

Suzlon Energy Limited

Annual Results FY18

30 May 2018

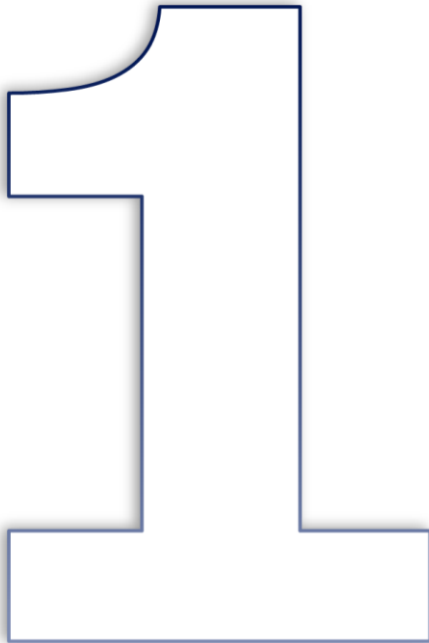


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No. 1 Player In India Wind Industry

RANK



Annual Commissioning

~35% Market Share; Highest by any OEM in India

Cumulative Installations

Largest cumulative installed base by any OEM in India

Fleet under Maintenance

Largest renewable fleet in India, ~12GW fleet under service
2nd largest O&M company in Indian Power Sector (after NTPC)

Auction Market Order Intake Share

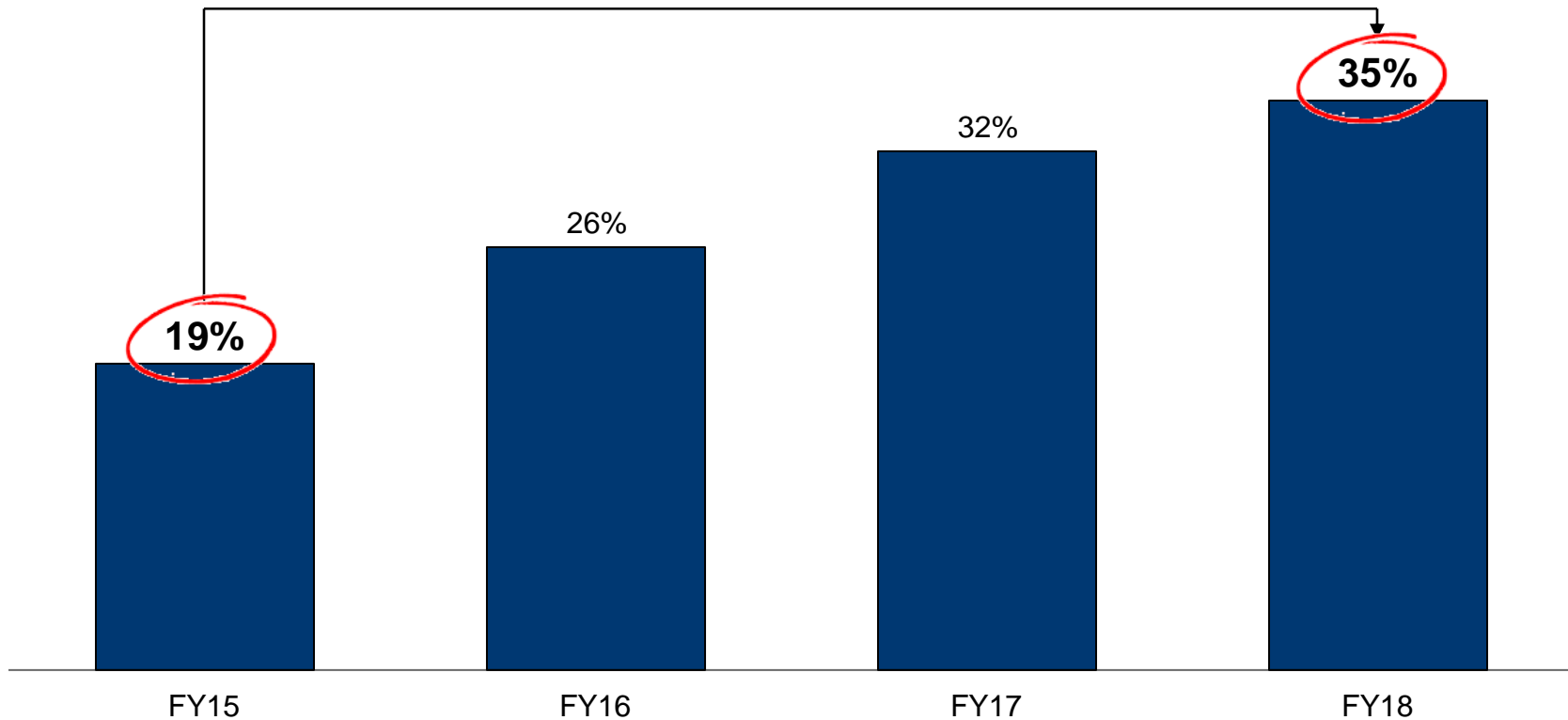
Highest order wins by any OEM in India under the auction regime

Captive, Retail and PSU segment

>40% market share

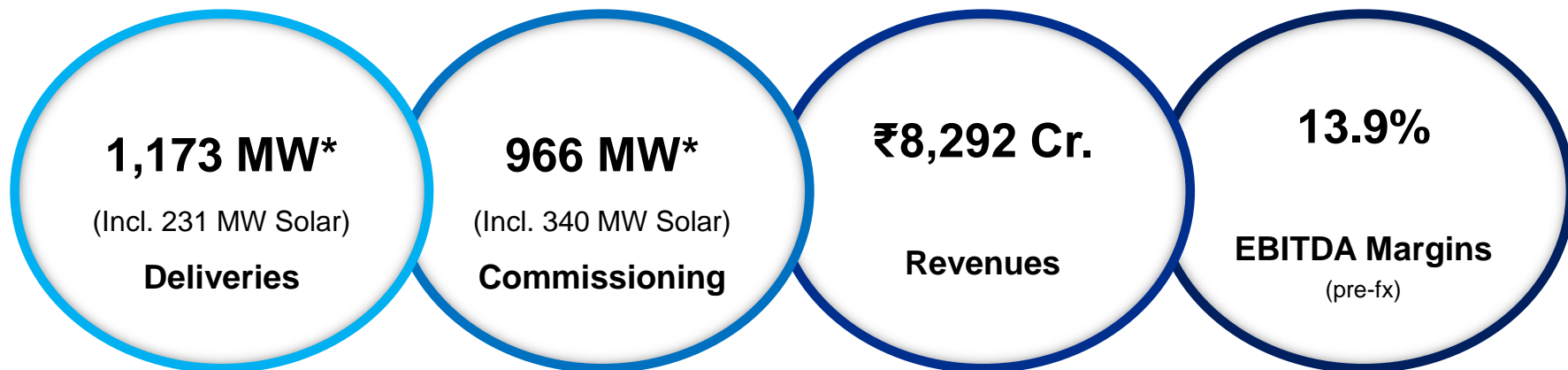
3rd Consecutive Year Of Market Share Gains

Suzlon Annual Market Share (%)
(Based on Commissioning)



Strong execution capabilities demonstrated

FY18 Performance Highlights



In Line with Guidance



~1.2 GW volumes

Despite Transition Year;



~14% EBITDA margins

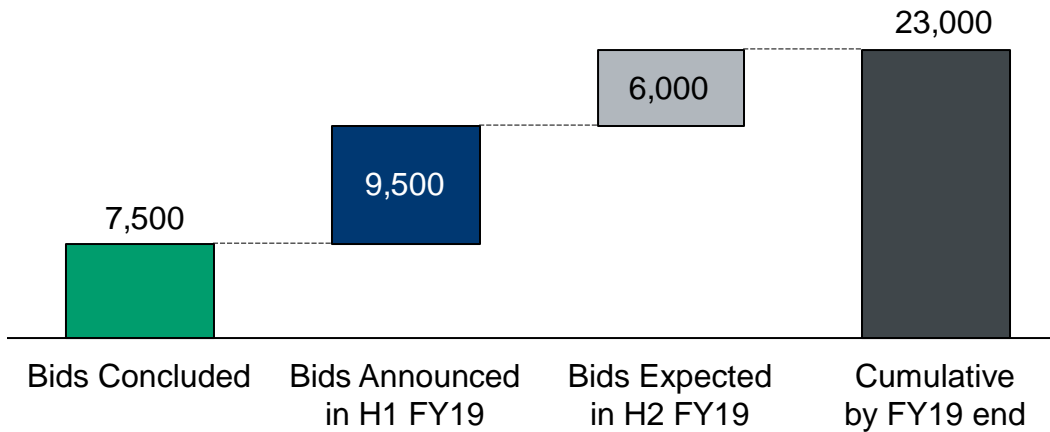
Despite Lower Operating Leverage
Despite 11% Revenue from Low Margin Solar

