

13th February 2023.

National Stock Exchange of India Limited,
“Exchange Plaza”,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400051.

BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai-400001.

Dear Sirs,

Sub.: Call on Q3 Results.

In continuation to our earlier communications in the subject matter, enclosed please find the copy of the Transcript, which is also available on the website of the Company (www.suzlon.com).

This is for your information as also for the information of your members and the public at large.

Thanking you,

Yours faithfully,

For Suzlon Energy Limited

GEETANJALI
SANTOSH
VAIDYA

Geetanjali S.Vaidya,
Company Secretary.

Encl.: As above.



“Suzlon Energy Limited
.Q3 FY '23 Earnings Conference Call”
February 10, 2023



MANAGEMENT: **MR. ASHWANI KUMAR – GROUP CHIEF EXECUTIVE OFFICER – SUZLON ENERGY LIMITED**
MR. HIMANSHU MODY – GROUP CHIEF FINANCIAL OFFICER – SUZLON ENERGY LIMITED

MODERATOR: **MR. ANSHUMAN ASHIT – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Suzlon Energy Limited Q3 FY '23 Post-Results Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

During this call, the company management may make certain statements which reflect their outlook for the future, or which could be construed as forward-looking statements. These statements are based on the management's current expectations and are associated with uncertainties and risks as fully detailed in the company's annual report, which may cause the actual results to differ. Hence, these statements must be reviewed in conjunction with the risks that the company faces. I now hand the conference over to Mr. Anshuman Ashit from ICICI Securities. Thank you. Over to you, sir.

Anshuman Ashit: Thank you. Good day, everyone. On behalf of ICICI Securities, I welcome you all to the Q3 FY '23 Post-Results Conference Call of Suzlon Energy Limited. Today, we are pleased to host the management of the company represented by Mr. Ashwani Kumar, Group CEO, and Mr. Himanshu Mody, Group CFO. We will begin the call with the opening remarks from the management followed by the Q&A session.

I would now like to hand over the call to Mr. Kumar and Mr. Mody for their opening remarks. Thank you, and over to you, sir.

Ashwani Kumar: Thank you, Anshuman. Greetings to everyone, and thank you for joining us for our Q3 earnings call. I hope you had an opportunity to review our results and investor presentation. I'll share with you an overview of the industry, and we'll walk you through our Q3 FY '23 and nine months FY '23 performance. We will then take your questions.

As we all know, the Indian government is committed to its 2030 target of 500 gigawatts of non-fossil fuel-based capacity. The target for wind out of this is 140 gigawatts. With current installed capacity of 42 gigawatt, it's clearly that over the next seven to eight years, we need installation of more than 10 gigawatts per year. There was a crucial announcement last quarter by the government of India of inviting bids for 8 gigawatts per year annually from 2023 to 2030. This is, of course, will be in addition to the private sector initiatives in the commercial and industrial sector that we are seeing a good tailwind with.

Government has also taken out policies related to ISTS waivers for green plants, discontinuation of e-reverse bidding. And all of these will boost the Indian power sector as we go forward. There are two important parts of this 8 gigawatt per annum announcement by the government. One, it will ensure participation of all the eight windy states in the development. Earlier, as was expected, what used to happen was that only where the wind is the best, those states were being crowded in the development cycle. Now the government has clearly outlined that not more than 2 gigawatt per year will be installed in any one state. So clearly, the development of wind will be now across all the eight windy states, which starts from Rajasthan in the North region to

Tamil Nadu in the South. In addition to this, there is a draft repowering policy also government has come out, which shows a potential of 25.4 gigawatts. Being the oldest player in the industries, we definitely have our plus point when it comes to repowering opportunities in India.

On the business and performance front, Q3 has been a stable quarter for us, in line with our plan. In terms of going forward, we are a major milestones within the company, too, when we installed the first machine of our S144 3.x megawatt at Tamil Nadu. 144 actually means the rotor diameter, so 144 meters is a rotor diameter of the blades of this turbine.

Our early performance reports that we are getting from the first machine is very-very encouraging. In terms of our priority because we cannot control the tariffs in which various bidders bid their things. Our priority is only to pursue quality orders with higher value and better margins because for us, it's not only about the top line, but also about the bottom line going forward.

We continue to build our order book. We continue to execute to our book as we go forward. In addition to the manufacturing, our OMS business that continues to perform as well as it's always been. We have over 16 gigawatts of capacity around the world, out of which 13.8 gigawatts are in India. With good support from the government, including the higher allocation in union budget, a strong sector outlook and with consistent strengthening of our fundamentals, we think your company is now equipped to leverage tailwinds of the sector from the position of strength. And that is demonstrated by our consistently improving performance.

