



Suzlon Energy Limited

9M FY18

09 February 2018

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Key Highlights

Strong Volume Visibility

Over **7.5 GW** Bids Announced
Auctions likely to be completed before Mar'18

New Product Development

S111 140 Proto Installed
~**44%** estimated PLF

Suzlon Outperformance

₹ 6,056 Cr. Revenues in 9M FY18
13.7% EBITDA Margins (Pre-Fx) in 9M FY18
Maintains tighter control on fixed costs

Healthy Order Backlog

1,132 MW[#] Order Backlog
[#] Includes 455 MW of frame agreements backed by advance, PPA signed but pending ratification

Accelerated Debt Reduction

₹ 1,474 Cr. Term Debt Reduced (Since Mar'16)
Incl. \$52M SBLC Backed Bonds paid In Feb'18
Incl. \$106M FCCB reduced since Mar'16

Temporary Increase in NWC in Q3 FY18

₹ 471 Cr. Reduction In Current Assets
₹ 883 Cr. Reduction In Current Liabilities
Likely to get normalised in Q4 FY18

Continues to outperform even in a transition year

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

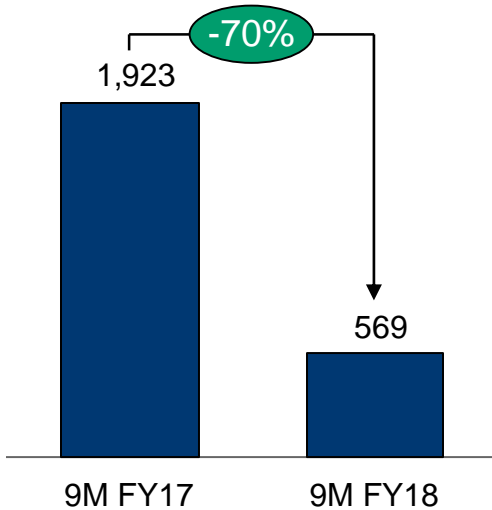
Detailed Financials

Outperformance Despite Transition Period Impact

Performing Better than Industry

Industry Performance

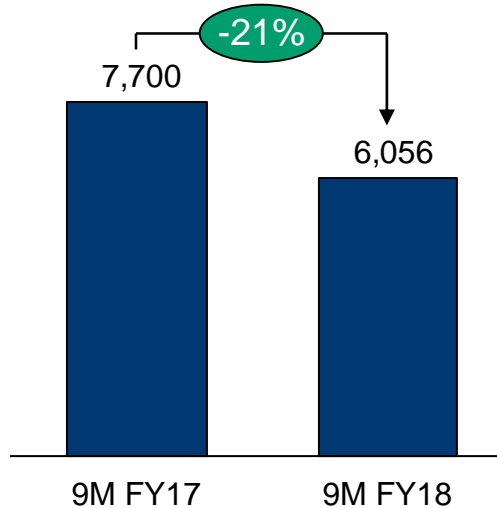
Total India Wind Commissioning (MW)
(9M FY18)



Source: MNRE

Suzlon Performance

Suzlon Revenues (₹ Cr.)
(9M FY18)



Industry Best Wind Volumes

- Pan India Presence
- Pan Segment Presence

Largest O&M Revenue Base

- 14+ GW under management
- Annuity like cash flow

Solar Volumes

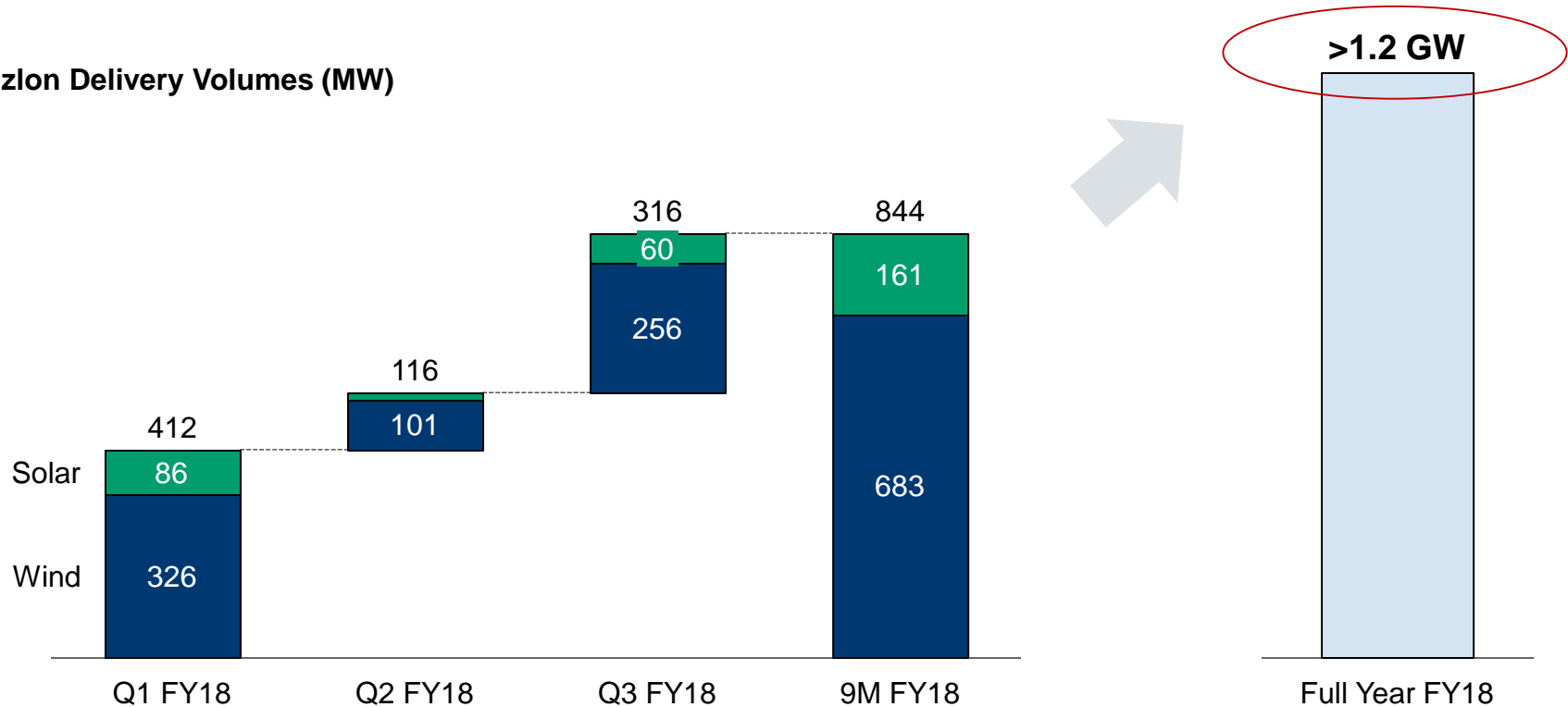
Third Party Component Sale

Best positioned across industry cycles

Achieving Volumes Even During Industry Standstill

Leveraging our Pan India - Pan Segment Presence

Suzlon Delivery Volumes (MW)



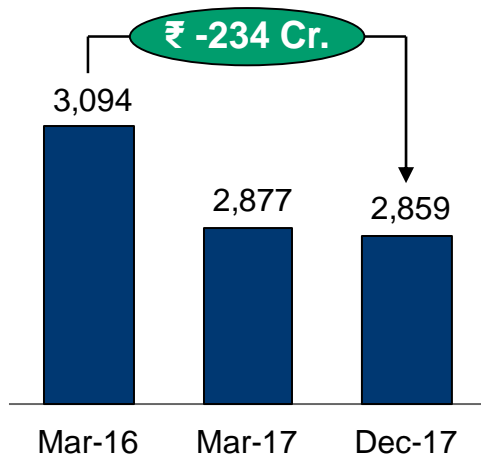
>19% of total volumes from Solar
>20% wind volumes from Captive, PSU & others
>78% wind volumes from S111x

To deliver >1.2 GW in volumes in FY18

Accelerated Term Debt Reduction

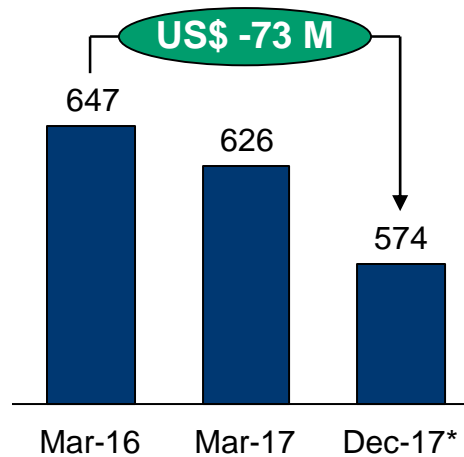
₹ ~797 Cr.* Debt Reduction Vs ₹ ~211 Cr. Scheduled since Mar'16

Rupee Term Loan (₹ Cr.)



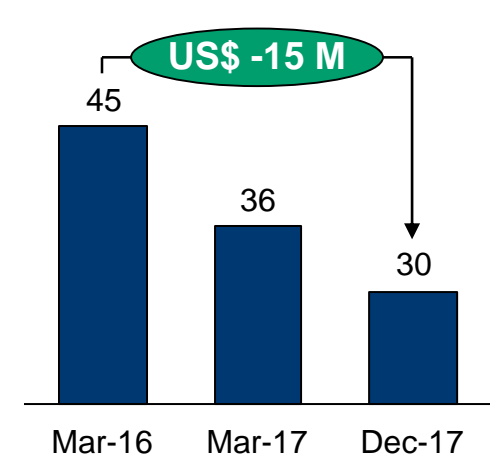
Excl. Solar Project Loans ₹ 251 Cr.