*Note: Includes 70 MW of Solar Volumes Delivered and Commissioned, revenues of which is eliminated upon consolidation

Strong Bidding Momentum; Tariffs Bottoming Out

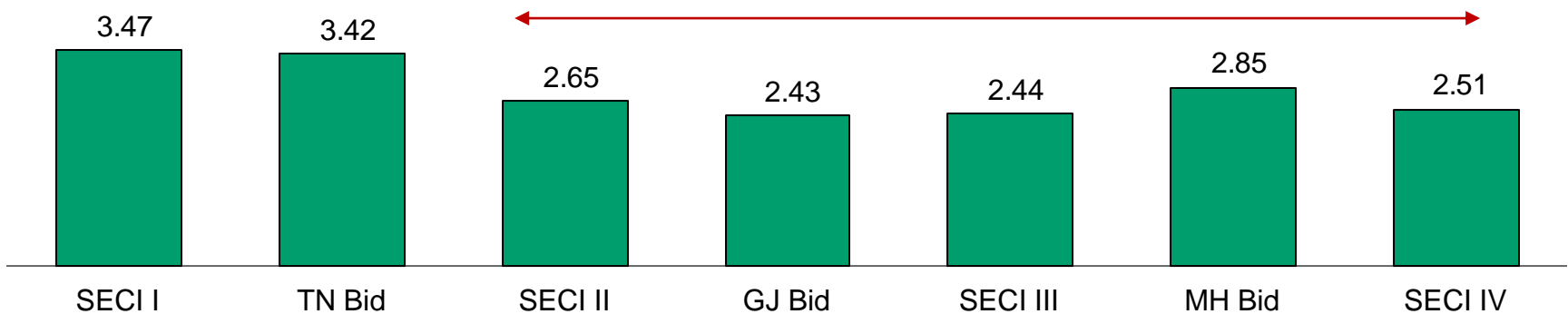
Strong Volume Visibility

Bid Volumes (MW)



Bids Announced	Capacity
SECI V	2,000 MW
NTPC	2,000 MW
Gujarat	1,000 MW
Wind Solar Hybrid	2,500 MW
Wind in Existing Solar Farms	1,000 MW
Offshore	1,000 MW
Total	9,500 MW

Bid Tariffs (₹/Unit)



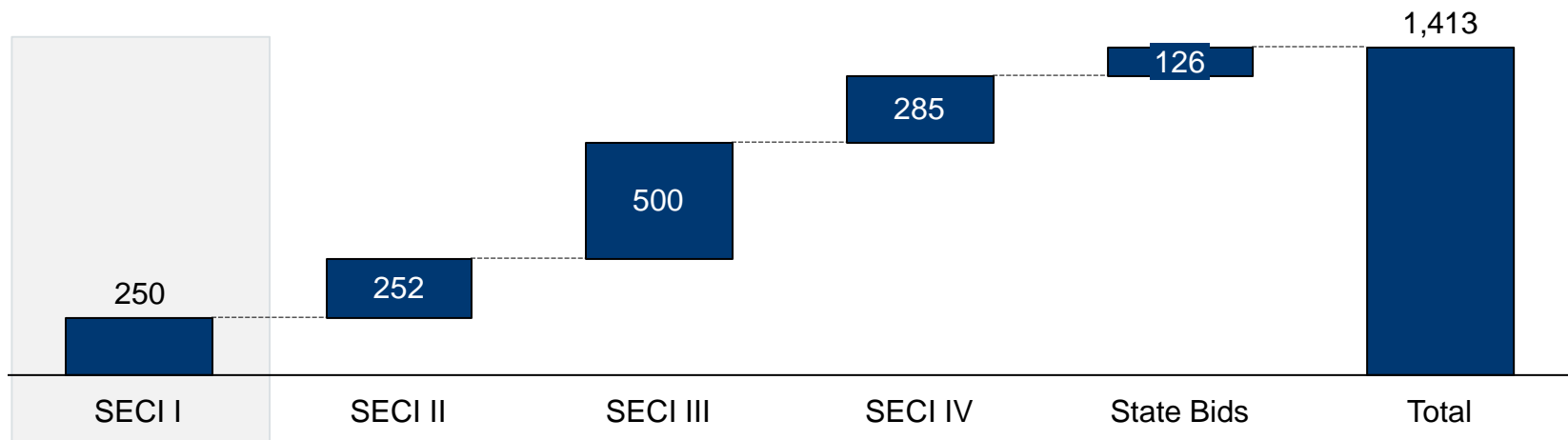
Poised for a sustainable expansion

Largest Order Volume Share In Auctions Concluded Till Date

Auction Wise Order Wins for Suzlon (MW)

Only player under SECI I:

- to achieve land milestone
- to complete equipment delivery



→ **~97%** volumes won through “Pre Bidding” tie up

→ **~98%** volumes under full turnkey scope

→ **~92%** volumes from Large Utility Companies – Top Quality Customer Profile

Around 20% of 7.5 GW auctioned capacity is still open in market – *Incremental Potential for Suzlon*

Zero reliance on self bidding

Largest Backlog In India Wind Industry

Particulars	Capacity	Remarks
Auction based Order Book	1,144 MW	SECI III, SECI IV and MH Bids PPA yet to be signed (100% certainty of signing)
Retail, Captive & PSU	59 MW	Backed by advance, Not Dependent on PPAs
Wind Firm Order Book	1,203 MW	ASP ₹ ~6 Cr. / MW (Net of Taxes)
Value of Order Book	₹7,135 Cr.	
+		
Framework Agreements / PPA in hand	>700 MW	✓ PPA Signed, Ratification Awaited

~2 GW Backlog

SEFL and Service orders over and above this order book

Resilient ASPs despite tariff decline

3 New Turbines Launched In FY18: Pushing Technology Boundaries

S111-140

2.1 MW

India's Tallest Wind Turbine

Proto Commissioned

Aug'17

S111-140

~5-6%
Higher Energy Yield

S111-120

S120-140

2.1 MW

India's Largest 2.1 MW Turbine

Proto Expected

Q1 FY19

S120

~6-7%
Higher Energy Yield

S111

S128-140

2.6 – 2.8 MW

India's Largest Rotor Diameter

Proto Commissioned*

Jan'18

S128

~20-22%
Higher Energy Yield

S120

* Proto commissioned for S128-105

FY19 Guidance

Revenue	₹ 12,000 – 13,000 Cr.
EBITDA Margin	Around 14%
Debt Reduction Target	30% - 40%

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

FY18 Result Snapshot

(₹ Cr.)

Particulars	FY18 Audited	FY17 Audited	Remarks
Revenue	8,292	12,693	
Gross Profit	3,177	5,150	
Gross Margin	38.3%	40.6%	Despite 11% revenue from low margin solar
Employee Expenses	805	1,046	Significant Cost Optimizations
Other Expenses (net)	1,223	1,901	
EBITDA (Pre FX)	1,149	2,203	Despite lower operating leverage; EBITDA margins on target levels
EBITDA Margin (Pre FX)	13.9%	17.4%	
Depreciation	342	389	
Net Finance Cost	1,208	1,157	Increase due to higher working capital usage and FX impact
Provision for Right of Recompense	294	42	
Taxes	(2)	12	
Share of (Profit) / Loss of Associates / JV	(5)	48	
Net Profit (Pre Fx and Ex. Items)	(688)	555	
Exchange Loss / (Gain)	146	(297)	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	(384)	852	
Non Controlling Interest	(7)	(6)	
Net Profit attributable to Shareholders	(377)	858	

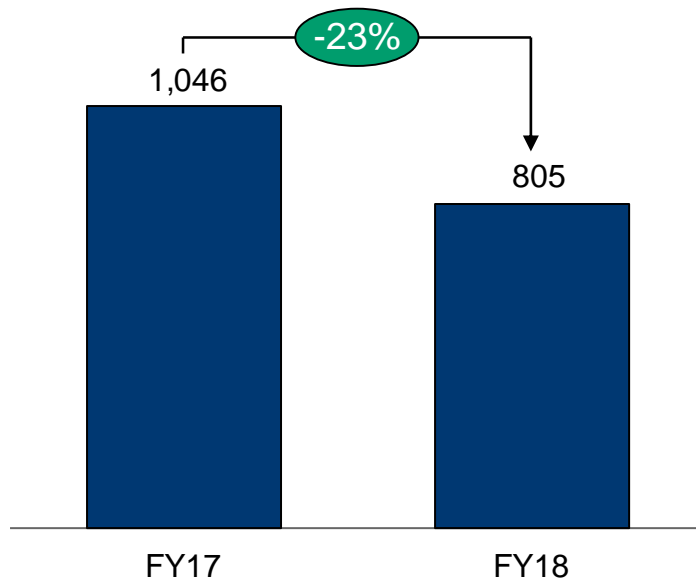
Stringent Focus On Fixed Cost Optimization

Fig. in ₹ Cr.