I would like to invite Himanshu now, our CFO, to take you through our financial performance.

Himanshu Mody:

Thank you, Ashwani, and very good evening to you, ladies and gentlemen. I hope you've had a chance to browse through our investor deck, which has been uploaded on our website. I would be using Slide Number 18 to 22 of our investor presentation that's on the website as a reference point for the discussion during this presentation.

Q3 of FY '23 has seen us register consistent improvement on all our key parameters. Our balance sheet is stronger as a result of significant debt reduction post the rights issue. It will be further strengthen with the receipt of INR 600 crores of balance call money on the rights, which is still pending for us to be called. We are pleased to report that the consolidated net worth of the company has turned positive after a period of nine long years.

Our consolidated Q3 FY '23 PAT before exceptional items is INR 78 crores for the quarter, and this is the highest PAT in over five years that the company has been able to achieve purely based on the operational parameters. This is against a Q3 FY '22 PAT of INR 37 crores for the corresponding quarter last year, registering an increase of more than 100%. We did a delivery volume in the nine-month FY '23 of 482 megawatts with a revenue of INR 4,257 crores as against the nine months in the previous financial year, where we did a delivery of 471 megawatts with a revenue of INR 4,078 crores, respectively.

We continue to maintain a tight control on our costs as is reflected in our profit margins. As commodity prices and supply chain issues stabilize, the positive impact of the same will be more-and-more apparent in the coming quarters in our profit and loss statement.

With continuous focus on deleveraging of our balance sheet, we have achieved substantial reduction in our net finance costs, which for the Q3 FY '23 stands at INR 80 crores vis-a-vis INR 181 crores for the same quarter last year, which is a reduction of INR 101 crores, which is more than 56%.

For the nine-month FY '23, our interest cost stands at INR 321 crores vis-a-vis interest cost of INR 540 crores for the same period last year, which is a reduction of more than 41% in the finance costs. Hence, there is a marked improvement in our financial parameters like net debt to EBITDA stands at 2.6x on a trailing 12-month basis for December '22, whereas our net interest coverage ratio is at 1.9x for this year, which are very healthy parameters.

I am happy with the way we are progressing on all our initiatives to further strengthen the fundamentals of our company on the P&L and balance sheet side, both whilst keeping a very-very strong focus on the bottom line. On the overall economy, of course, as you know, inflation is under control and the economy is showing great resilience going forward. And as Ashwani mentioned, with great sectorial tailwinds, this will augur well with the sector and encourage investor sentiment over the next several years.

With that, I'd like to conclude my presentation, and we can open the floor for any Q&A that the callers may have. Thank you.

Moderator: Thank you very much, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handset while asking their question. Ladies and gentlemen, we will wait for a moment while the question que assembles. The first question is from the line of Shubham Shukla from Voyager Capital.

Shubham Shukla: Yes. So, my question is like around the order book. It's in the capacity and megawatts. Can I get like monetary value of it, like how much is it going to be something?

Ashwani Kumar: Yes. So as of now, we do not declare the order book in monetary terms because there is, of course, a turbine order book, which one can safely guess by multiplying the megawatt by whatever is cost per megawatt that is installed from our revenue. There is equivalent amount of order book, if I want to call it an order book is in our services business, where we have these contracts going forward, which will be remain with us over the next many years. So, because of the two different aspects of the business, we tend to not describe the order book in monetary terms. In terms of megawatts, I think it's already there on slide side 15 that it is 782 megawatts, right? That's only, as I said, manufacturing order book.