SBLB Backed AERH Debt (US\$ M)



* Includes \$52M bond redemption in Feb 2018

Other FX Debt (US\$ M)



Excl. US Loan for PTC Projects US\$38M

This is in addition to \$106M or ₹ 677 Cr. FCCBs reduced since Mar'16

Focused on debt reduction

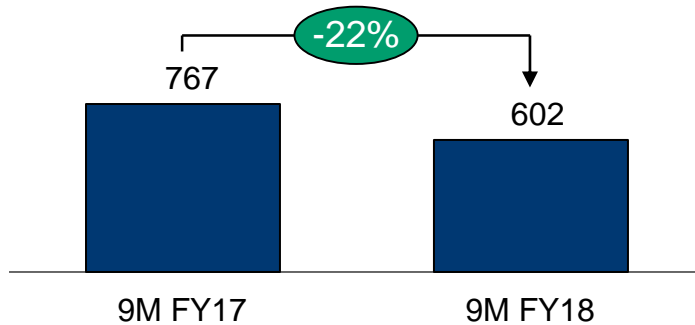
Stringent Focus on Fixed Cost Optimization

Fig. in ₹ Cr.

Continuous Improvement in Expense Ratio

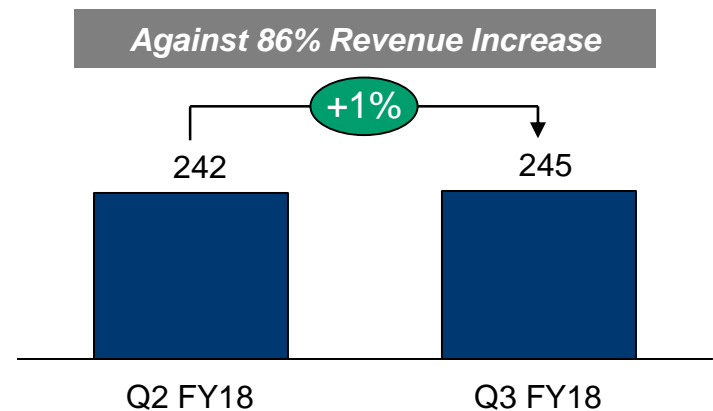
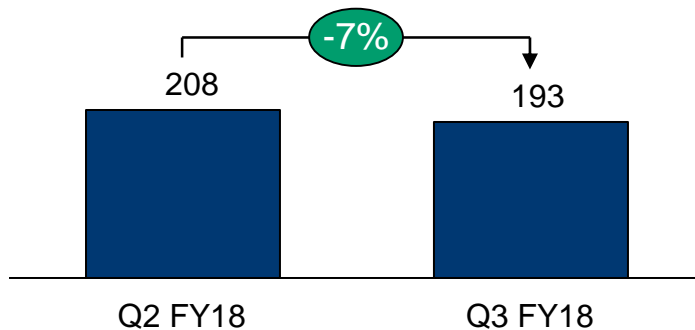
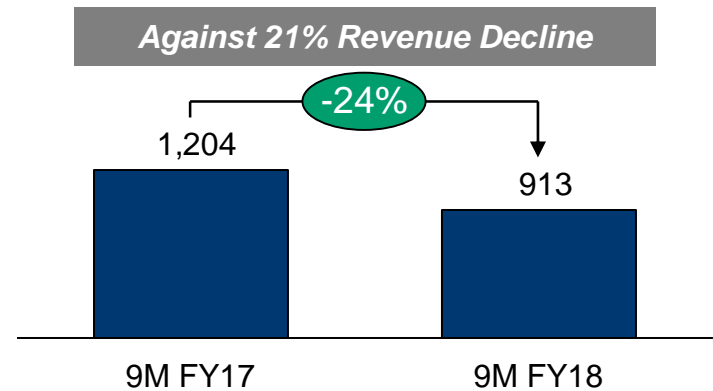
Manpower Expenses

(Mostly Fixed in Nature)



Other Expenses*

(Semi Variable in Nature)



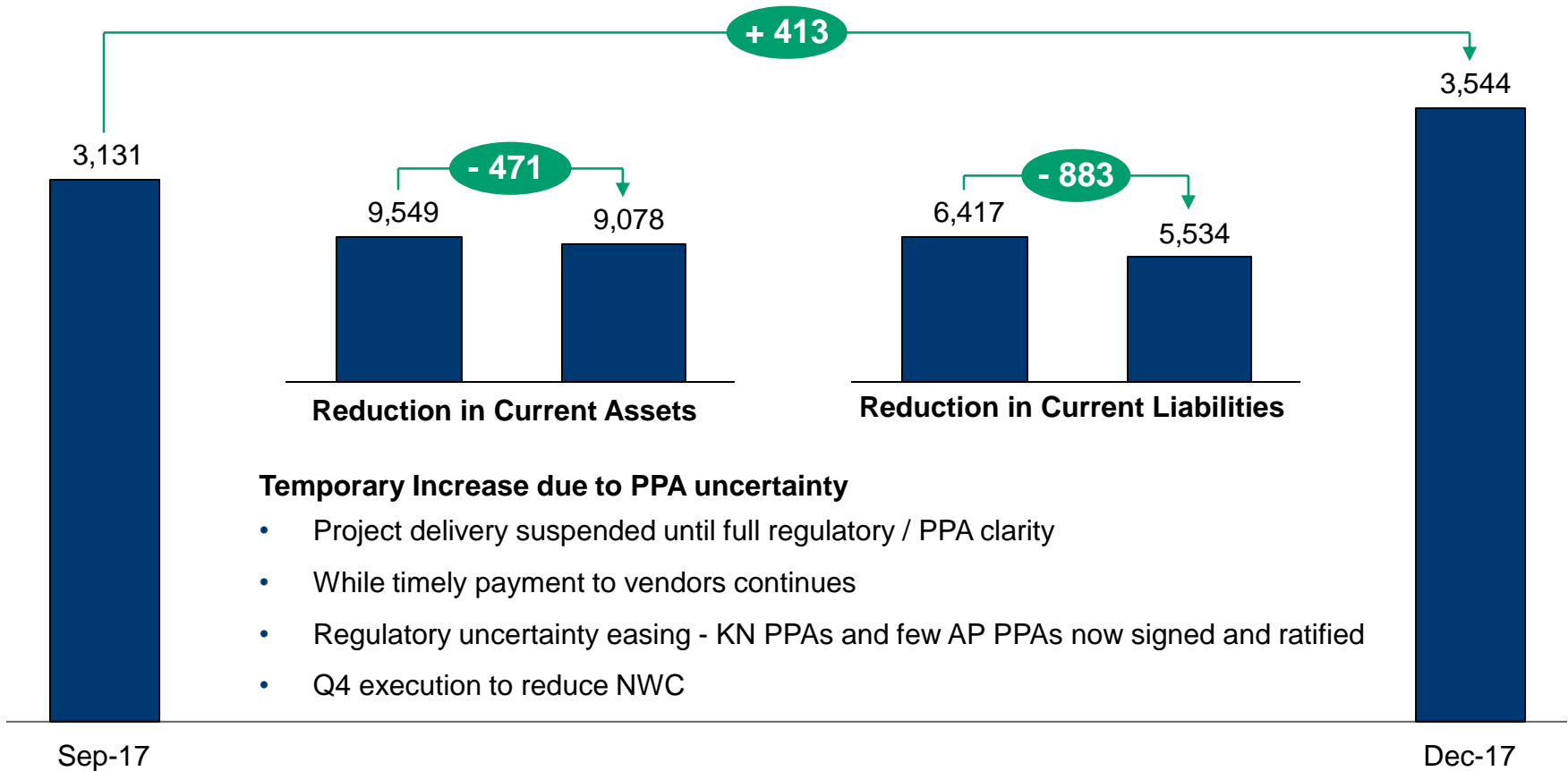
Lean cost structures to increase competitiveness

* Net of other operating income

Net Working Capital

Fig. in ₹ Cr.

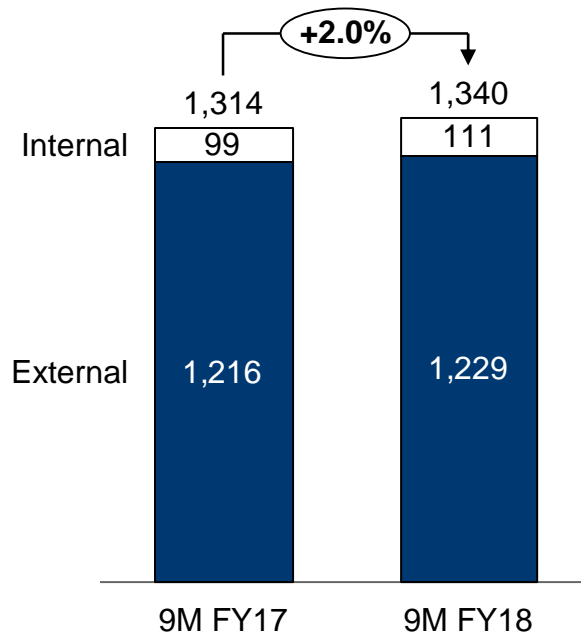
Increase in NWC due to liability reduction rather than asset build-up



Stable Service Revenue Insulated from Business Cycles

Wind AUM more than double the 2nd Largest player

Operations and Maintenance Revenues (₹ Cr.)