Continuous Improvement in Expense Ratio

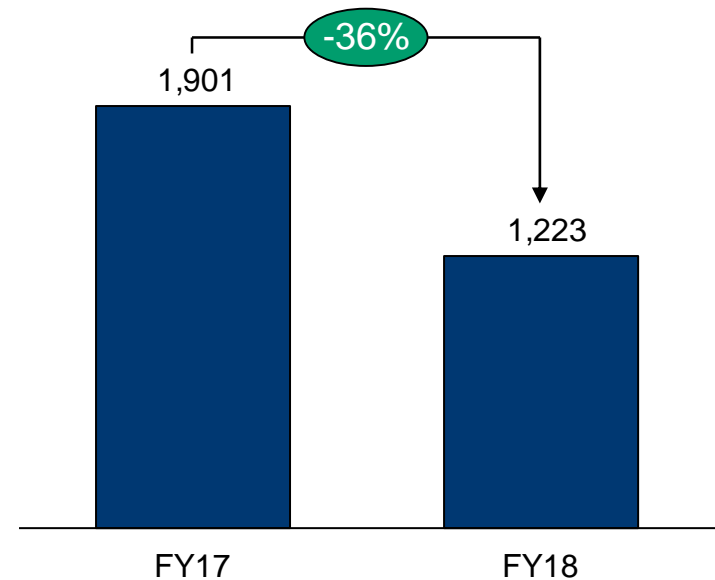
Manpower Expenses

(Mostly Fixed in Nature)



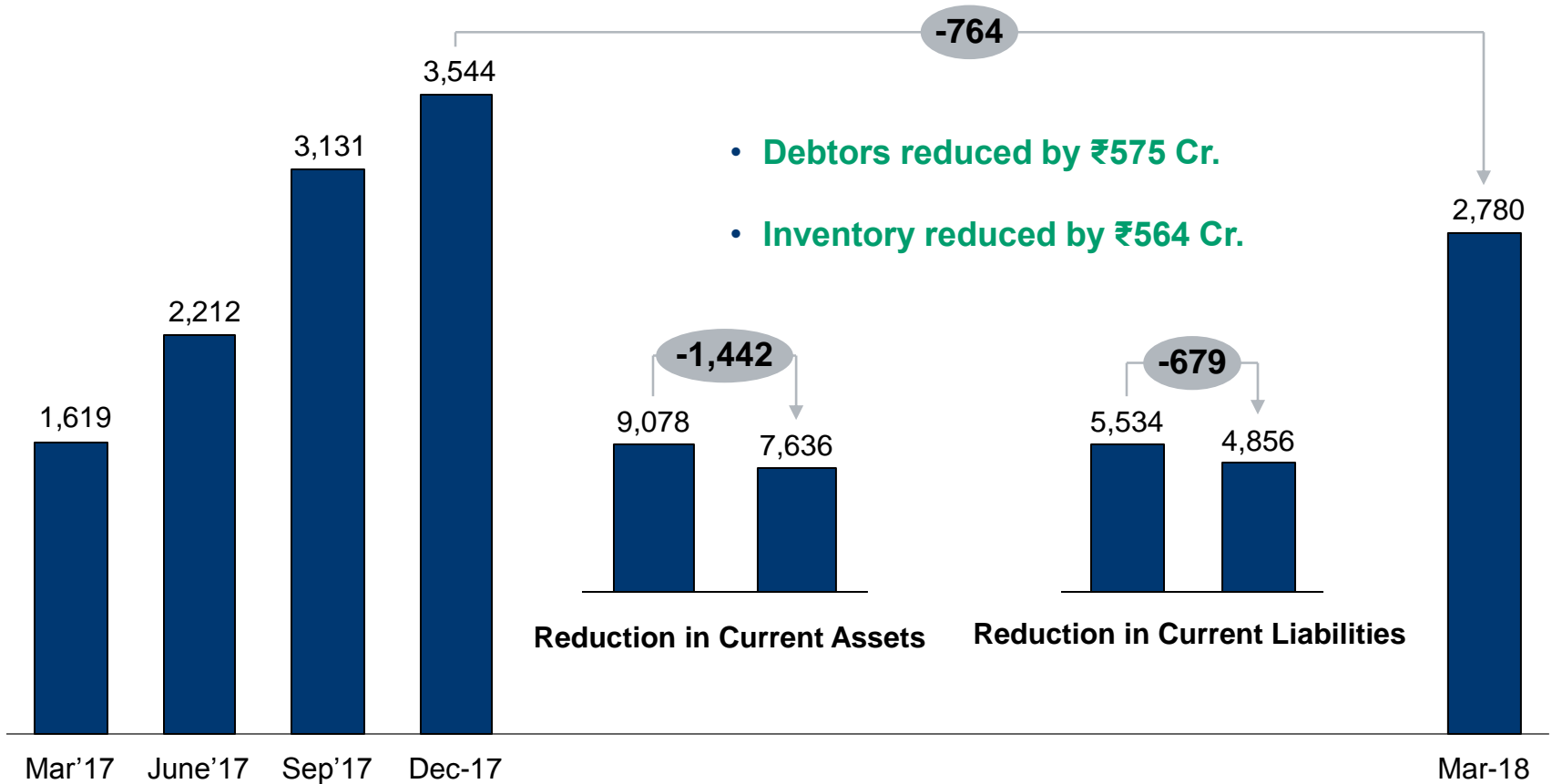
Other Expenses*

(Semi Variable in Nature)



Reduction In Net Working Capital In Q4

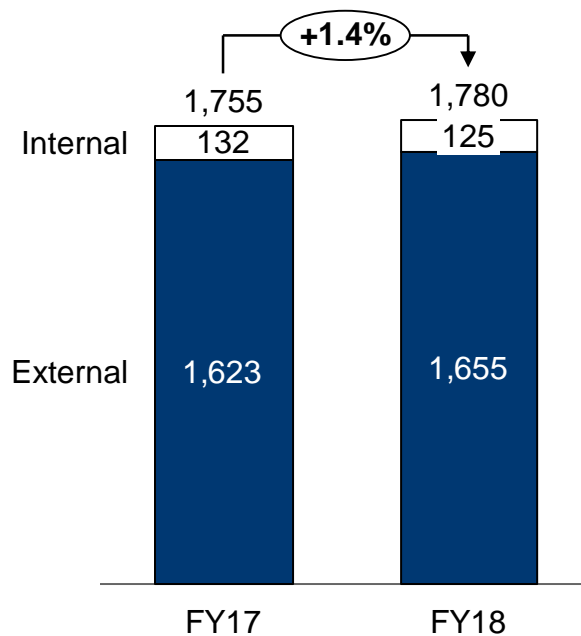
Fig. in ₹ Cr.



To further reduce in FY19

Stable Service Revenue Insulated From Business Cycles

Operations and Maintenance Revenues (₹ Cr.)