- Shubham Shukla:** And about the debt, as we have seen the significant decrease in our debt levels and that also we have seen finance cost, do you see any more reduction or like to net debt to be like in a couple of quarters or years? Like Just a rough idea about it?
- Himanshu Mody:** So whilst our scheduled repayments on the debt continues, Shubham, as I mentioned, there is about another INR 300 crores from subsequent tranches on the rights that has clearly been identified from the end use of the rights issue towards repayment of that debt. So in addition to the repayments that are scheduled, another INR 300-odd crores will go towards debt reduction. So to that extent, it will be expeditious reduction on the debt here also in the coming few quarters.
- Shubham Shukla:** But this is in for like coming quarters, but like do we see in like debt-free condition like maybe like two, three years down the line or like any plan to have it?
- Himanshu Mody:** So a bit too early for me to give you such a forward-looking guidance. But yes, we are maintaining the financial discipline of ensuring that the leverage keeps reducing on a significant basis and hope to see us a day soon where the balance sheet would be that net debt positive.
- Moderator:** We have the next question from the line of Sumit Kishore from Axis Capital.
- Sumit Kishore:** My first question is, in your third quarter and nine months revenue, what is the operations and maintenance services income? And what is the margin contribution of that income?
- Himanshu Mody:** So, we'll give that to you, Sumit. You want just for the O&M for the Q3 or you're talking for the nine-month period?
- Sumit Kishore:** Both.
- Himanshu Mody:** Of course, it is a part of the segmental revenue that we have given on a -- so I'll just give you the numbers. So it is a total of -- for the December ended quarter, it is INR 476 crores in revenue and for the nine-month period is INR 1,386 crores.
- Sumit Kishore:** And if you could give us a flavor of the kind of margins for this business would be making at EBITDA level?
- Himanshu Mody:** So at the EBITDA level, this business would be roughly about in the vicinity of 44% to 45%.
- Sumit Kishore:** And I'm assuming it will be, I mean, there is this large portion of this will flow down to PBT?
- Himanshu Mody:** That's right. I mean, on a standalone basis, but of course, on a consol basis, you'll have to adjust it for the interest outgo that we have towards the debt on the balance sheet.
- Sumit Kishore:** My second question is development around India inviting 8 gigawatt wind projects annually is very good. But what is the traction that we are seeing after this announcement? Is there any visibility on which state is going to start?
- Ashwani Kumar:** So from what we hear from the market is that they have been after the announcement, there have been a series of meetings between the ministry and the nodal agency, which is SECI. And I think

so we should expect the first big announcement as part of this in the coming few weeks, if not maybe a couple of months.

This is the first time, and this has been our industry request from the Government, please announce policies till 2030 because you have a target of 2030. And this is the first policy which they have announced, which will last till 2030.

Sumit Kishore: So how exactly is the tariff going to be discovered for the bidding, if you could just explain us?

Ashwani Kumar: So it will still be a bidding process, but it will be onetime big single stage bid rather than, usually what used to happen was that everybody used to submit bids and suppose I put it at INR 3 and on. After everybody's bids were received they would start doing what is called a reverse auction and give you a chance to improve your bids. Now what was that time happening was that a lot of people would reduce their bids just for the competition sake or whatever in their own judgment. And many of the projects did not happen because the bid got awarded at unviable tariffs.

So basically, everybody welcomed the idea that everybody does their own calculation, submits a bid on which they believe that wind power can be supplied and the lowest person actually gets awarded the contract. The details of this, how this whole scheme will work, as I said, is being worked out by the Ministry and the Nodal agency, which is SECI for Government of India, and they will come out soon with their first bids.

Sumit Kishore: And this would get classified under central auctions in your order back-log, with SECI?

Ashwani Kumar: Yes, definitely. These are all central auctions, yes. And they will pull the power from multiple states and then sell it to the distribution company.

Sumit Kishore: What is the additional promise that you have in state auctions and captive retail PSUs, say, one year forward basis?

Ashwani Kumar: So some of the states have been active in their options, mainly Maharashtra, Gujarat and Madhya Pradesh and Rajasthan. In addition, the corporate market, if you ask me the latest circular, which everybody was waiting from CERC got released only on 7th of February. So we see now a big push in the corporate market, which used to be only within state to interstate transmission, because the government's journey on the interstate transmission for the corporate market is now clear, so it up to June'25 there is no transmission charges. And there have been a lot of inquiries by the corporates from with us and with other equipment suppliers on setting up wind and solar and hybrid projects for supplying to their manufacturing works or their steel plants or their aluminum plants, which are not in the windy states.

Sumit Kishore: And I'm assuming that in terms of capex, because you have significantly higher manufacturing capacity, there is no significant capex for the company in the next one year?

Ashwani Kumar: Yes, I don't think so there will be any major significant capex in the next few years.

Sumit Kishore: What is the additional cash pending to be received on the rights...