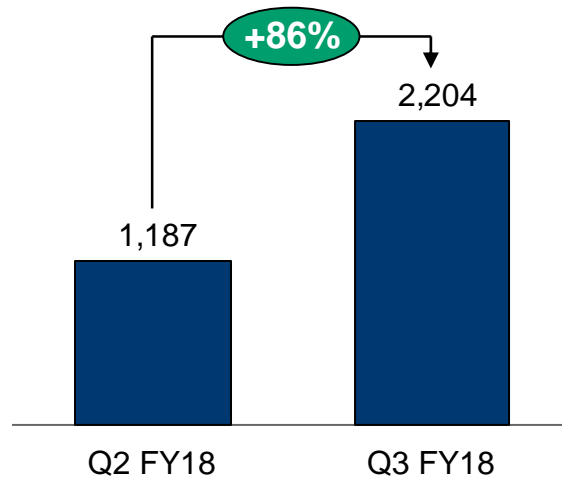


- ✓ **14+ GW of Assets under Management (AUM)**
 - 11+ GW in India; 3+ GW Overseas
 - Largest O&M player out of India
- ✓ **100% renewal track record in India**
 - Every turbine sold by us in India is under our Service fold
 - Custodian of >11 GW of assets (US\$ 11 bn) in India
 - 22 years of track record in India
- ✓ **External OMS revenue is ~20% of 9M FY18 revenue**

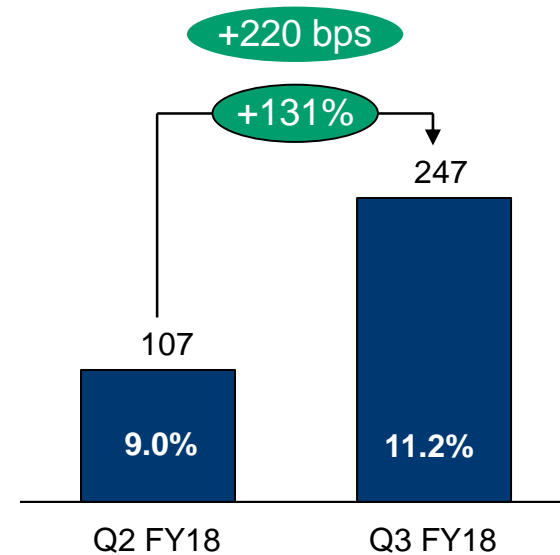
Q3 FY18 Result Snapshot

Lower Gross Margins being offset by Operating Leverage & Cost Efficiency

Revenues (₹ Cr.)



EBITDA (₹ Cr. & %)



9M FY18 Result Snapshot

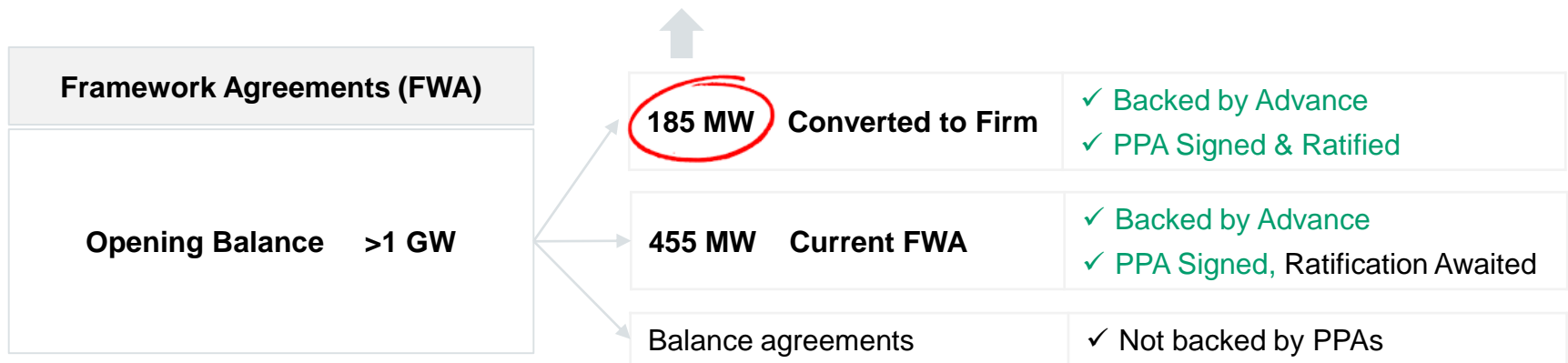
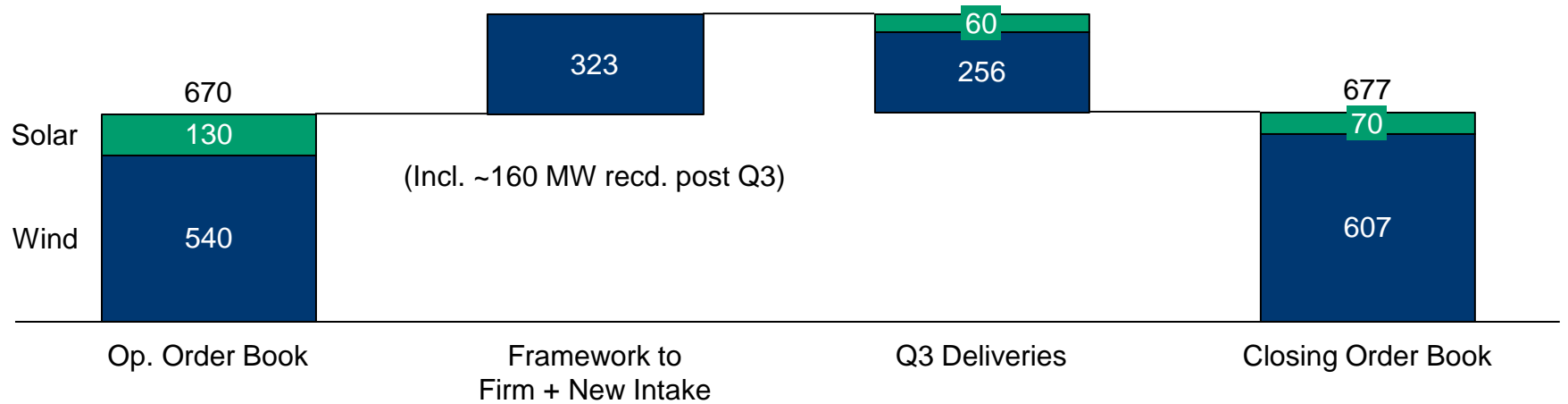
(₹ Cr.)

Particulars	9M FY18 Unaudited	9M FY17 Unaudited	
Revenue	6,056	7,700	Transition Period Impacted Volumes
Gross Profit	2,344	3,452	Primarily due to Revenue Mix
Gross Margin	38.7%	44.8%	
Employee Expenses	602	767	Result of Ongoing Optimization Efforts
Other Expenses (net)	913	1,204	
EBITDA (Pre FX)	829	1,481	Despite Lower Volume and Lower Profitability on account of Revenue Mix
EBITDA Margin (Pre FX)	13.7%	19.2%	
Depreciation	240	280	
Net Finance Cost	897	878	Due to higher working capital debt
Taxes	2	6	
Share of (Profit) / Loss of Associates / JV	9	39	
Net Profit (Pre Fx and Ex. Items)	-319	277	
Exchange Loss / (Gain)	44	14	Primarily Translational
Exceptional Loss / (Gain)	-450	0	Gain on de-recognition of asset and liability and release of foreign currency translation gain on account of overseas business subsidiary
Reported Net Profit	86	263	
Less: Non Controlling Interest	-3	0	
Net Profit attributable to Shareholders	89	263	

Performance despite temporary industry standstill

Order Backlog

Firm Order Book (MW)



OMS and SEFL order backlog not included in the above

Strong customer tie ups in place

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

Term Debt Profile

(Excl. FCCB)	31 st Dec'17	5 year Maturity Profile												
SBLC Backed AERH Debt	₹ 3,648 Cr.* (US\$ 574 M)	<ul style="list-style-type: none"> • After considering US\$ 52 M paid in Feb'18 • Balance debt current bullet maturity of March 2018 • SBLC facility lenders consented to SBLC extension till 2023 • RBI approval received 												
Other FX Term Debt	₹ 435 Cr. (US\$ 68 M)	(₹ Cr.) <table border="1"> <caption>5 Year Maturity Profile (₹ Cr.)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Amount (₹ Cr.)</th> </tr> </thead> <tbody> <tr> <td>FY18</td> <td>50</td> </tr> <tr> <td>FY19</td> <td>385</td> </tr> <tr> <td>FY20</td> <td>561</td> </tr> <tr> <td>FY21</td> <td>732</td> </tr> <tr> <td>FY22</td> <td>814</td> </tr> </tbody> </table>	Fiscal Year	Amount (₹ Cr.)	FY18	50	FY19	385	FY20	561	FY21	732	FY22	814
Fiscal Year	Amount (₹ Cr.)													
FY18	50													
FY19	385													
FY20	561													
FY21	732													
FY22	814													
Rupee Term Debt	₹ 2,859 Cr.													
Gross Term Debt	₹ 6,942 Cr.													
Net Term Debt	₹ 6,359 Cr.													
Solar Project Debt	₹ 251 Cr.	<ul style="list-style-type: none"> • Non recourse project loan • Project SPV to be divested 												