- ✓ **~15 GW of Assets under Management (AUM)**
 - ~12 GW in India; ~3 GW Overseas
 - 2nd Largest O&M player in India Power Sector, after NTPC
- ✓ **100% renewal track record in India**
 - Every turbine sold by us in India is under our Service fold
 - Custodian of ~12 GW of assets in India
 - 23 years of track record in India
- ✓ **External OMS revenue is ~20% FY18 revenue**

Order Book Reconciliation

	(MW)	Remarks
Opening as on 31st Mar'17	901	<ul style="list-style-type: none"> • Mytrah's Long Term Order of 436.8 MW cancelled due to change in regime from FIT to Auction. • 218.4 MW orders from Renew, Greenko and other IPPs and retail customers were cancelled due to non-availability of PPAs outside auctions • 77.7 MW orders of Renew and other IPP and retail customers were short closed due to change in tariff post 31st March 2018 • Substantial part of the above was already removed from firm order book in H1
(+) Order Intake	1,957	
(-) Net RR	1,173	
(-) Cancellations and Short Closures	733	
(-) Currently classified as Framework	50.4	<ul style="list-style-type: none"> • Backed by signed PPA and customer advance, PPA ratification pending
Closing as on 31 st Mar'18	901	
Order Wins Post 31 st Mar'18	302	
Firm Order Book as on Date	1,203	
Framework Agreements / PPA in hand	>700 MW	<ul style="list-style-type: none"> • PPA Signed, Ratification Awaited

~2.0 GW Backlog

Financial Performance

Debt Overview

Industry Outlook

Technology

Suzlon Strengths

Detailed Financials

Term Debt Profile

(Excl. FCCB)	Mar'17	Mar'18	Change	Back Ended Maturity Profile
SBLC Backed AERH Loans	US\$ 626 M	US\$ 569 M	↓ US\$ 57M	(₹ Cr.) <p>FY19-22 Repayments: 36%</p> <p>64% 4,422</p>
Other FX Term Debt	US\$ 74 M	US\$ 66 M	↓ US\$ 8M	
Rupee Term Debt	₹ 2,877 Cr.	₹ 2,843 Cr.	↓ ₹ 34Cr.	
Gross Term Debt	₹ 7,392 Cr.	₹ 6,967 Cr.		
Net Term Debt	₹ 6,198 Cr.	₹ 6,037 Cr.		

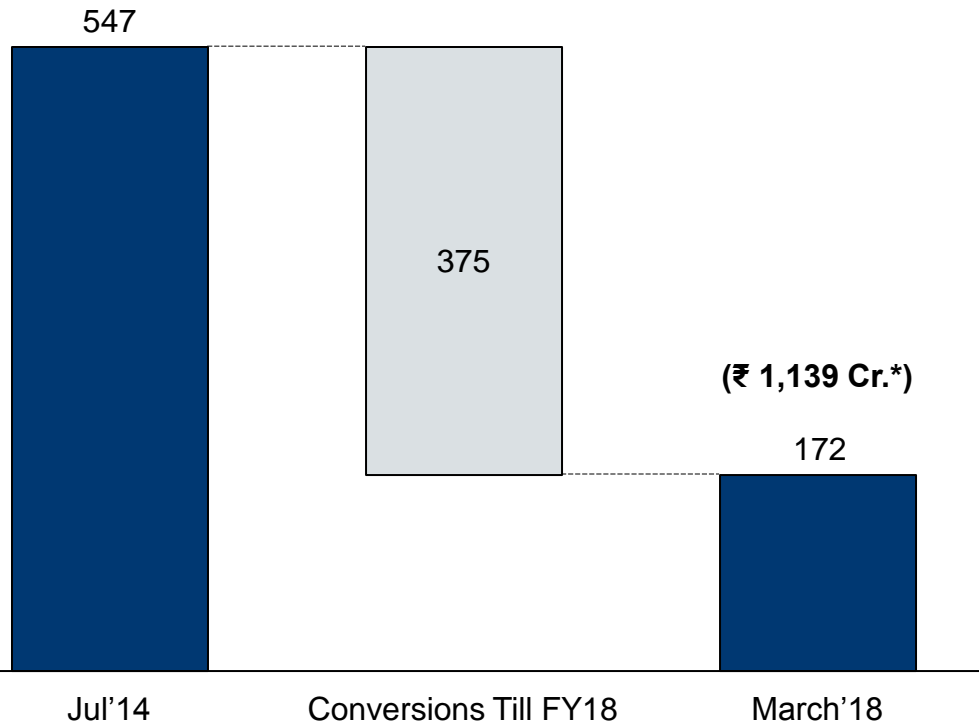
Reduction across debt category

Note: 1 US\$ = ₹ 65.18; Ind AS impact is captured in the Gross Term Debt total in ₹ CR.

July 2019 FCCB Series Overview

(US\$ Mn)

FCCB Principal Value



No. of Shares (Cr.)

Current Outstanding	532
Pending Conversion	67
Post Full Conversion	599

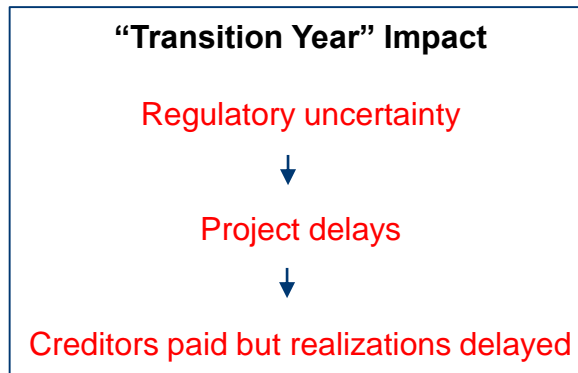
Conversion Details

Price (Per Share)	₹ 15.46
Exchange Rate	₹ 60.225

69% FCCBs already converted till date

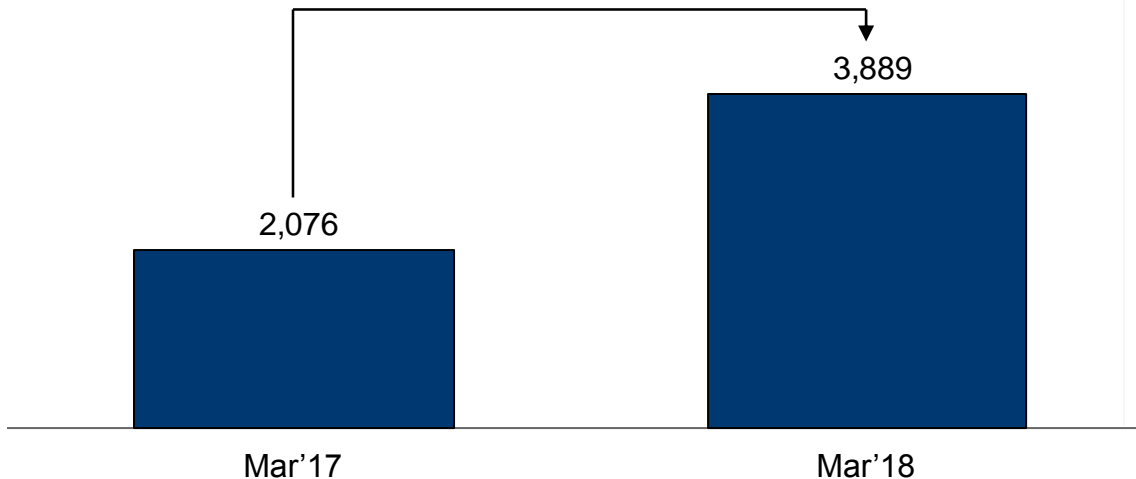
Increase In Working Capital Debt Due To Transition Year Impact

Fig. in ₹ Cr.