- Himanshu Mody:** Another INR 600 crores is what's spending.
- Sumit Kishore:** And this will come over what time frame?
- Himanshu Mody:** So that's something we are just in the midst of our budgeting process for next financial year. So whilst I may not be able to give you a precise answer, but as part of the budgeting process, we will factor that in, and I'm sure the Board will decide on the same soon.
- Moderator:** The next question is from the line of Mohit Kumar from DAM Capital.
- Mohit Kumar:** Congratulations on a good turnaround. So, my first question is the backlog. So of course, we are looking at the central auction which is going to happen maybe next three months down the line. But are there a backlog from the bids which were closed in this fiscal, which are available for us to tie up? And is the -- can you quantify the quantum which is still not tied up as of now?
- Ashwani Kumar:** So if you ask me, and that again is the best of our information, there's no published data on that, but from SECI 8, 9, 10, 11, 12, the 13 is just concluded. They would be, I would say, more than 3 gigawatts of bids which are not tied up with any equipment supplier. How much of these bids which will actually go ahead and how much will get tied up with us and other equipment suppliers, I don't want to guess. Clearly, with our turnaround, we are a party, which most people will have their discussions with.
- Mohit Kumar:** So we are in discussion with most of them, and there could be some wins, right?
- Ashwani Kumar:** But I'm saying whether they do the project or not on those tariffs is their call, I can't take that decision
- Mohit Kumar:** There's a fair chance that the 3 gigawatt. If they do the project, there is a potential for us out there? Is that a right fair assumption? How much is the international megawatt in OMS services and the margins in the international OMS services is significantly different from the domestic?
- Himanshu Mody:** Yes. So, in the international OMS, we have about 1 gigawatt approximately under a mix of comprehensive maintenance and what we call a technical services agreement, which is why, yes, you're right that the margins would be lower in the international because in India, we also enjoy the benefit of being a scaled-up operation. So the margin -- it's a little more than a breakeven operation. I would say, single-digit percentage margins at the operating level in international OMS.
- Mohit Kumar:** Thirdly, sir, on the hybrid opportunity, that's a very large opportunity. Are you thinking something to figure out how to get that business, that side of business? I don't think we have got any hybrid wind equipment order for us as of now.
- Ashwani Kumar:** No. So let me just define it. The hybrid projects have a wind element and a solar element. And then there is an integration of the two. So many of our already orders that we have talked about, and we have received are the wind portion of the hybrid projects. So, if you talk about our order book that we disclosed, then, yes. So I'll just give you one example of the order we disclosed last quarter, I mean, in this quarter, which was the on Aditya Birla. Now most of that 146

megawatts are part of hybrid projects. Since we don't do solar EPC ourselves, we do the wind portion of hybrid projects and then we help the customer in integration the two sources and connecting to the grid.

Moderator: The next question is from the line of Dhaval Doshi from Pinpoint Asset Management Company.

Dhaval Doshi: Sir, a couple of questions. First, if you can update us on the status of the non-core asset sales that have been planned, probably I'll continue with the second and close this..

Himanshu Mody: So yes, Dhaval, there were a couple of assets that we've identified, as we mentioned in the last quarter, one of the two assets, I think we should be able to conclude fairly soon in the foreseeable future. So once we conclude on that, then we will take stock of how and when to progress with the divestment of the second non-core asset. So I think in the very near future, we should be able to report concrete progress on the divestment of the first asset.

Dhaval Doshi: That sounds encouraging. So presuming this financial year would have one and the next would have the other?

Himanshu Mody: This financial year has about six weeks to go, so let's see.

Dhaval Doshi: Second question was with regards to the working capital. When do you think we'll be in a position to ease out our overall limits with the banks or ease out the working capital situation and post which we can start bidding aggressively for projects? Right now, we are constrained by working capital in terms of the bidding. So when do you expect this situation to ease out?

Himanshu Mody: So Dhaval, we are in very advanced dialogue with about four to five financial institutions, and I'm really happy with the significant progress that we've made with each one of them. We have an early sanction on a small working capital limit on board as well. I will not be able to disclose the amount or the name of the institution as yet. But it's encouraging signs. And I think by the exit of this quarter or early Q1 of next financial year, we should have had made significant progress for us to deliver on our next year's business plan.

Dhaval Doshi: So is it safe to assume that we could see a material jump in our order book position only once this sanctions from all the four banks that you're mentioning is done and till that time the order book growth will be constrained?

Ashwani Kumar: Not exactly, because I think so our order book, as we have disclosed this quarter, we are going for quality orders and orders that will happen. And so our order book growth will continue to be robust as and when people start awarding and finalizing their OEM suppliers. In terms of working capital, as Himanshu said, we are already on our way and working capital not restricting our order book as of now.

Moderator: The next question is from the line of Prashant Kothari from Pictet. Ladies and gentlemen, the current participant in the queue has dropped from the queue. We will proceed with the next participant. We will take a question from the line of Abhijeet Anand from Emkay Global.