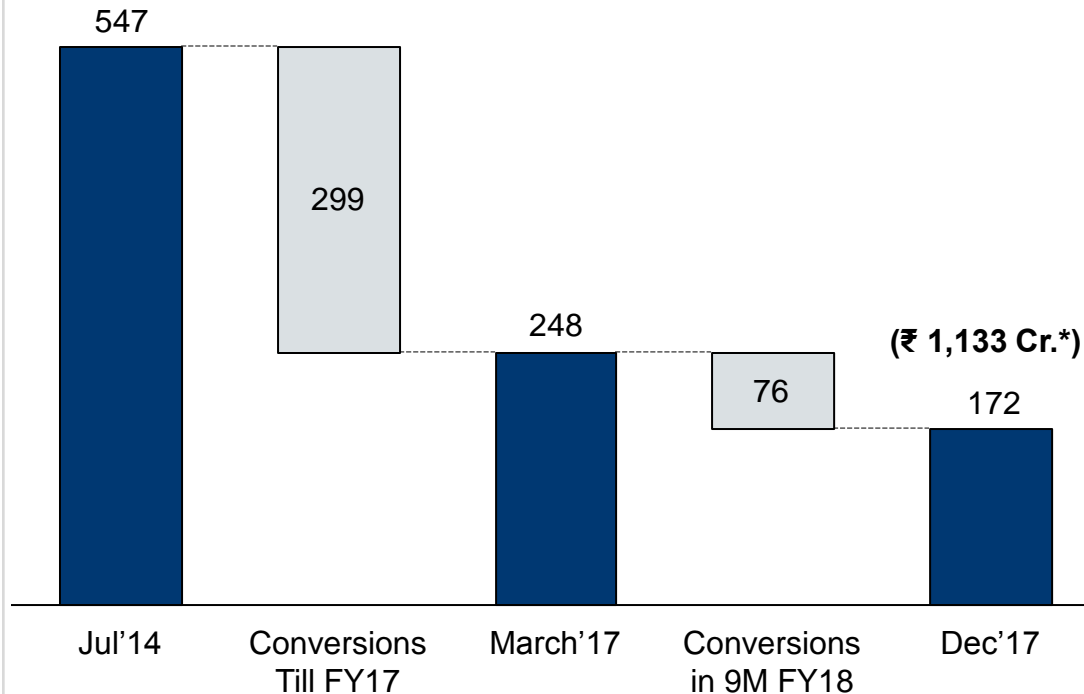
Back ended maturity profile; Sufficient headroom for operations

July 2019 FCCB Series Overview

(US\$ Mn)

FCCB Principal Value

31% of opening bond balance converted in 9M FY18



No. of Shares (Crs.)

Current Outstanding	532
Pending Conversion	67
Post Full Conversion	599

Conversion Details

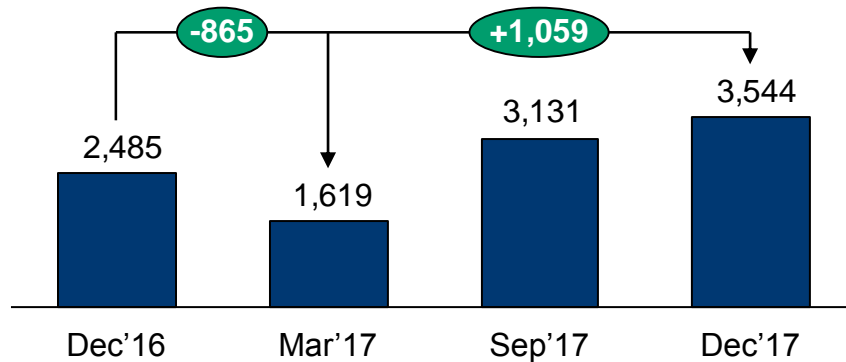
Price (Per Share)	₹ 15.46
Exchange Rate	₹ 60.225

69% FCCBs already converted till date

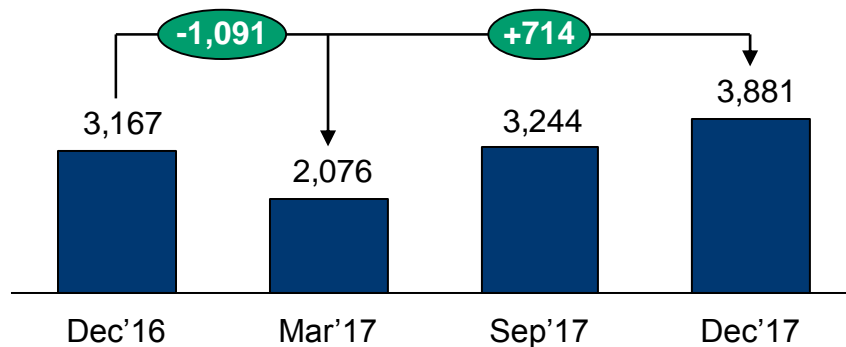
Working Capital Debt

Temporary increase in WC debt in line with NWC

Net Working Capital (Rs. Cr.)



Working Capital Debt (Rs. Cr.)



- **Temporary Build-up due to transition period**

- Projects awaiting regulatory clarity
- Q4 Execution to enable reduce NWC

- **To substantially reduce under auction regime**

- Minimized regulatory uncertainty
- Elongated execution schedule
- Strong bidding momentum

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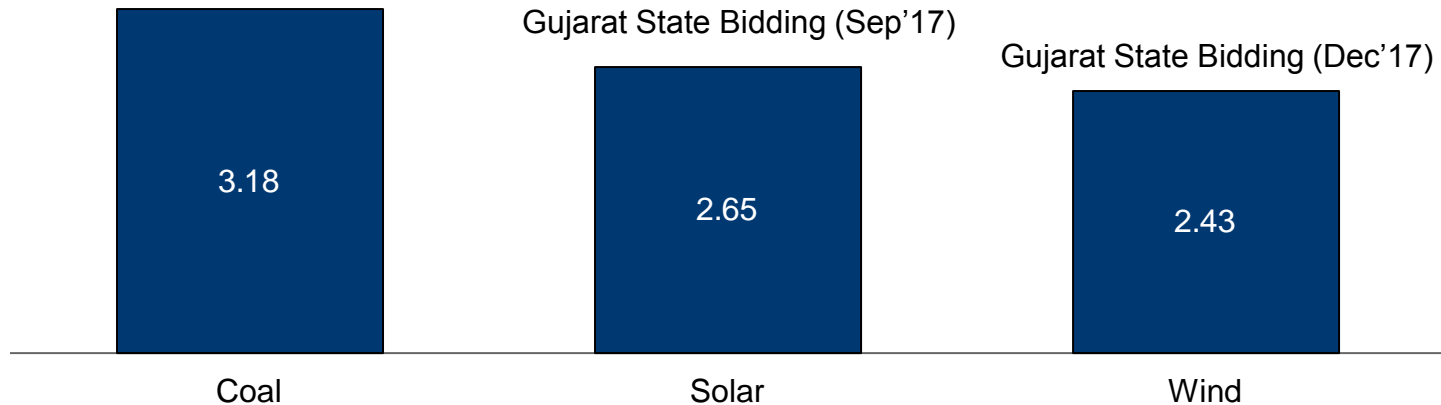
Wind Emerging As Most Competitive Source Of Power

Tariff Levels (₹ /unit)

India APPC

3.48

NTPC Avg. Coal Plant Tariff (FY17)

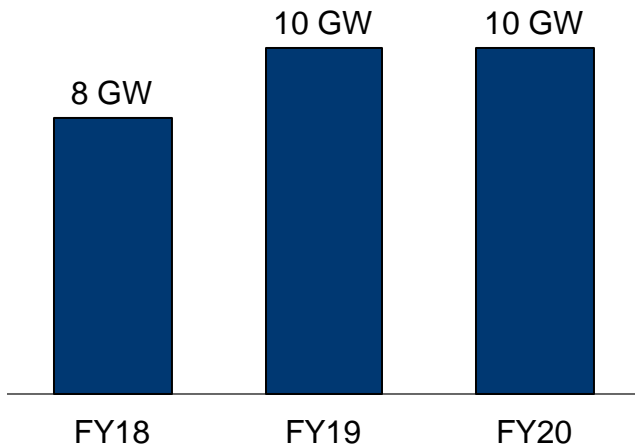


Equipment	Domestic / Imported	Largely Imported	"Made in India"
Fuel	Domestic / Imported	No Fuel Cost	No Fuel Cost
Tariff Stability	Variable	Constant for 25 years	Constant for 25 years

Renewables today are not only "Cleaner" but also more "affordable" than coal

Government Strongly Committed to Wind

MNRE Wind Bidding Roadmap



Clear demarcation between wind and non wind states

- Mandatory RPO compliance by both wind and non wind states

Larger Scale Bidding

- Bid Quantity doubled to 2 GW under SECI III & SECI IV
- Individual Project Size Cap 300 MW under SECI IV