“Auction Regime”

- Reduced regulatory uncertainty
- Elongated execution schedule
- Smoothened out quarterly volumes
- Large scale project size
- Make to Order
- Lower working capital requirements



To substantially reduce in FY19

Financial Performance

Debt Overview

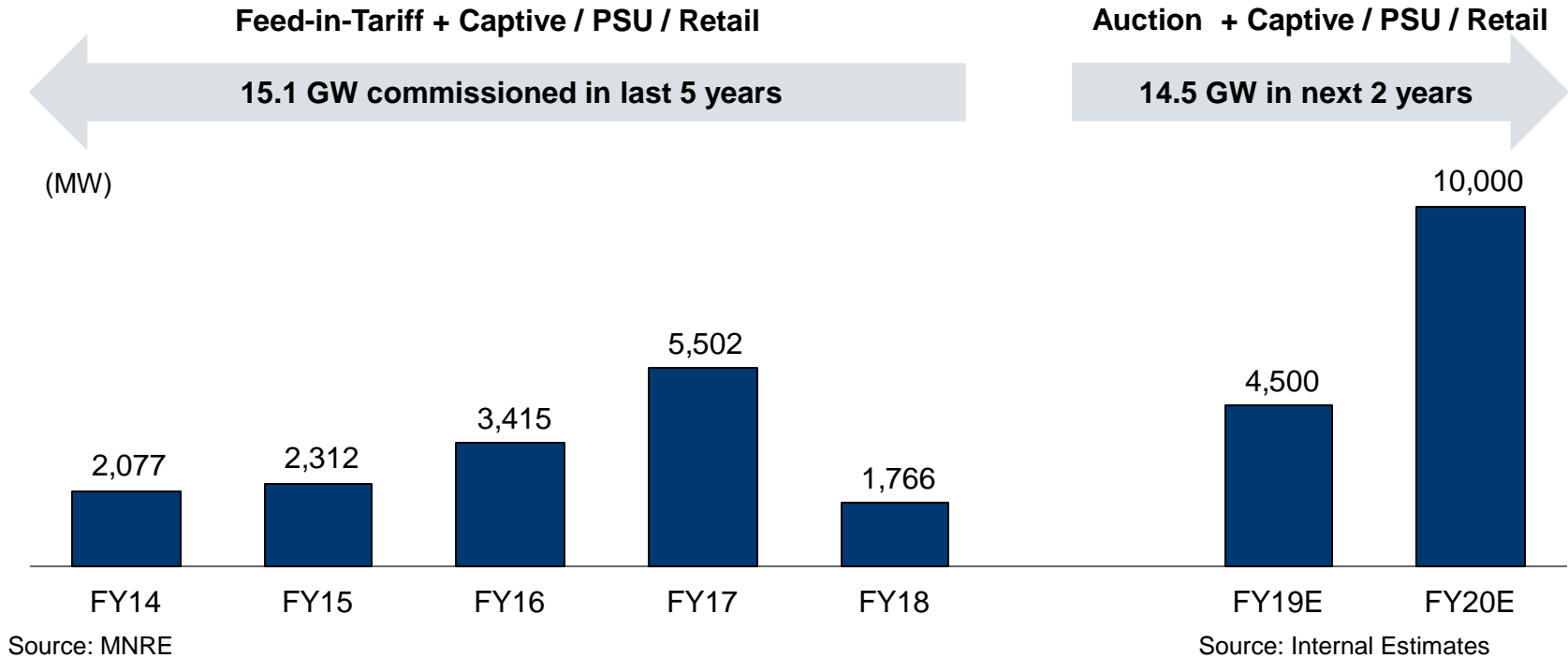
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Strong Visibility On Growth For India Wind Market



Backed by 23 GW volume visibility

7.5 GW Bids completed (Till date)

9.5 GW Bids Announced (H1 FY19)

6.0 GW Bids Expected (H2 FY19)

~5 GW Announced Pipeline For Wind Solar Hybrid

Announced Pipeline

2.5 GW Hybrid
(New Hybrid)

1 GW Wind
(in existing solar farms)

1 GW Solar
(in existing wind farms)

160 MW Hybrid
(in Andhra Pradesh)

- **Wind Solar Hybrid Gaining Traction**

- **14th May 2018:** Wind Solar Hybrid Policy issued by MNRE
- **25th May 2018:** Scheme for 2,500 MW Wind Solar Hybrid Sanctioned; Bidding Guidelines Issued
- **Within 15 Days:** RFS to be issued

- **Key Features of Policy and Guidelines**

- >25% must be from each source to qualify as hybrid
- Fulfilment of solar / non solar RPO in the proportion of rated capacity
- SECI will be the Nodal Agency
- Bid Capacity 200-500 MW; 25 years PPA; Annual CUF > 40%

Demonstrated Turnkey Capabilities of both Wind and Solar

~12,000 MW
India Wind
Commissioning

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340 MW
India Solar
Commissioning

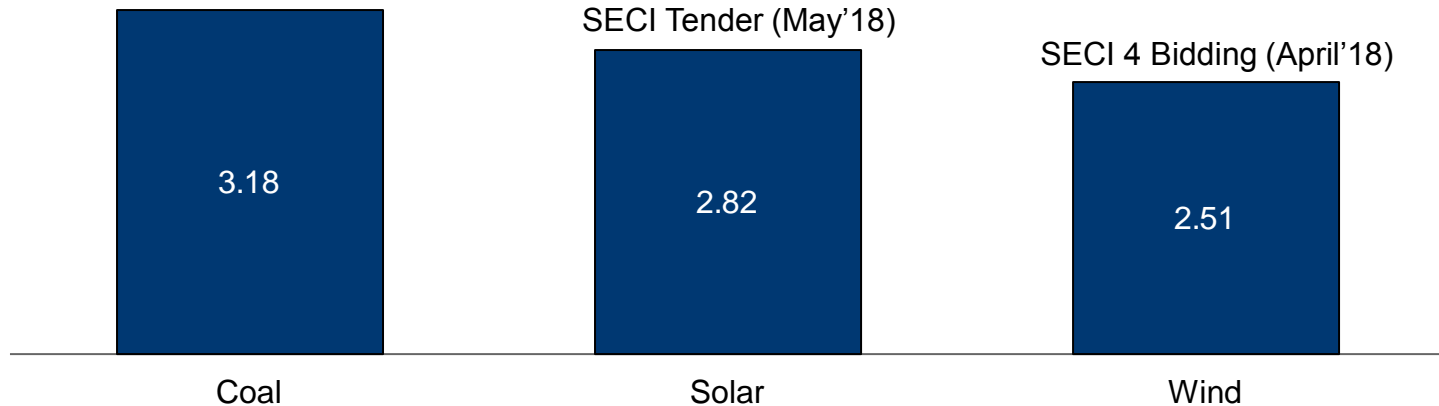
Wind Emerging As Most Competitive Source Of Power

Tariff Levels (₹ /unit)

India APPC

3.48

NTPC Avg. Coal Plant Tariff (FY17)

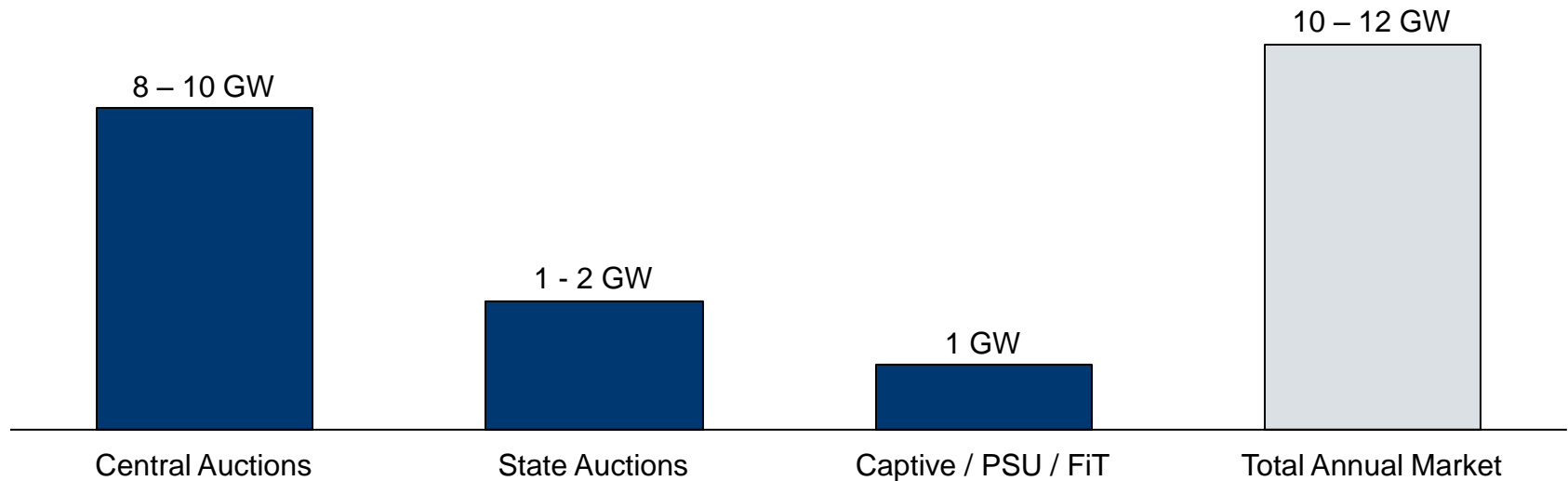


Equipment	Domestic / Imported	Largely Imported	"Made in India"
Fuel	Domestic / Imported	No Fuel Cost	No Fuel Cost
Tariff Stability	Variable	Constant for 25 years	Constant for 25 years