- Abhijeet Anand:** Yes. So, I want to understand the present competitive landscape, who are the Top 5 players, because you understand some of the earlier players who used to be in the last cycle do not do much on the domestic side. So, have we seen some new players, Chinese player or something of that sort? So, if you can give a perspective on that side?
- Ashwani Kumar:** I think so the three largest players in the market today, according to my personal opinion, is Siemens Gamesa, Suzlon and Envision. The other two international players are not that much focused on Indian market. The remaining are quite a small capacity and may not have the best of products for larger orders. So these three, I would say, are the people who will gather the maximum market share in India this year and next year.
- Abhijeet Anand:** And in terms of capacity, how would that be among these players?
- Ashwani Kumar:** I think each one of us will have enough manufacturing capacity to satisfy the market.
- Abhijeet Anand:** Envision, if you can just, how long has been in the Indian market?
- Ashwani Kumar:** So, Envision came out with the product, I think a couple of years back and only those turbines have been installed. It's newer product. They 've got some orders which are under delivery Again, all of this is, I would say, the best of my knowledge, and those will be installed going forward.
- Moderator:** The next question is from the line of Prashant Kothari from Pictet.
- Prashant Kothari:** I'm sorry, my line dropped while I was asking the question. I'm not sure, if you caught the entire question. The question was how much is the O&M fleet today, because you said 16 gigawatt overall, 12.8 GW in domestic, but then you also said 1 gigawatt in international, so I was bit confused.
- Himanshu Mody:** Sorry, Prashant, your line is very bad. We couldn't really hear your question. I heard something about 1 gigawatt in international, that's about it.
- Prashant Kothari:** So, the question was on the OEM fleet, how much is it really? Because I heard 16 gigawatts overall and also had 12.8 in domestic and 1 gigawatt in international, somehow it's not adding up for me.
- Management:** Yes. A part of the OMS fleet, the balance would be under it's either under warranty period or it may be a fleet that has turned out beyond its life cycle period
- Prashant Kothari:** So you're only getting revenues from 12.8-plus 1-plus, 13.8.
- Himanshu Mody:** That's right.
- Ashwani Kumar:** No. Sorry, 13.8-plus 1. If you go to Slide 14, the Indian installed base is 13.8 gigawatts, plus 1 overseas, plus some in the TSA-based supply agreement.
- Prashant Kothari:** And what was our market share in the in the kind of orders placed in this year, you have some ballpark number to give us?

- Ashwani Kumar:** It's very difficult to get the data. So, we don't keep it. We usually go by the government of India numbers on the commission turbines at the end of the year. There's only, I would say, a reasonable number to follow. And there's no database of public information on how much order book people have got. And more importantly, even after they've got it, whether they are proceeding with these others or not. So that's why we do not try to follow. We know which are the customers we are dealing with. Once we lose a customer also, we know usually, okay, this has been lost to this and the supplier. But I don't think so I'll have a market share number which is any- in any seriousness I can claim to be right.
- Prashant Kothari:** And in terms of actual installations then, what is our market share in the last year?
- Management:** 42% yes.
- Prashant Kothari:** So it's definitely better than our installed market share is it's quite encouraging. And maybe other question was, I mean, looking at your EBITDA in the O&M business, it seems that the manufacturing business is not yet making any EBITDA margins. But I thought that our breakeven sales is roughly around 600 megawatts per year, was my understanding wrong? Or is there some change in the economics of the business?
- Himanshu Mody:** No. So, we have -- for this nine-month period, the WTG manufacturing business has yielded an operating profit, of course, so as the O&M business. So that continues to be encouraging. And on the WTG side also, we have a modest EBITDA for the nine-month period.
- Prashant Kothari:** So, you have contribution margins of 30%. That's kind of for the WTG business or for overall business?
- Himanshu Mody:** No. So, for the OMS business, we have margins which are in the 40%-plus region. And the WTG, of course, we have a certain breakeven threshold, which results into a single-digit operating margin currently. As and when we grow in the volumes that adds to the WTG manufacturing margin.
- Prashant Kothari:** So the WTG contribution margin would be about the order of what, how much?
- Himanshu Mody:** For the current nine-month period, it will be about 16%.
- Prashant Kothari:** And do you think that will change materially going forward, or there is not much expected in the contribution margins because of competition or whatever?
- Himanshu Mody:** So it should be similar as we go forward as well.
- Prashant Kothari:** And there's obviously this issue about a large conglomerate also in the green space who has got into a bit of a financial stress possibly. Just wanted to understand your exposure to them. And could that be sort of any risk in terms of order cancellations or maybe spreads in terms of working capital?