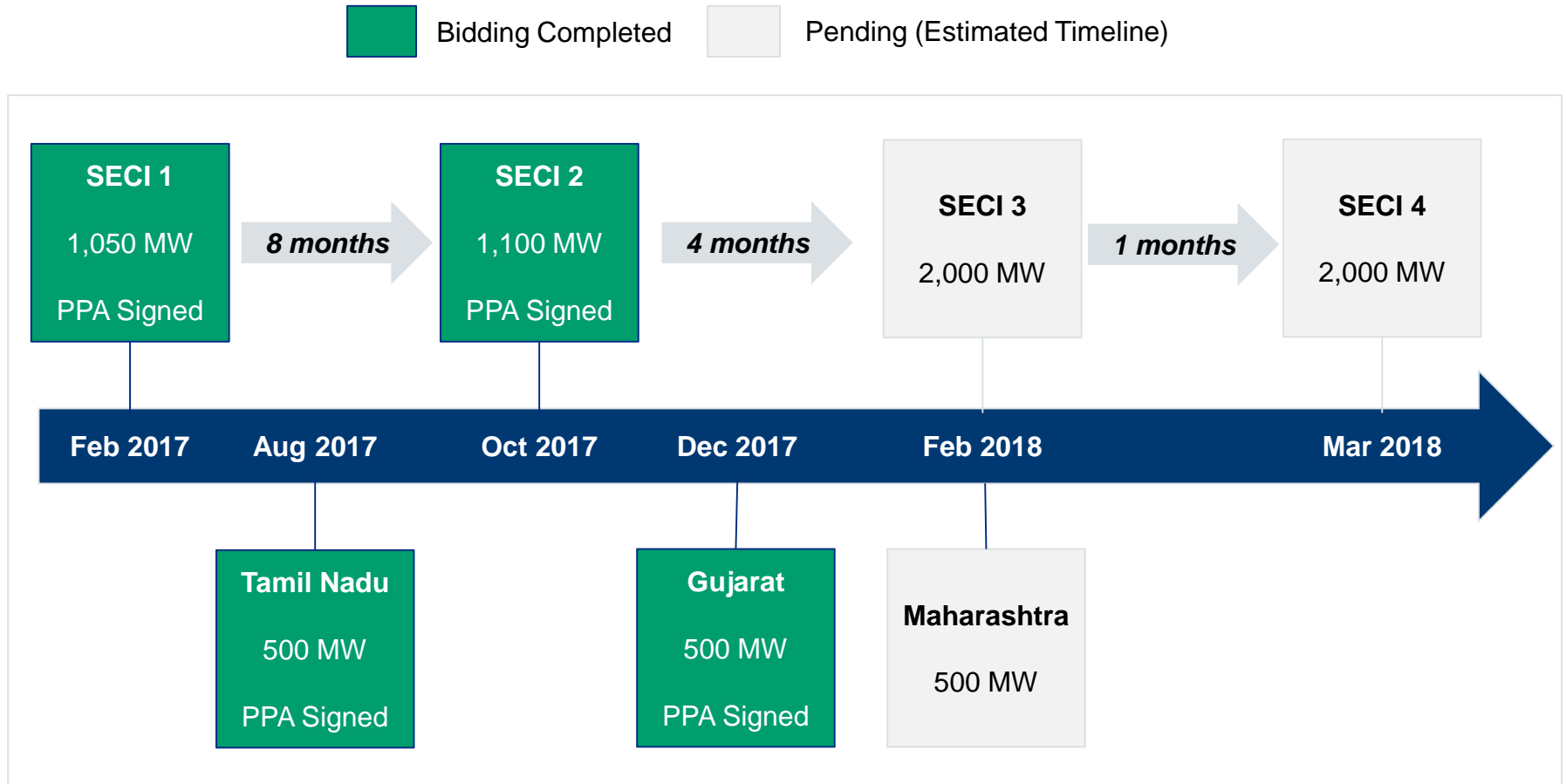
Improving Infrastructure / Regulatory Environment

- Accelerated investment in transmission and grid (**Green Corridor**)
- Increased payment security from DISCOMs (**Uday**)

“India can easily achieve **200 GW** of **renewable energy capacity by 2022** as against the “**conservative target**” of **175 GW**”

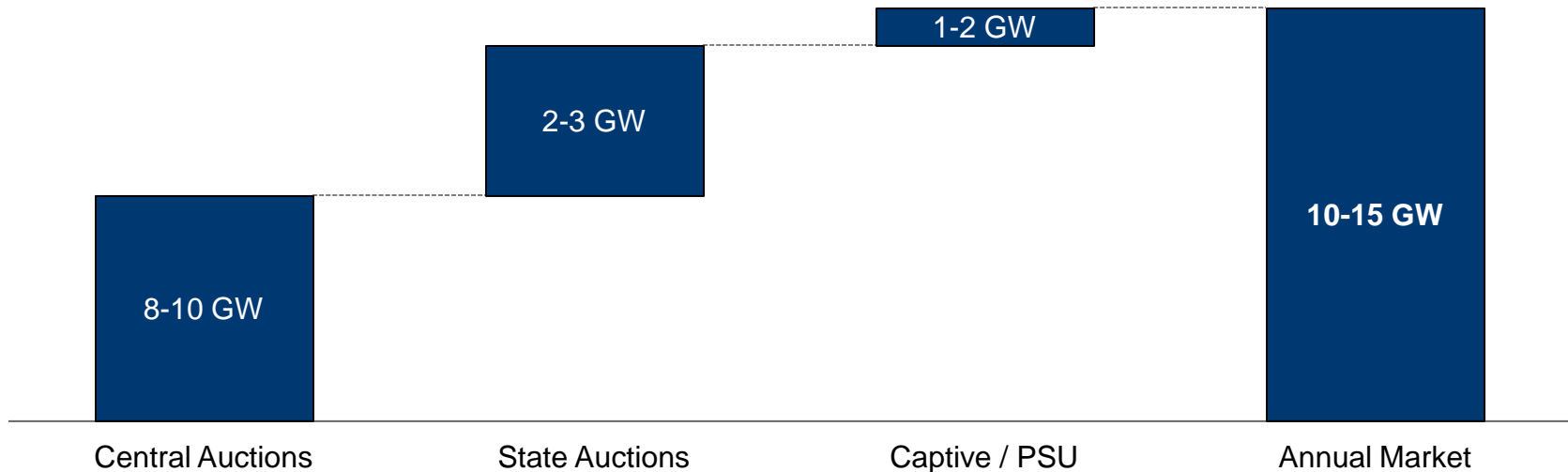
– Mr. R K Singh (Hon. Minister for New and Renewable Energy), (MNRE Website)

Wind Auctions Gathering Momentum: Over 7.5 GW Visibility



Poised To Become A 10+ GW Annual Market

India Annual Wind Market Potential Size and Segmentation



High Level of Bidding Activity Ongoing already

Central Level Auctions > 6 GW		
SECI 1	1,050 MW	Completed
SECI 2	1,100 MW	Completed
SECI 3	2,000 MW	Feb 2018 (E)
SECI 4	2,000 MW	Mar 2018 (E)

State Level Auctions > 1.5 GW		
TN	500 MW	Completed
GJ	500 MW	Completed
MH	500 MW	Feb 2018 (E)

Large scale opportunity

Positive Aspects of Competitive Bidding

Until FY17

Demand from Wind States only

FiT + Incentive Regime
(High tariff uncertainties)
(Reluctance from DISCOM)

Back Ended Volume
(H2 typically 60-70% of full year volumes)
(Inefficient Working Capital)

Moderate scale Order Size (50 – 100 MW)

High Regulatory Risk
(Back ended PPA signing
Tariff depending on commissioning timing)

FY19 onwards

Pan India Demand
(Wind + Non Wind States)

Auction based / Market Based pricing
(Reduced uncertainties)
(Most competitive source of power)

Reduced Seasonality in Volumes
(Optimized Working Capital)

Large Scale Orders (300 MW)

Reduced Regulatory Risk
(upfront signing of PPAs and tariff
determination)

Suzlon Best Positioned in Auction Regime

Auction Regime – Path Ahead

Reduced Risk Profile

- Reduced Counterparty Risk
- Reduced grid risk
- 25 years PPA

Lower Cost of Capital

- Lower Cost of Debt
- Longer Maturity Profile
- Lower Cost of Equity

Technology

- Higher PLF
- Greater reliability
- Lower LCOE

Lower Power Cost
+
Market Expansion

Suzlon Competitive Edge

Cost Competitiveness

- Large Scale Operations
- Vertically Integrated Manufacturing
- Highest degree of localization
- In-house Technology

Strong Market Positioning

- Robust & Proven Technology
- 2+ Decades Track Record
- Strong Customer Relationships
- Pan India Project Pipeline

To strongly benefit from market expansion through auctions

Other Initiatives by Government under Consideration

Tapping Retail Demand: <25 MW projects

- Minimum project size for bidding is 50 MW
- Retail investors unable to participate
- Govt. considering to continue Feed in Tariff regime for <25 MW projects

Wind Solar Hybrid

- MNRE / SECI to build a pilot project of 160 MW in AP – World's largest Wind Solar Hybrid till date
- The project will be funded by World Bank
- Already reaching out to Industry to gauge the interest and technical capabilities
- Several initiatives are being taken to encourage adoption of Wind Solar Hybrid
- Bringing Feed in Tariff regime for Wind Solar Hybrid Projects is one such initiative under consideration

Repowering

- Policy already announced and notified in 2016
- Repowering of ageing low capacity wind turbines with the latest technology is an opportunity to be unlocked
- Govt. keen on harnessing this potential and working on right set of policies incentivizing Repowering
- May consider continuing Feed in Tariff for Repowering Projects

Offshore

- National offshore policy already notified
- Pilot project for 200 MW along Gujarat under development
- MNRE targets 5 GW capacity to be bid out for offshore

Suzlon Strategy & Focus Areas

Ensuring Scale

- **Gaining Bidding Market Share**
 - Sites / Pipeline build-up
 - Tie ups with strong customers
- **Diversifying Revenue Dependency**
 - Increasing market share in captive segment
 - Tap international volumes on lean cost structures
 - Build 3rd Party Component and Service Business
- **Ready to tap new emerging high growth opportunities**
 - First Met Mast Installed for Offshore in India
 - Technical readiness for Wind Solar hybrid
 - 11+ GW base to gives edge to tap Repowering