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

Poised To Become A 10+ GW Annual Market

India Annual Wind Market Potential Size and Segmentation



Power Grid working on creation of transmission infrastructure

- Increasing inter-regional capacity
 - Laying new high capacity lines
 - Upgrading exiting substation facilities
- Work commenced on connecting southern, western and northern regions
- KfW Development Bank and Asian Development Bank to finance these projects

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)
(Optimized Cost and Working Capital)

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 Emerging Opportunities For Growth

Feed in Tariffs <25 MW projects

₹3.45 per unit
(Announced by Karnataka)

Others states to follow

- Wind projects less than 25 MW
- 25 years PPA period
- To boost retail investor participation

Offshore

1 GW
Expression of Interest

5 GW
Targeted auctions until 2020

- National offshore policy already notified
- Suzlon has commissioned 1st Offshore Met Station
- Offshore Advantage: Higher PLF due to high wind power density and shallow water depth enables lower cost in terms of project execution

Repowering

3 GW
Estimated Potential
of < 1,000 kw turbines

- Policy already announced and notified in 2016
- Repowering is replacing old technology low capacity wind turbines with the latest large sized wind turbines
- Govt. keen on harnessing this potential and working on right set of policies incentivizing Repowering

Financial Performance

Debt Overview

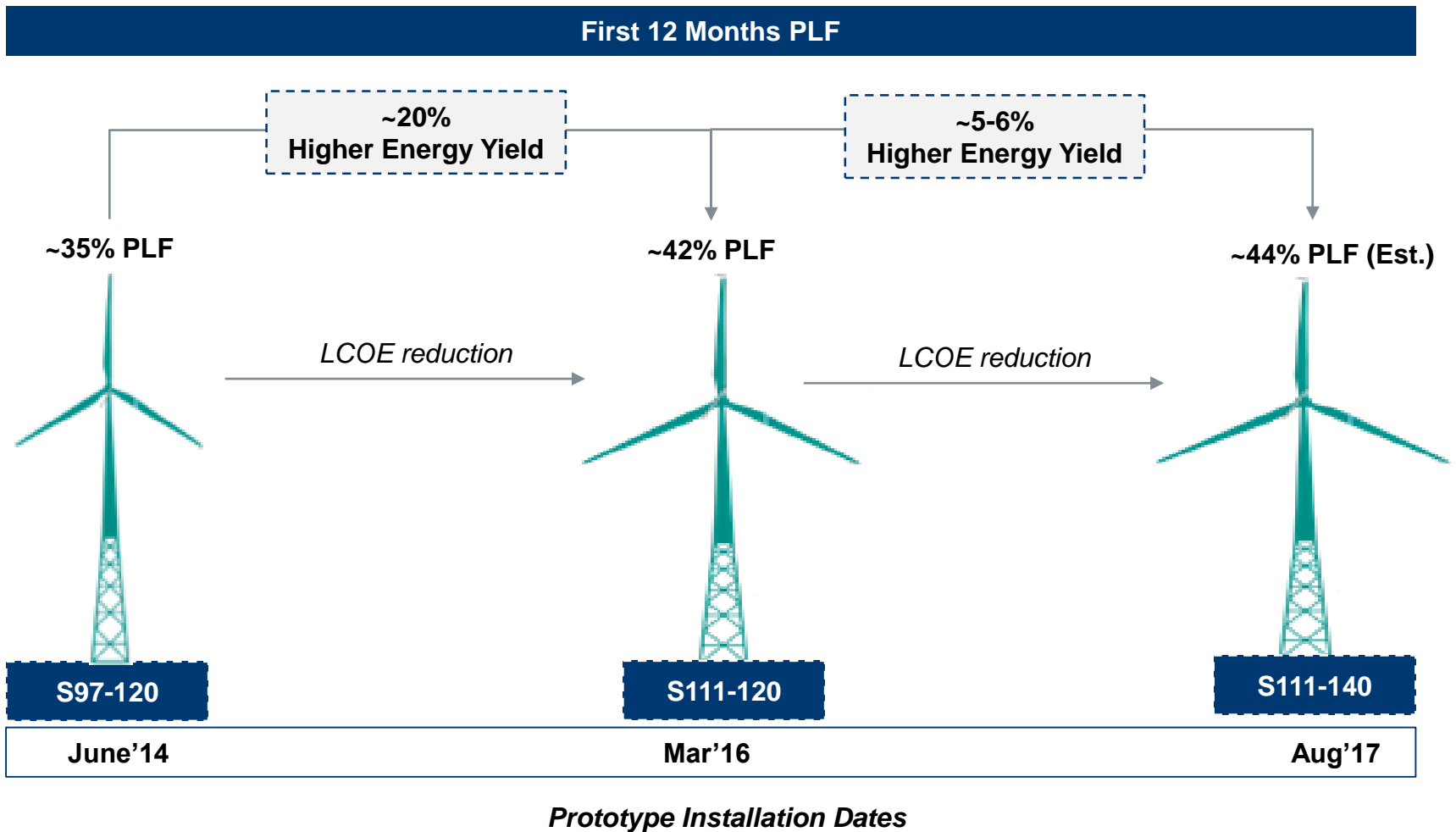
Industry Outlook

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Suzlon Strengths

Detailed Financials

S111-140 - 2.1 MW: India's Tallest Turbine Commissioned In FY18



Tallest all steel hybrid tower offering in India

S120: Accelerate Near Term Competitiveness Of Current Platform

Site Installation underway



- **Proto Commissioning (E): Q1FY19**
- **Rated Capacity: 2.1 MW**
- **Rotor Diameter: 120M**
- **Tower Height: 120-140M**

