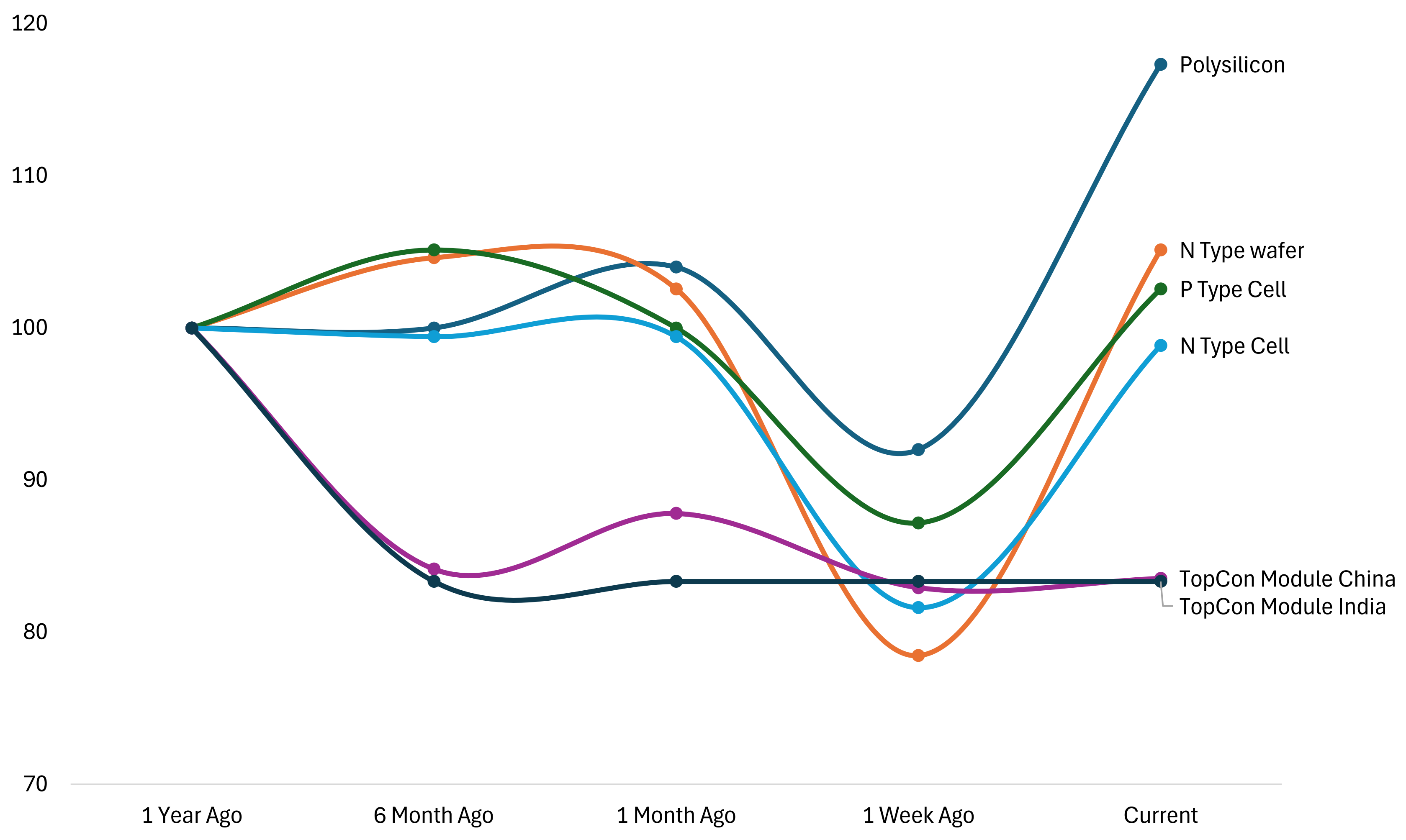
- Silicon has multiple uses hence polySi players tend to be distinct from downstream players, with no integration at polySi-wafer level. India's attempt to bring polySi into the fold of integrated PLI is a novel attempt globally
- PolySi prices shot up sharply in recent weeks. This is mainly due to plans by China to shut down one third of production capacity. This will be executed by the top 6 players buying out the idle capacity for ~USD 7 bn – a move that will shut down 1 mn tonnes of lower quality polySi capacity