- Ashwani Kumar:** I think I will refrain myself to talk about, I would say, other companies on this call. Just to tell you that any such events, if they had a material impact on our current operations or going forward, we will disclose it.
- Prashant Kothari:** Maybe ask it differently. I mean, how much is our customer concentration really?
- Ashwani Kumar:** No. I think our customer base is pretty well diversified in current order book. There's no customer concentration at all, actually, if you ask me in the current order book.
- Moderator:** The next question is from the line of Rohit Bahirwani from Vijit Global Securities Private Limited.
- Rohit Bahirwani:** As we all know, government will annually invite bids for 8 gigawatt wind projects during 2023 to '30, how much the company is expecting from this and from when we can expect the orders to start coming?
- Ashwani Kumar:** I think in terms of time line, I think it's a very positive and announcement by the government in two aspects. One, it has given a clear road map for the next seven years of 8 gigawatts per year. Number two, by reducing the step of e-reverse action, the time line for conducting the bid itself has been reduced. We are now awaiting the next steps from the ministry and the nodal agency, which is SECI. Both of them should come out, as I said previously, in the next few weeks in the terms of processes. And as and when the bids get awarded, usually, there are two processes in this.
- One is before submitting a bid lot of people speak to us, and they become our potential customers, and they bid on the basis of our discussions with them. And two, post winning the bid, of course, they want to place the orders because they have only 24 months usually to set up the projects. So we would expect, as and when, this gets the full traction, which is going to happen over the next few months, everybody's order book and the whole wind sector will improve substantially.
- Rohit Bahirwani:** So in this wind segment only, if we see the annual capacity, the company has a substantial part, and if I'm not wrong, 33% of the total national capacity, which is in the company. So how much from this total 8 gigawatt plan of the government company is expecting?
- Ashwani Kumar:** Instead of giving futuristic numbers, let me just tell you that currently, out of the 41,000 megawatts in India, we have installed 14 gigawatts. So that is more than 33% of each installation, which has happened in India in the past. The similar has been our market share in the recent quarters. So I would not give any future guidance of what is the order book expectation, but I would say our performance has been healthy so far.
- Rohit Bahirwani:** And what is the average time between receiving of orders and commissioning of the project, if you can give some information on that?
- Ashwani Kumar:** Yes. So, in SECI bid type of order, it is usually, I would say, the supply will happen around 15 months, and the final commissioning happened in 24 months, 18 to 24 months of the order

because not all turbines are installed on a particular day, they do it one-by-one. And in terms of smaller orders from corporate customers and people who use it for their own purposes, the supply is usually in three to six months' time and the installation in nine to 12 months' time.

Moderator: The next question is from the line of Faisal Hawa from HG Hawa & Company.

Faisal Hawa: So this has been like to my mind 10-11 years that we have spent prior to last year. So what are the two key lessons that we have imbibed from these 10 years and which hopefully, we will not repeat again those mistakes?

Ashwani Kumar: I think so, I mean, not only from this from my previous experience also. The simple, I think, so it is always good to find -- follow the policy of financial prudence and plan according to how the market is going to behave. And of course, keeping to also in terms of transparently and focusing on the corporate governance, do your business.

And I think so that financial discipline is something that, as you can see in the results have been brought about by reducing not only our financial costs, but our operating cost over the last many quarters. And so that's something, I think, which is good for any industry and any company. You will always have some events which will be unexpected. But as long as we have a robust discipline and transparency and governance, you will come through.

Faisal Hawa: And sir, secondly, Mr. Tulsi Tanti was like very legendary entrepreneur. And he is going to be missed like anything by Suzlon. How has the organization now restructured? And what were the key roles that he was playing? And now who is fulfilling those roles, what is also Mr. Girish Tanti's contribution now to the company? And if you could just elaborate on where he may be missed, how we have actually coped up with it?

Ashwani Kumar: Yes. So I think so what has always been the strength of Suzlon in terms of -- even when Tulsi Bhai was around, and we do miss him, of course, on every day, is that it always had a good professional senior management team, which was backed by the rich experience of the Board and the founder. This time, for the first time, we are disclosing this in public domain and if you see Slide 16 of our investor presentation. So Vinod Tanti, his younger brother has taken over, who has always been involved in the technology and service leadership of Suzlon has taken over as Chairman and Managing Director.