Ensuring Profitability and Cash Flows

- **Technology Focus**
 - New product development
 - Shortened product development cycle
 - Low cost value engineering for enhancing power curve
- **Stringent Cost Focus**
 - COGS : Value engineering and Vendor negotiation
 - Variable Costs: Innovative logistical solutions, Optimizing cranes / trailers, On time project completion
 - Fixed Cost: Optimizing manpower and other expenses
- **Optimizing Capital Structure**
 - Accelerated term debt reduction
 - Working capital optimization
 - Interest cost optimization

Financial Performance

Debt Overview

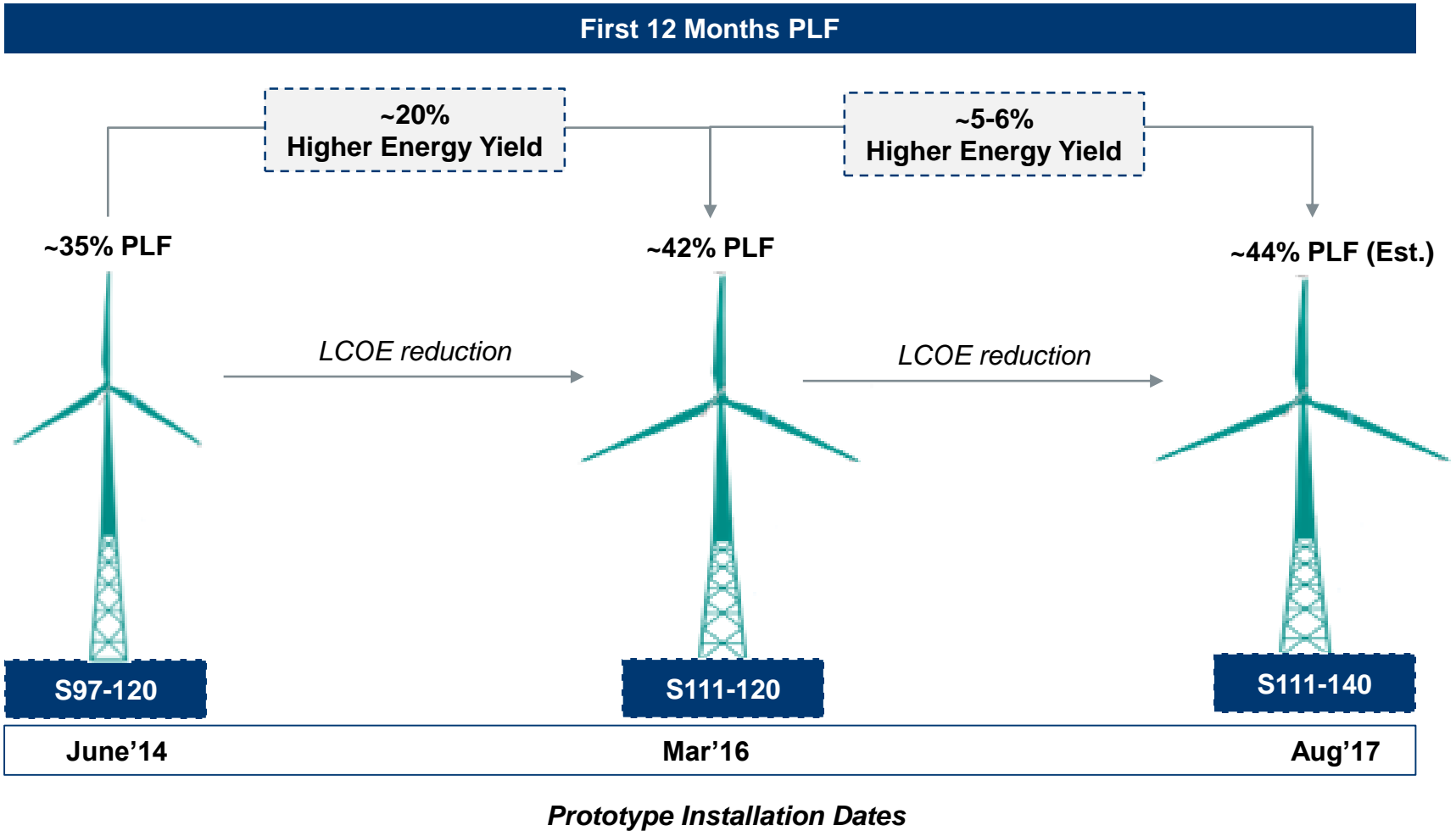
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Continuous New Product Development



S111-140: Most Competitive Across Suzlon 2.1 MW Series



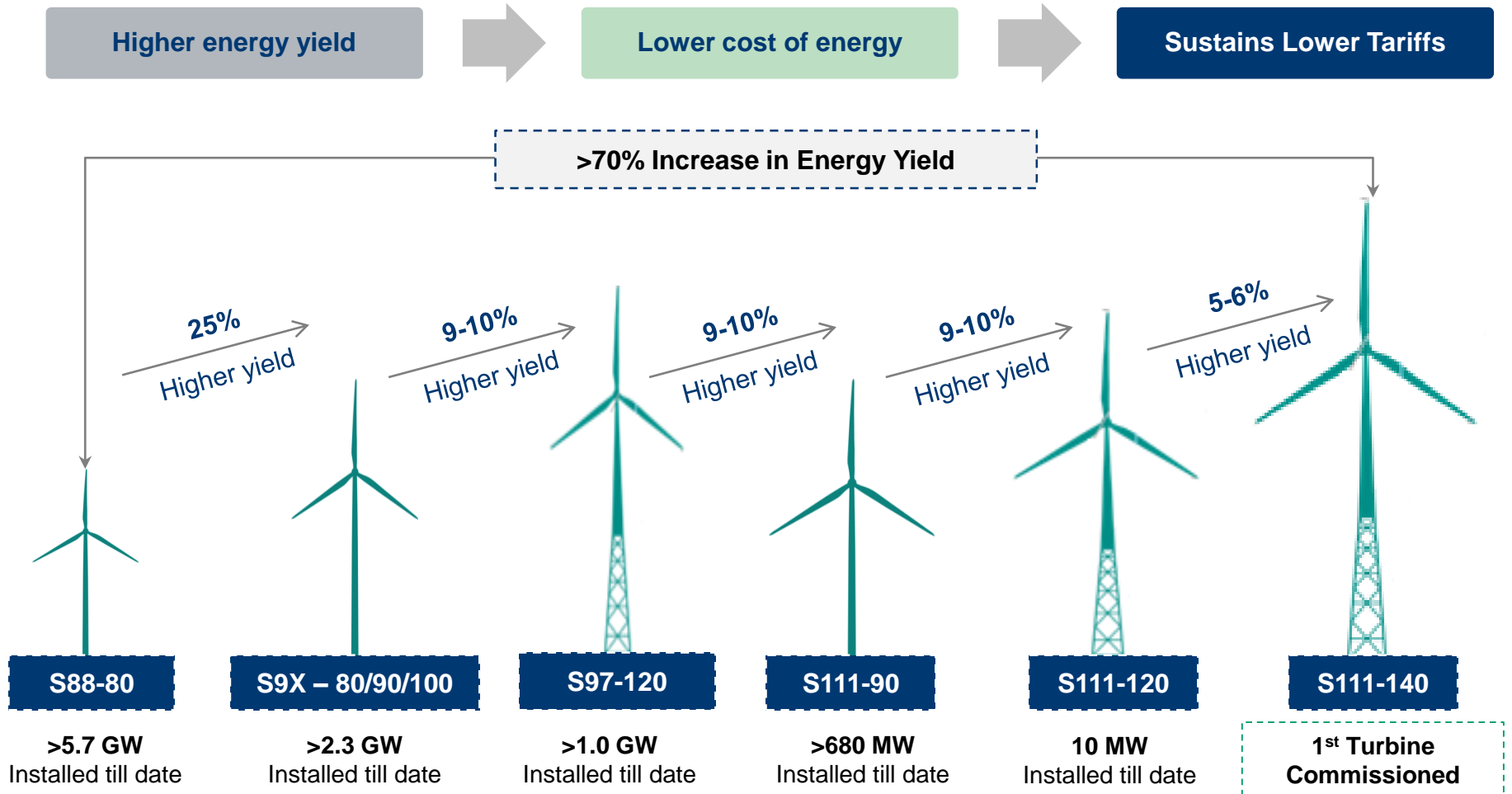
- **17% higher hub height enables:**
 - Accessing better wind profile;
 - Increasing the attractiveness / viability of the low wind sites
 - Unlocking unviable sites
- **Award winning tubular-lattice tower:**
 - Enables to achieve higher hub height at optimized cost
 - Reduced steel requirement; reduced overall weight
 - Lower foundation cost
 - Simplified logistics
 - 24 sq. m. base enhances stability and strength of the structure
- **Product Development Update**
 - Received Type Certification from TUV NORD
 - First turbine commissioned at the Gujarat