Source: Bloomberg, SBICAPS

SUPPLY CONTROL COULD HAVE LAGGED IMPACT ON MARGINS

POLYSILICON PRICE RISE YET TO TRICKLE DOWN FULLY

PV VALUE CHAIN PRICE INDEX



Sharp rise in the Upstream

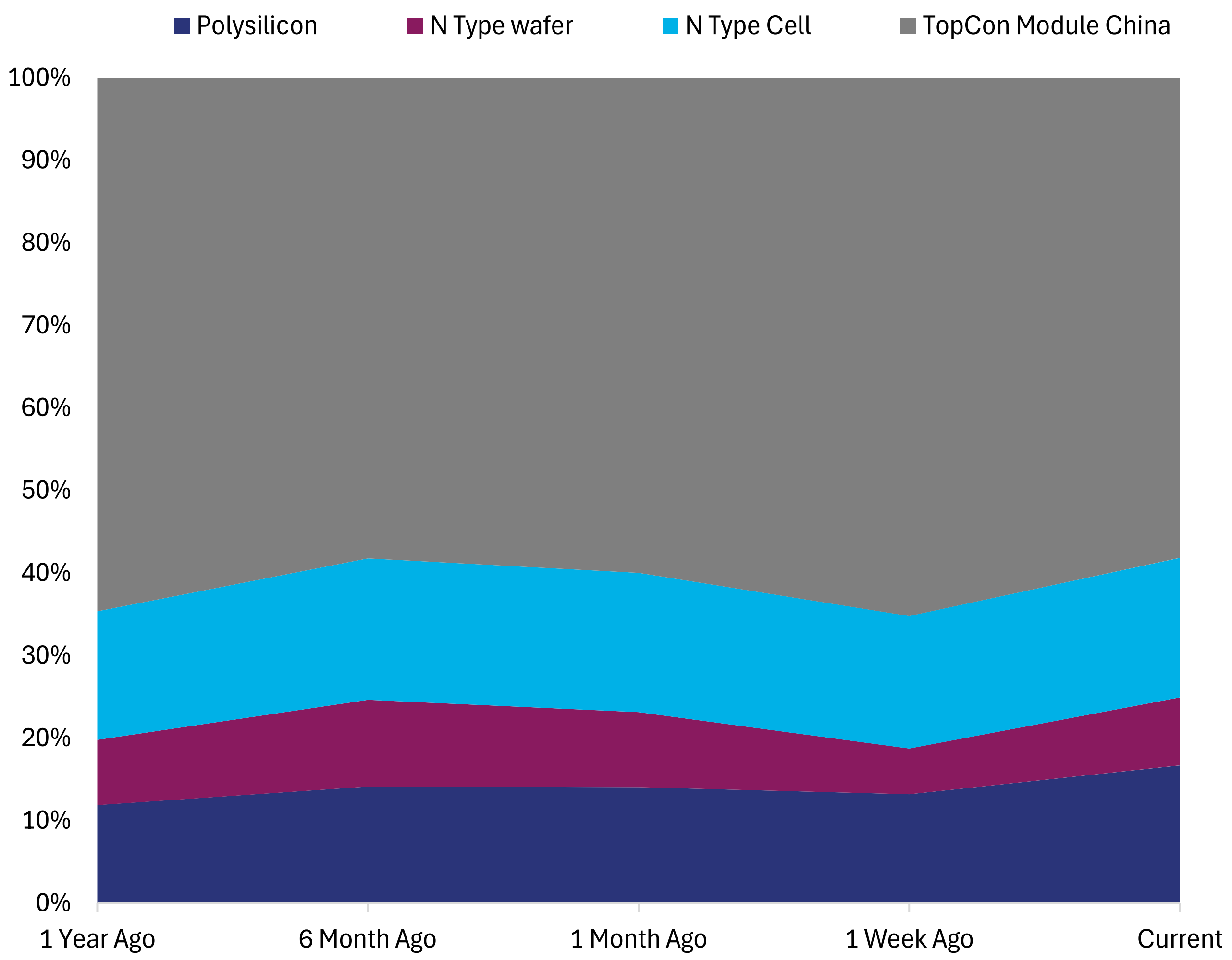
Moderate rise in the Midstream

Low rise in the Downstream

Source: PV Infolink, SBICAPS

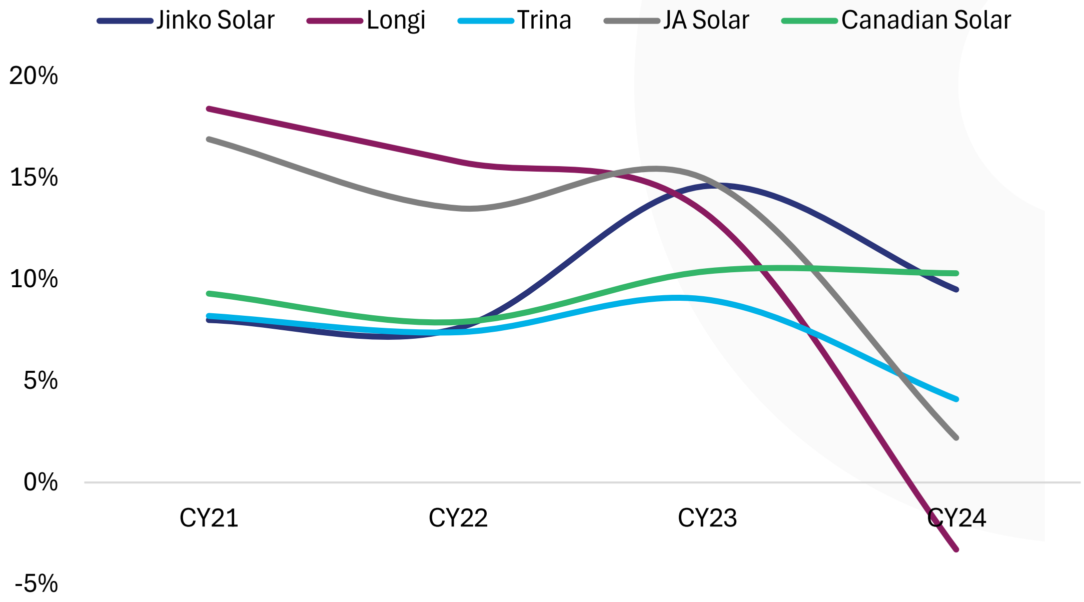
MARGINS OF DOWNSTREAM PLAYERS CONTRACTING

CONTRIBUTION IN FINAL PRODUCT PRICE



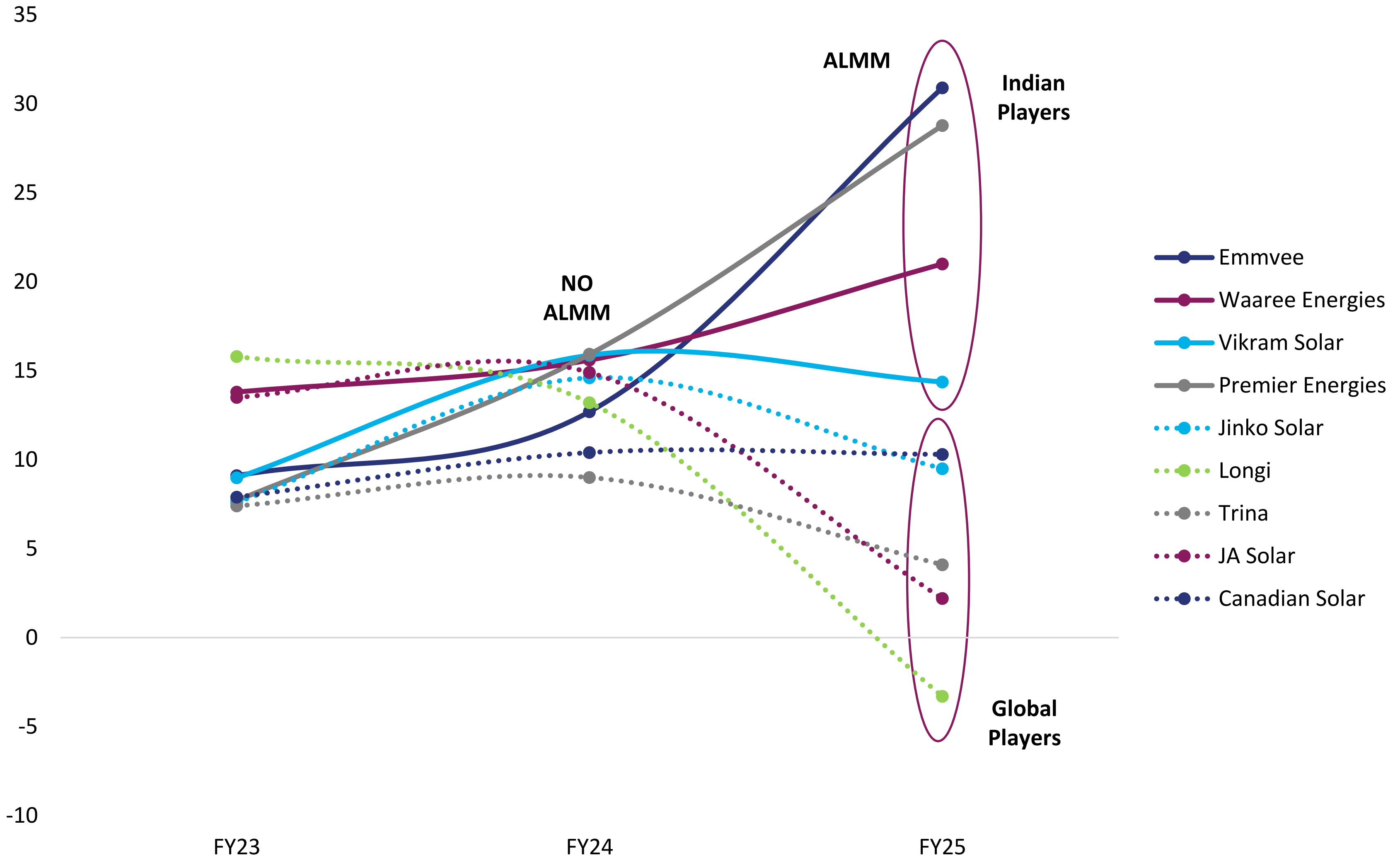