And Girish Tanti had earlier worked in Suzlon and then stepped out has come back, and he's earlier led the various functions like IT, HR, CSR, and also establishing global business and corporate development. So that's what his experience is, which is being utilized by the company now.

Of course, I, Himanshu, our Chief Technology Officer, Bernhard; and Mr. Mangal, who heads our OMS business, are the professional faces who have been well experienced in infrastructure and power space and bring that experience for the company. I think so the transition, though personally, I would say, we all personal loss has been fairly smooth in terms of operations. And if I can share one statistics that no one from senior management has put in the papers since that unfortunate episode.

- Moderator:** The next question is from the line of Prasad M, an Individual Investor.
- Prasad M:** First of all, thank you for your honest way of executing the business. I really appreciate on that. And thanks for very good numbers. My first question is, I am looking at the slide and then I see there is a lot of potential for solar as well. Do you have any plans to get into solar energy?
- Ashwani Kumar:** I think, so there's no current plans to get into solar space. But as I said sometime back, that for hybrid projects, the integration part of it is something that...
- Prasad M:** Yes, that you mentioned, yes, solar, there is no plan. Because there is a lot of scope in that being a big player in wind part, we can get into solar. But my second question is that, sir, we have around nearly 800 megawatts order book value, right now. Why are we not executing aggressively in the existing order book? Is there any restriction for us or limitations in terms of manpower or the technologies like that, we cannot execute in very aggressive like, you mentioned for big institutions, it takes nearly 15 months?
- Ashwani Kumar:** So in terms of the execution of our orders, some of these orders are, as I said, being executed as and when the customer needs those turbines. Because many of the customers have their own sites, which may not have acquired land or not completed the evacuation. And therefore, they do not want the turbines to be manufactured now and supplied.
- So some of the order book will get as and when their sites are ready, will be supplied at that time. Of the size that we have, depending on when the customer is ready to receive turbines, we supply the turbine. So currently, company-wise, whether it is labor, manpower, resources or our manufacturing abilities, I do not see any major impediment to fulfill this order book in a timely fashion.
- Prasad M:** So what is our capacity to execute max in 1 quarter...
- Moderator:** Sir, we request you to kindly return to the question queue for further questions.
- Ashwani Kumar:** Let me just answer this. So as I said, we do have some of the sites which are getting ready from part of this order book, which will be supplied in the next six to nine months' time.
- Moderator:** The next question is from the line of Jatinder Agarwal, an Individual Investor.
- Jatinder Agarwal:** I have just one question. So, we have our capacity utilization, which is somewhere in the range of 25% to 30%. Can you explain in two aspects? One, in terms of management or operations? And the second in terms of the financial obligation that you may incur if this capacity utilization was to increase dramatically over the next two to three years?
- Ashwani Kumar:** So as we all are aware that the Indian wind market, as an overall market did not do too well over the last few years, between '18-'19-'19-'20-2021 and '21-'22. So those four years were not good for Indian wind market. So, our capacity utilization clearly became less. However, going forward, this capacity utilization, as you said, being the pioneer, we have the best of manpower, best of manufacturing facilities, best of OMS operating and management teams. And therefore, we expect the capacity utilization as the Indian wind market grows to become higher. This will,

of course, reflect in better performance of the company, both in terms of its revenue as well as other financial parameters.

Jatinder Agarwal: No. What I mean to ask is what type of challenges do you see in terms of -- so obviously, at 25%, the employee or the operational staff strength that you would have is very different from what you will hypothetically be doing at 75%. So that is one challenge that I can definitely see. Could you also explain this in terms of whether you need to upgrade your existing facilities in terms of capex and all whatever?

Ashwani Kumar: So I think so our fixed manpower is fixed and it can go up even if the volume increased substantially. What we need to add up is what we call the variable manpower. So of course, I'm just giving an example, we are making x turbines per month. If you have to make two x turbines per month and the labor force and the people we need at that level, what we call the variable manpower that will go up.

And I think so an Indian ecosystem getting those variable manpower, skilling them is something we have done it in the past and we are confident of doing it in future.

Jatinder Agarwal: And sir, what about monetary cost in terms of redoing those factories or they are fully capacity?

Ashwani Kumar: As I explained in the previous question, we do not envisage any major capex over the next few quarters to do what we plan to do, which is to fulfill our existing order books and any way future order books.

Jatinder Agarwal: No, not the existing order book, but let's hypothetically assume if you're capacity utilization...