Surpassing its own benchmark of installing the highest 120 M tower

Tower height greater than 40 storey building

Lowers LCOE further; Strong competitive edge

2.1 MW Series: Proven Platform with >100,000,000 Operating Hours



Over 4,500 turbines of 2.1 MW platform across 17 countries

Taking Leadership in Offshore

Support Platform



Offshore LiDAR



Powered Through Solar



- **India's 1st Private Far Offshore Met Station**
 - Opportunity to harness India's 7,600km coastline
 - Government plans to auction 5 GW of Offshore project next year
- **State of Art Installation**
 - 16km from the Shore
 - 11m Water depth
 - 14m support platform height above water level
 - LiDAR based met station
 - Remote monitoring

Global In-House R&D Capabilities

Suzlon Technology Locations:		
Germany	Hamburg	<ul style="list-style-type: none"> - Development & Integration - Certification
	Rostock	<ul style="list-style-type: none"> - Development & Integration - Design & Product Engineering - Innovation & Strategic Research
The Netherlands	Hengelo	<ul style="list-style-type: none"> - Blade Design and Integration
India	Pune	<ul style="list-style-type: none"> - Design & Product Engineering - Turbine Testing & Measurement - Technical Field Support - Engineering
	Vadodara	<ul style="list-style-type: none"> - Blade Testing Center
	Chennai	<ul style="list-style-type: none"> - Design & Product Engineering (Gear Box Team)
Denmark	Aarhus Vejele	<ul style="list-style-type: none"> - SCADA - Blade Science Center



Hamburg



Rostock



Hengelo



Pune



Aarhus



Vejele

Best match between skills & location – Efficient leverage of R&D spending

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Suzlon Strengths in India Wind Market

**Full Turnkey Solution
Provider**

Pan India Presence

Technology Leadership

SUZLON
POWERING A GREENER TOMORROW

**Strong Customer
Relationship**

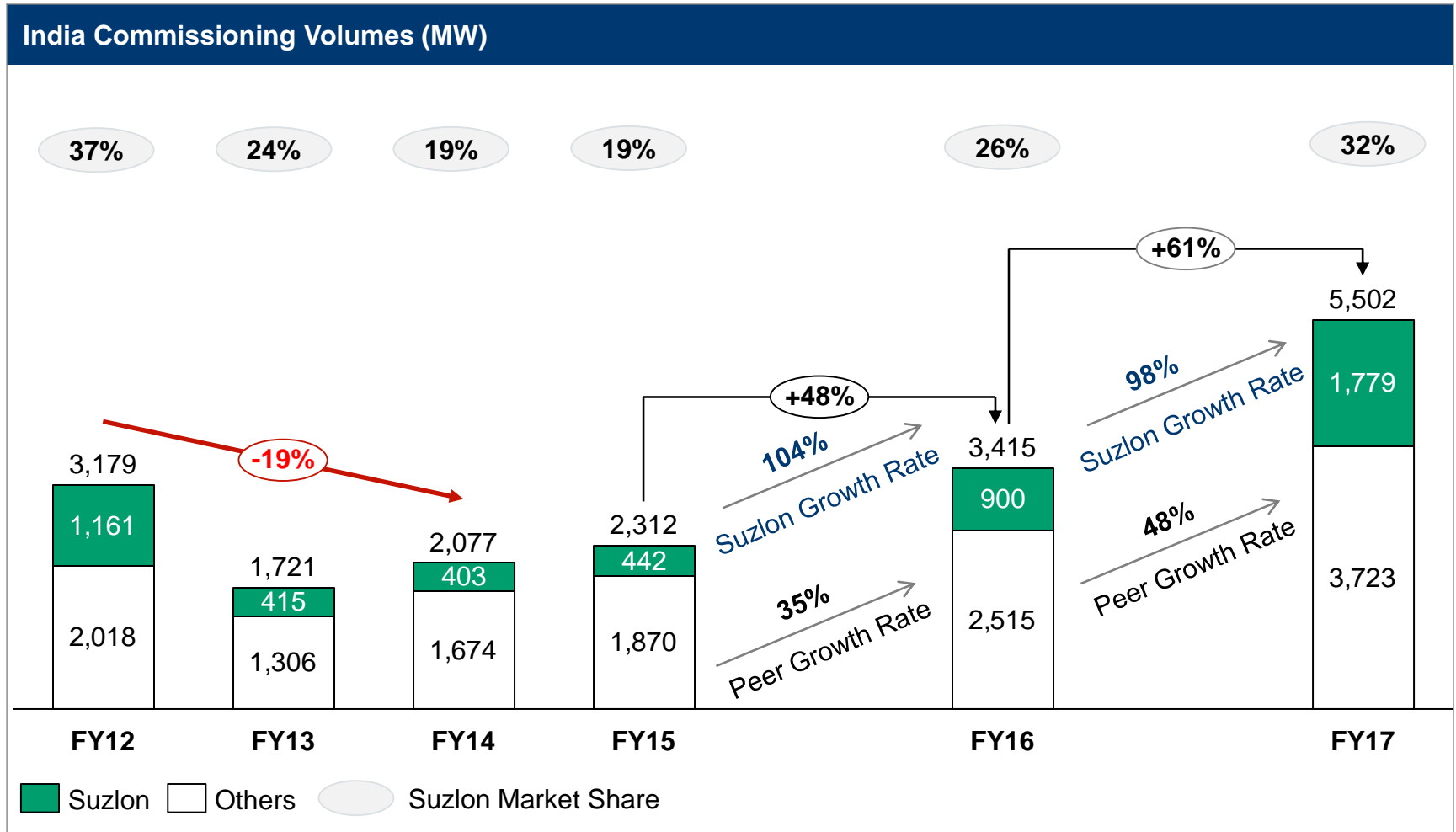
**Best In Class Service
Capabilities**

22+ Years Track Record

End-to-end service provider with strong presence across value chain & customer segments