SB59 Main Mould 2 installed at Bhuj



Site Installation underway

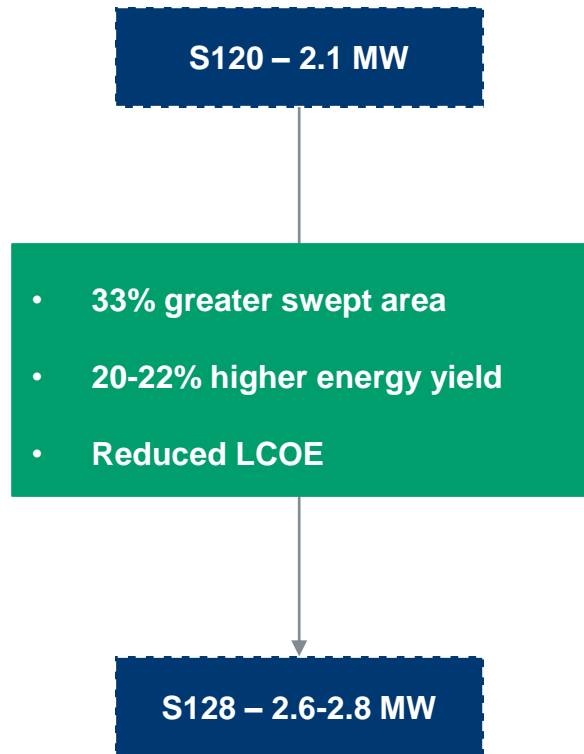


- **6-7% Higher Yield vs. S111**
- **~520 MW orders already closed**

S120 Nacelle Assembly at Plant



S128 – 2.6 - 2.8 MW: Readying For The Future

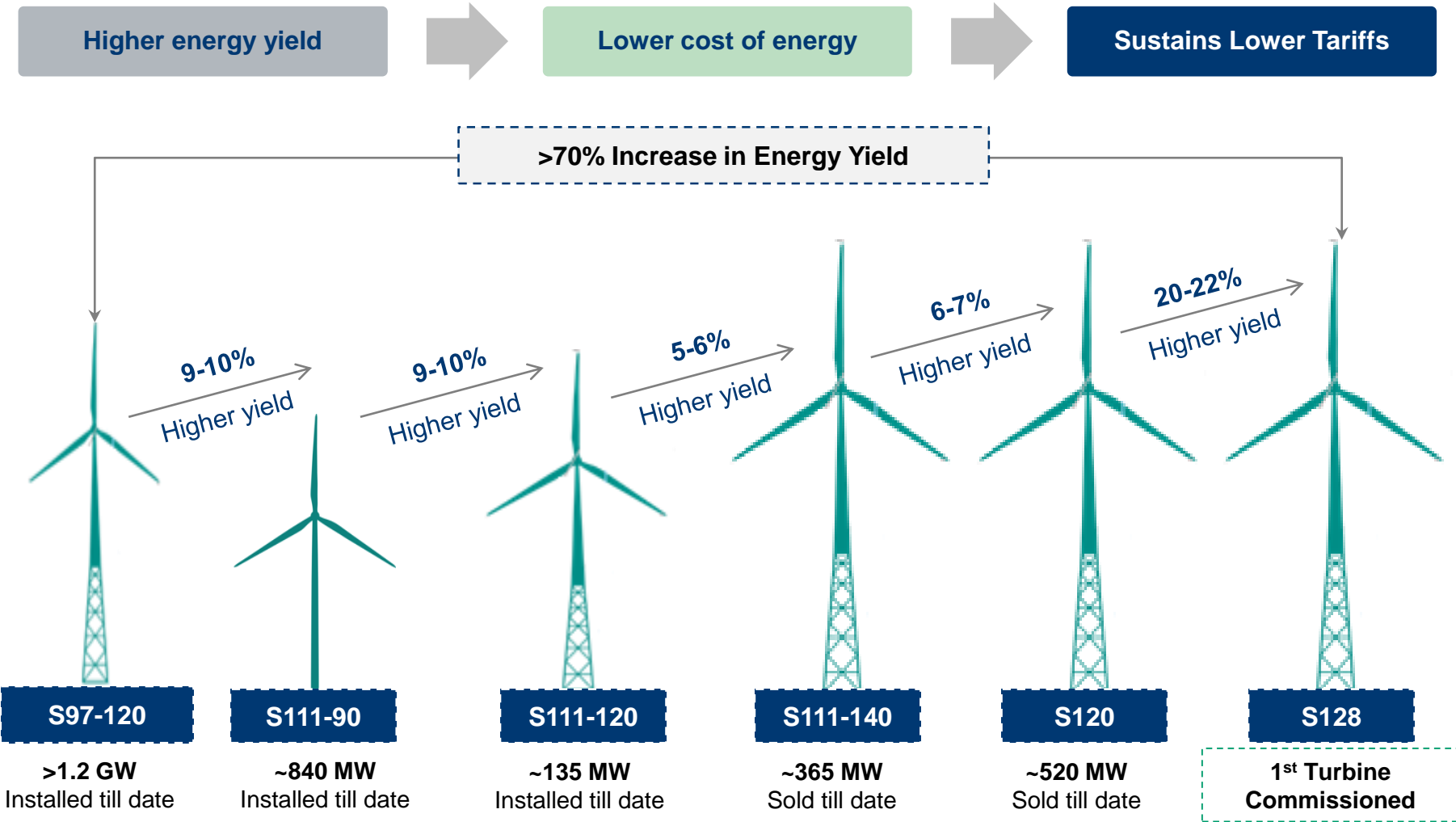


- **Rotor Diameter: 128m**
 - Country's largest
 - New carbon fibre blade enabling better aerodynamic profile
- **Hub height: up to 140**
 - Country's largest
 - New Hybrid concrete tower
 - Enabling higher hub height at optimized cost
- **First Turbine Commissioned at Sanganeri, Tamil Nadu**
 - Increasing attractiveness / viability of low wind sites
 - Unlocking unviable sites

Moving to higher rating turbines

Strong competitive edge under auction regime

Focus On Reducing LCOE



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

Pioneer In India 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 Vejle	<ul style="list-style-type: none"> - SCADA - Blade Science Center



Hamburg



Rostock



Hengelo



Pune



Aarhus



Vejle

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

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**Strong Customer
Relationship**

**Best In Class Service
Capabilities**

22+ Years Track Record

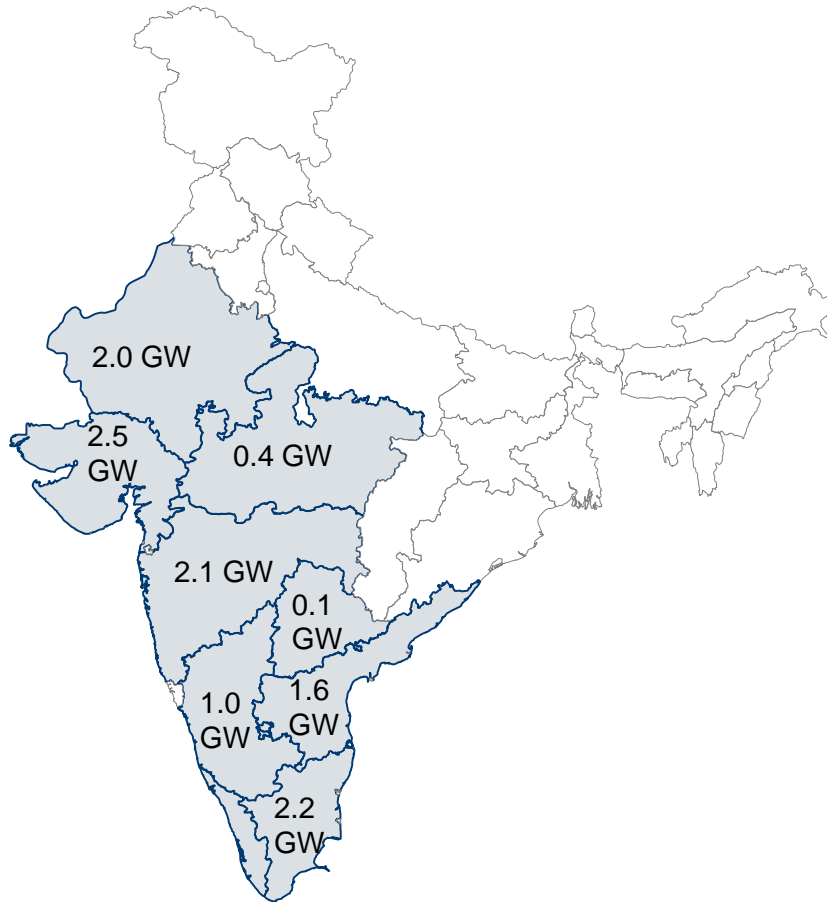
End-to-end service provider with strong presence across value chain & customer segments

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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



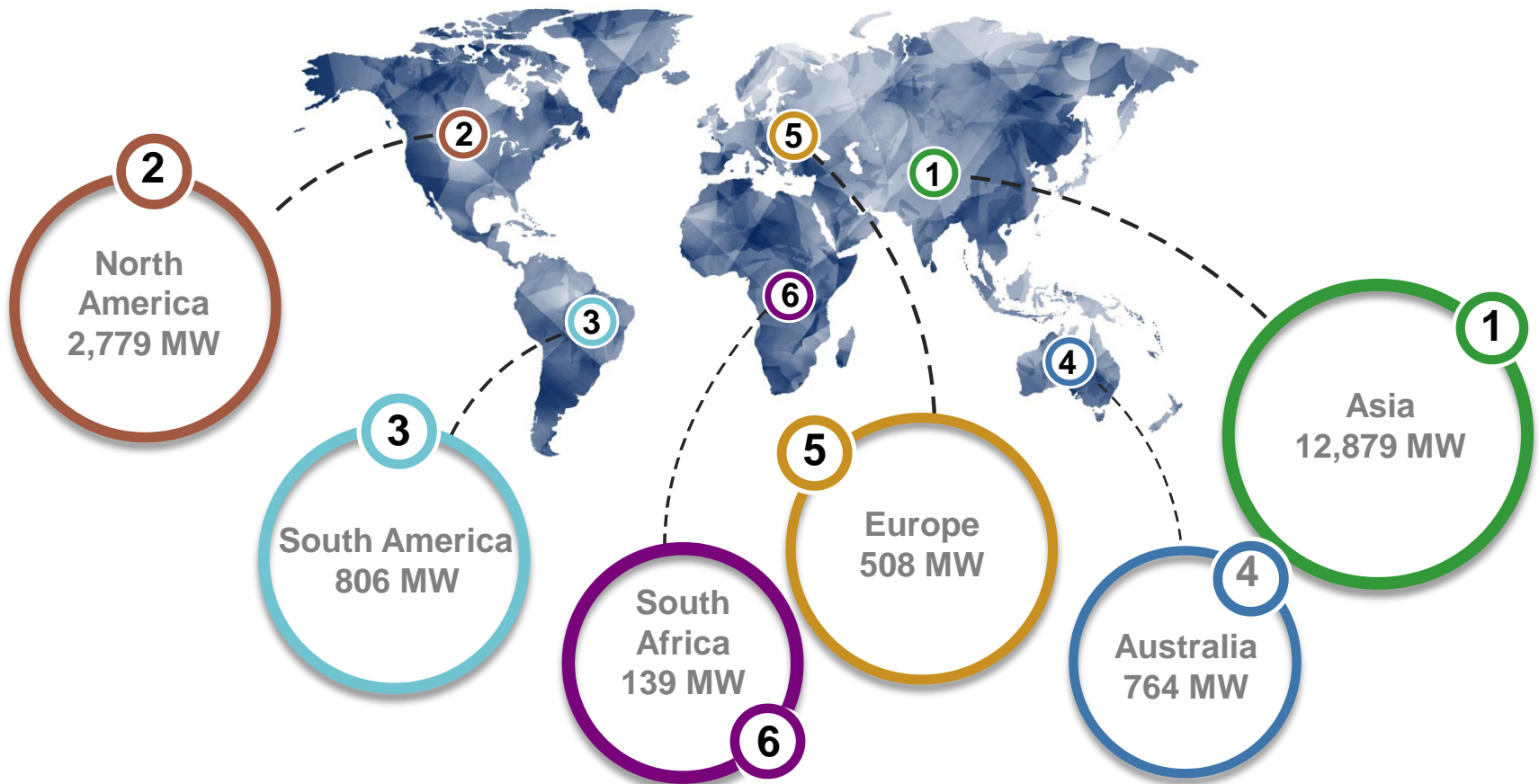
(31 st Mar'18)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,557	5,368
Total	8,503	11,919