- The share of polySi in the final module price has gone up from 12% to 17% within a year. Most global players have integration from wafer-module, and not in polySi (Tongwei Solar is notable exception)
- This means that their EBITDA margins have suffered. Recent rise in polySi prices with no corresponding rise in module prices will worsen this in CY25

EBITDA MARGIN OF GLOBAL PV MANUFATURERS (%)



INDIAN MODULE MAKERS STAND OUT ON GOVERNMENT LARGESSE

EBITDA MARGIN OF INTEGRATED PLAYERS* (%)



- Indian players enjoyed higher margins than global peers due to ALMM-I and DCR norms, besides Uighur Law helping exports to US
- In the coming quarters, given inadequate wafer integration, there could be pressure on margins for module makers

Source: Company Disclosures, SBICAPS; *For non-Indian players nearest CY is taken, i.e., CY24 = FY25

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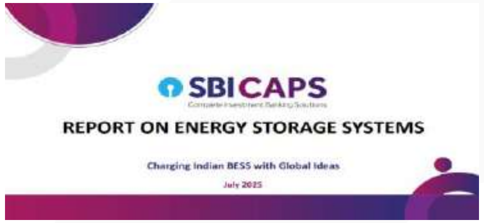

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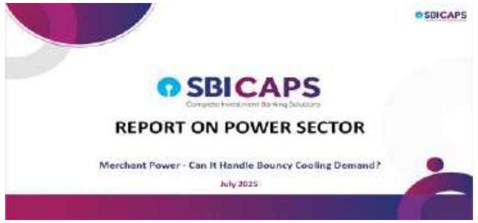

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