SUZLON
POWERING A GREENER TOMORROW

Increasing Market Share in Growing India Market



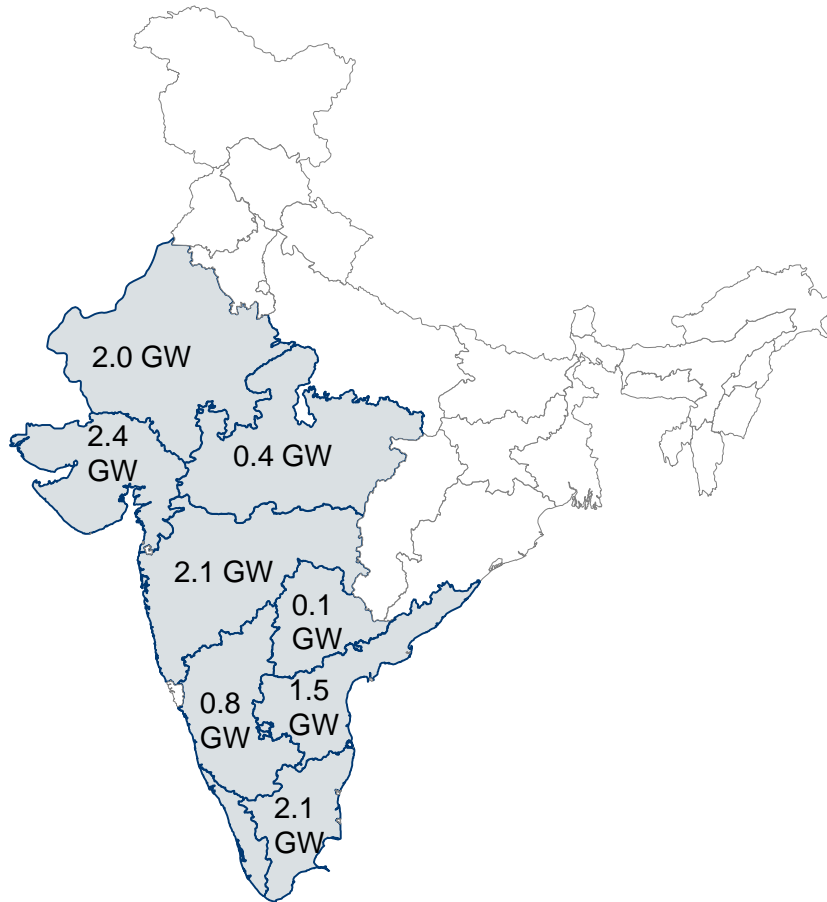
Source: MNRE

Growing faster than market and peer group

Surpassed 11 GW Wind Energy Installations In India

Ranked **No. 1** in Renewables Sector
 Ranked **No. 2** in Power Sector

Largest fleet under Operation and Maintenance fold in India



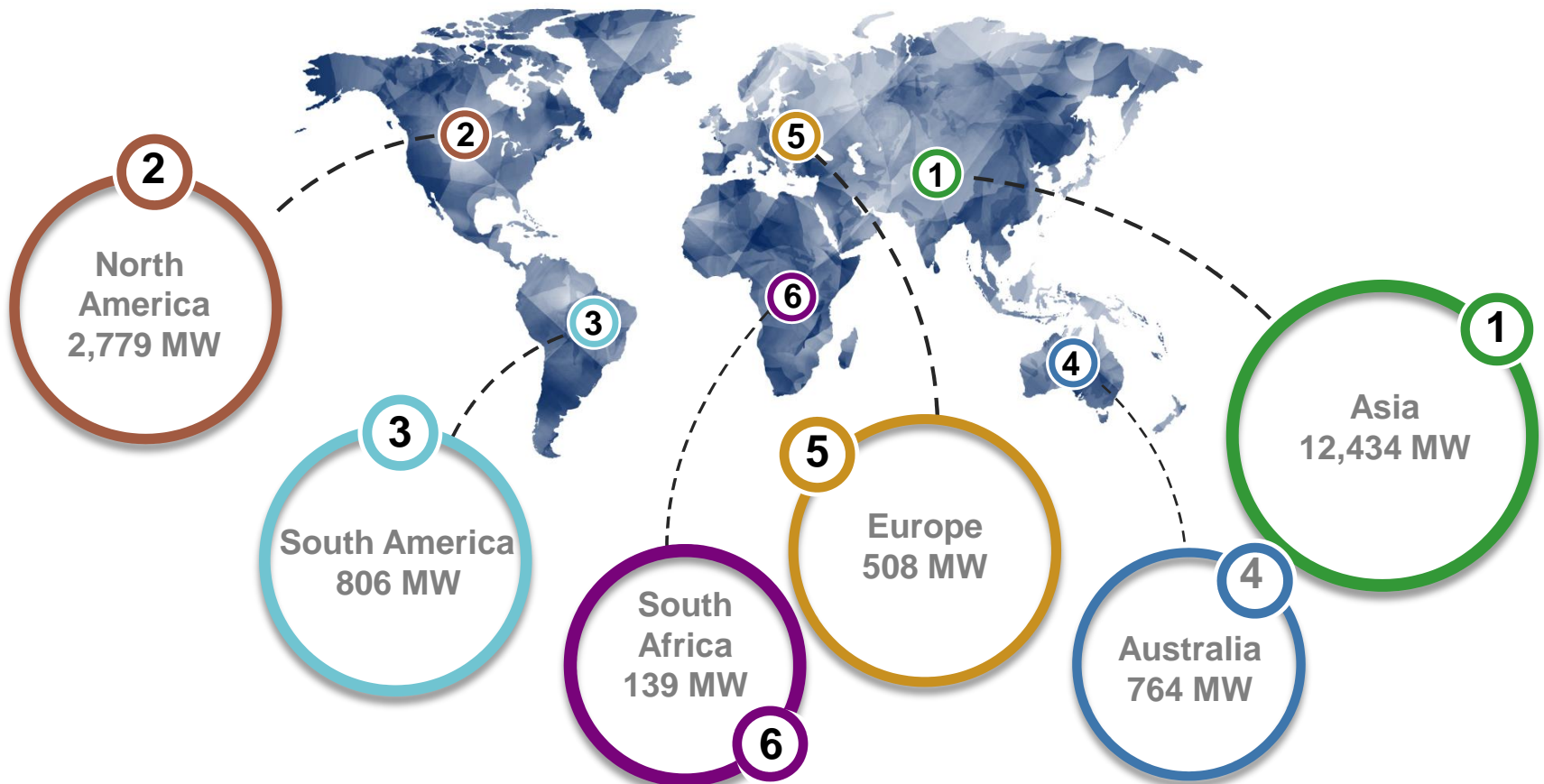
(31 st Mar'17)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,258	4,742
Total	8,204	11,293

- **35% - All India installed wind capacity**
- **~20% - All India installed renewable capacity**
- **~1,800 customer relationships**
- **22 years of operating track record**
- **25 TWh estimated of annual clean energy;**
 =2,030 mn trees planting p.a.
 =~18.5 mn tonnes coal avoidance p.a.
 =~24.4 mn tonnes CO2 emission savings p.a.

Custodian of 2nd highest installed power capacity (from all sources) in India

Suzlon's Global Presence

As on 31st Dec 2017



Suzlon's strong relationships across regions positions it well

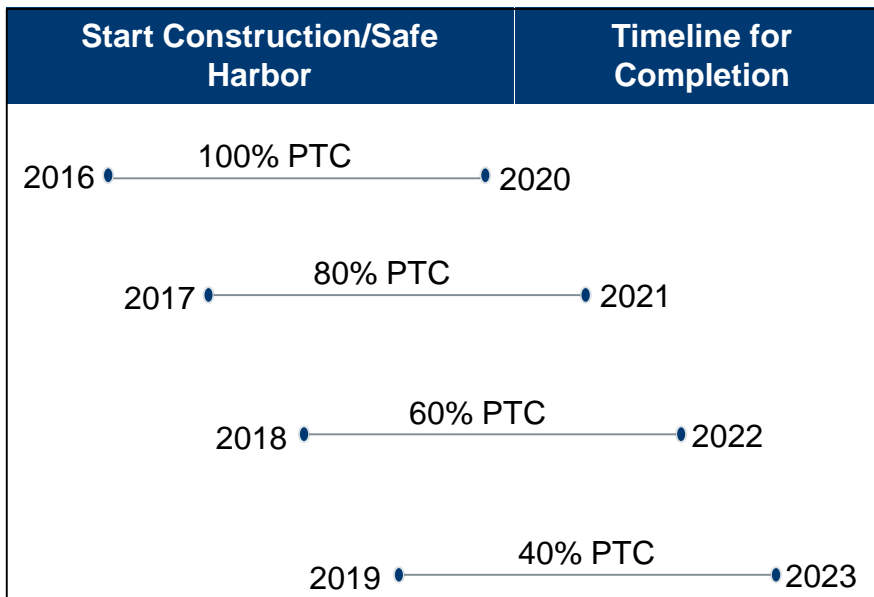
SUZLON
POWERING A GREENER TOMORROW

Map not to scale. All data, information, and map is provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

USA PTC Volume: ~500 MW Pipeline Created for 100% PTC Projects

Production Tax Credit (PTC) Extension: Huge Volume Opportunity

- PTC in USA extended until 2019 with benefits stepping down every year before phase out
- In order to qualify, projects only need to start construction and make a minimum 5% investment (“Safe Harbour Investments”)
- Thus projects which meet safe harbour investments in 2016, will be eligible for 100% PTC benefit, while projects which meet safe harbour investments in 2017 will be eligible for 80% PTC benefit
- Timeline for completion of the projects is 4 years from the start of construction



Suzlon Strategy

- Established SPVs to implement Safe Harbor Projects and develop project pipeline
- ~500 MW Pipeline created of projects eligible for 100% PTC
- To translate into firm orders for execution over the next couple of years

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

Consolidated Income Statement

Particulars (₹ Cr.)	Q3 FY18 Unaudited	Q2 FY18 Unaudited	Q3 FY17 Unaudited	9M FY18 Unaudited	9M FY17 Unaudited	FY17 Audited
Revenue from operations	2,204	1,187	3,316	6,056	7,700	12,693
Less: COGS	1,519	630	1,859	3,712	4,248	7,543
Gross Profit	685	557	1,457	2,344	3,452	5,150
Margin %	31.1%	46.9%	43.9%	38.7%	44.8%	40.6%
Employee benefits expense	193	208	253	602	767	1,046
Other expenses (net)	245	242	459	913	1,204	1,901
Exchange Loss / (Gain)	-97	99	17	44	14	-297
EBITDA	344	8	728	785	1,467	2,499
EBITDA (Pre-FX)	247	107	745	829	1,481	2,203
Margin %	11.2%	9.0%	22.5%	13.7%	19.2%	17.4%
Less: Depreciation	79	79	107	240	280	389
EBIT	265	-71	621	545	1,186	2,110
EBIT (Pre-FX)	168	28	638	589	1,201	1,813
Margin %	7.6%	2.3%	19.2%	9.7%	15.6%	14.3%
Net Finance costs	308	303	310	897	878	1,199
Profit / (Loss) before tax	-43	-374	311	-353	308	912
Less: Exceptional Items Loss / (Gain)	5	-455	0	-450	0	0
Less: Share of (Profit) / Loss of Associates & JV	-16	9	27	9	39	48
Less: Taxes	1	1	1	2	6	12
Net Profit / (Loss) after tax	-33	71	283	86	263	852
Less: Non-Controlling Interest	-5	3	0	-3	0	-6
Net Profit Attributable to Shareholders	-28	68	283	89	263	858

Consolidated Net Working Capital

(₹ Cr.)

	31 st Dec'17	30 th Sep'17	31 st Dec'16
Inventories	3,590	4,518	3,747
Trade receivables	3,565	3,131	3,517
Loans & Advances and Others	1,923	1,900	1,989
Total (A)	9,078	9,549	9,253
Sundry Creditors	2,515	3,390	3,823
Advances from Customers	1,505	1,616	1,427
Provisions and other liabilities	1,515	1,411	1,519
Total (B)	5,534	6,417	6,769
Net Working Capital (A-B)	3,544	3,131	2,485

Key Accounting Policies – Revenue Recognition and Order Booking

Opening Order Book	
<p>(-) Sales during the period</p>	<ul style="list-style-type: none"> • Sales (WTG Revenue Recognition) <ul style="list-style-type: none"> – WTG revenue is recognised upon transfer of risks and rewards to the buyer of complete WTG viz: Nacelle, Blade and Tower.
<p>(+) Order Intake during the period</p>	<ul style="list-style-type: none"> • Order Intake during the period <ul style="list-style-type: none"> – Only orders backed by certainty of PPAs
<p>Closing Order Book</p>	<ul style="list-style-type: none"> • Closing Order Book <ul style="list-style-type: none"> – Represents MW value of contract against which no revenue is recognized in the income statement

Key Accounting Policy: Maintenance Warranty Provisions

Maintenance Warranty Provisions

✓ **Accounting Policy:**

- Comprise of provisions created against maintenance warranty issued in connection with WTG sale
 - Created when revenue from sale of wind turbine is recognized
- Provisions estimated based on past experience
- Reversals of unused provision on expiry of Maintenance warranty period

✓ **Global Wind Industry Standard Practice:**

- Followed by top listed global industry leaders
- Despite Insurance and back to back warranty from suppliers



THANK YOU