- **35% - All India installed wind capacity**
- **~17% - All India installed renewable capacity**
- **~1,800 customer relationships**
- **22 years of operating track record**
- **26 TWh estimated of annual clean energy;**
 =2,125 mn trees planting p.a.
 =~19.3 mn tonnes coal avoidance p.a.
 =~25.5 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 Mar 2018



Suzlon's strong relationships across regions positions it well

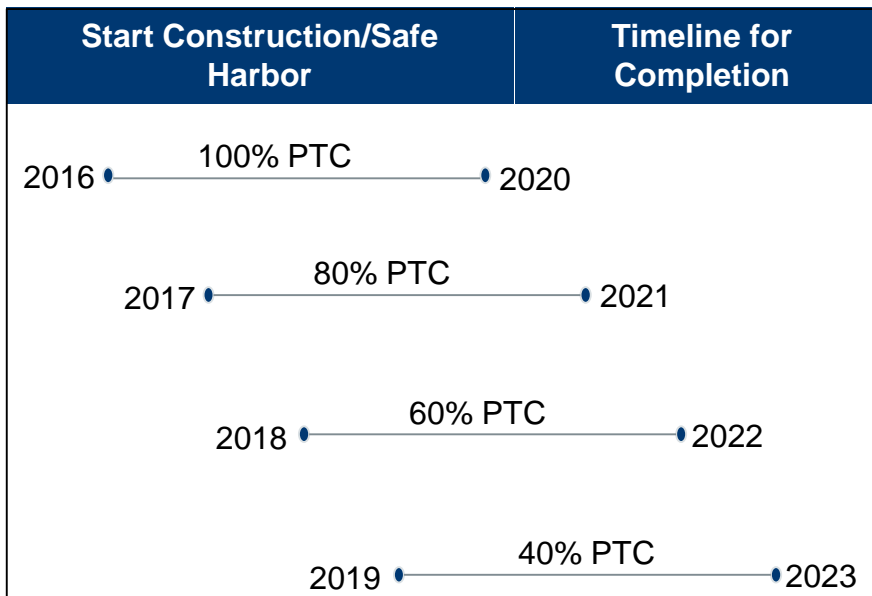
SUZLON
POWERING A GREENER TOMORROW

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

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Consolidated Income Statement

Particulars (₹ Cr.)	Q4 FY18 Audited	Q3 FY18 Unaudited	Q4 FY17 Audited	FY18 Audited	FY17 Audited
Revenue from operations	2,236	2,204	4,993	8,292	12,693
Less: COGS	1,404	1,519	3,295	5,116	7,543
Gross Profit	833	685	1,698	3,177	5,150
Margin %	37.2%	31.1%	34.0%	38.3%	40.6%
Employee benefits expense	203	193	279	805	1,046
Other expenses (net)	311	245	697	1,223	1,901
Exchange Loss / (Gain)	101	-97	-311	146	-297
EBITDA	218	344	1,033	1,003	2,499
EBITDA (Pre-FX)	319	247	722	1,149	2,203
Margin %	14.3%	11.2%	14.5%	13.9%	17.4%
Less: Depreciation	101	79	109	342	389
EBIT	117	265	924	661	2,110
EBIT (Pre-FX)	218	168	613	807	1,813
Margin %	9.7%	7.6%	12.3%	9.7%	14.3%
Net Finance costs	331	308	310	1,208	1,157
Provision for Right of Recompense	274	0	11	294	42
Profit / (Loss) before tax	(488)	(43)	603	(840)	912
Less: Exceptional Items Loss / (Gain)	0	5	0	(450)	0
Less: Share of (Profit) / Loss of Associates & JV	(14)	(16)	9	(5)	48
Less: Taxes	(4)	1	6	(2)	12
Net Profit / (Loss) after tax	(470)	(33)	589	(384)	852
Less: Non-Controlling Interest	(4)	(5)	(6)	(7)	(6)
Net Profit Attributable to Shareholders	(466)	(28)	595	(377)	858

Consolidated Balance Sheet

(Rs. Crs.)

Liabilities	Mar-18	Mar-17	Assets	Mar-18	Mar-17
Shareholders' Fund	-6,967	-6,841	Non Current Assets		
Non controlling interest	10	9	(a) Property, Plant and Equipment	1,267	1,420
	-6,957	-6,833	(b) Intangible assets	155	211
			(c) Investment property	41	34
			(d) Capital work-in-progress	353	206
				1,816	1,871
Non-Current Liabilities			(e) Investments in an associate and JVs	67	189
(a) Financial Liabilities			(f) Financial assets		
(i) Long Term Borrowings	7,716	4,841	(i) Investments	0	0
(ii) Other Financial Liabilities	55	225	(ii) Loans	1	6
(b) Provisions	120	127	(iii) Trade receivables	5	46
(c) Deferred Tax Liabilities	0	0	(iv) Other Financial Assets	581	712
(d) Other Non-Current Liabilities	30	40	(g) Other non-current assets	139	166
	7,921	5,234		793	1,118
Current Liabilities			Current Assets		
(a) Financial Liabilities			(a) Inventories	3,026	3,469
(i) Short-term borrowings	3,889	2,076	(b) Financial Assets		
(ii) Trade payables	2,527	4,812	(i) Investments	0	481
(iii) Other financial liabilities	1,598	4,927*	(ii) Trade receivables	2,985	3,628
(b) Other current liabilities			(iii) Cash and bank balances	581	336
(i) Due to customers	10	17	(iv) Loans	50	49
(ii) Other non-financial liabilities	1,026	1,105	(v) Other financial assets	266	149
(c) Short-term provisions	819	822	(c) Other current assets	940	1,059
	9,869	13,759		7,849	9,171
Total Equity and Liabilities	10,834	12,160	Assets held for sale (net)	375	0
			Total Assets	10,834	12,160

*Includes SBLC backed debt due current maturity in March 2018. Lender's have already extended the debt until 2023.

Consolidated Net Working Capital

(₹ Cr.)

	31 st Mar'18	31 st Dec'17	31 st Mar'17
Inventories	3,026	3,590	3,469
Trade receivables	2,990	3,565	3,673
Loans & Advances and Others	1,620	1,923	1,764
Total (A)	7,636	9,078	8,906
Sundry Creditors	2,527	2,515	4,812
Advances from Customers	932	1,505	793
Provisions and other liabilities	1,397	1,515	1,681
Total (B)	4,856	5,534	7,287
Net Working Capital (A-B)	2,780	3,544	1,619

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