Ashwani Kumar: So I understand was to substantially increase to let us say even -- and I'm just giving a number to let us say, 2x number, we do not have to do a substantial capex.

Jatinder Agarwal: So for the next three years, you would say that at least in terms of maintenance capex, that requirement is low, is it?

Ashwani Kumar: Yes. In terms of new capex, the requirement is low, in terms of maintenance capex, each manufacturing works will have its own thing, which is all funded through normal costs.

Moderator: The next question is from the line of Pramod Bai, an Individual Investor.

Pramod Bai: My one question would be like, is there any possibility promoter planning to increase the stake in future?

Ashwani Kumar: So as management, we would not like to comment on our shareholders' shareholding of our company. And so that's where I would leave the answer.

Moderator: The next question is from the line of Sanjay Shah from Sarthak Metals Limited.

Sanjay Shah: Sir, for still many, many congratulations, we are delighted to see the aggressively healthier getting off our very own company Suzlon. So my first question would be, so we're all aware that

this business requires a lot of free cash flow. So is it safe to assume that out of this policy push of 8 gigawatt of wind energy, is it safe to assume that government would also like to distribute it amongst the top players?

Ashwani Kumar: So the government will conduct bids and depending on the bidders, winning the capacity and their preferred manufacturing suppliers. We would expect this 8 gigawatts to be distributed with the suppliers, who are competitive and have the capacity and intention to take part in India's growth story.

Sanjay Shah: And is it possible that in the near-time future we would be able to see a significant push in the execution of the total megawatts. Like it's been a while since we have we've been noticing that it's been around 150 to 170 megawatts. Is it possible that Suzlon would be executing like higher number of megawatts in the coming future?

Ashwani Kumar: We have a good order book and depending on our customers' requirements. Let's all keep asking this crossed and hope for better execution.

Moderator: The next question is from the line of Vinay Chaudhary, an Individual Investor.

Vinay Chaudhary: Congratulations on the great numbers. So, my first question is like where do we see with the recent noise from in the market on Adani, Where do we see the orders from them? Do we see any kind of flowing from them? And on the order flow, like around 800 megawatts was the distribution of WTG last year. And in Q4, we see Q4 as a major peak in our business. So, what would be the Q4 and rough FY 24 MW distribution?

Ashwani Kumar: As you are aware, we are not providing any future guidance of what is going to be this quarter or next quarter or next year. But as I said, we are disclosing whatever we know, which is the current order book. And you are right that last Q4 of last year was an exceptional quarter with very high volumes, which is always very difficult to replicate.

Vinay Chaudhary: And what about the orders, any update on the -- do we are in talking terms with the Adani Group for orders?

Ashwani Kumar: So we have supplied turbines to Adani in the past. But as I explained to the previous question, that currently, our order book is well distributed and there is no concentration of orders from any single customer.

Vinay Chaudhary: And just one more thing. Like with respect to the non-core assets, especially the Pune office, so that is expected to be closed in next financial year, is it understanding, correct?

Himanshu Mody: So as we said, we are working on one of the two non-core assets and hope to conclude that soon. Of course, at the right time, the company would make the relevant announcements to the exchanges.

Moderator: The next question is from the line of Mohan Kumar, an individual investor.

- Mohan Kumar:** So sir, actually, I have gone through that investor presentation you have shared yesterday. So I was observed one thing that, okay, the order book actually, it was reduced compared to the previous quarter. Correct me, sorry if I'm saying wrong? It's around some 50 megawatts, it is something is reduced. And that is the one question. And mainly, I wanted to understand that, like why the order book has reduced like last time you guys said that there is a chance of strong other book is in pipeline. So by considering that was probably this quarter would have been -- order book could have been increased right sir? So, may I know the reason?
- Ashwani Kumar:** So as you're aware, that order book requires both sides to finalize, so one is the people who have won the bids, etcetera, they have to finalize their projects and then finalize with us. So they have been -- so depending on what has happened over the quarter, I think so we have done fairly well by keeping our order book almost at the same level. And as I said, we are in decent discussions with many players who are won the bids as well as our planning for their corporate capacities. So, and so that is something which we'll keep sharing with you as and when we receive a large order or on a quarterly basis.
- Mohan Kumar:** Sir, another question is like last time also, we heard that something strong order book is in pipeline, okay? Currently, it is in advanced stage, okay? Even this quarter also, we have been hearing the same statement. So, I just wanted to understand that how much time would it really take when you say advanced discussion to get it materialize real order?
- Ashwani Kumar:** Yes. And I think it's a fair question, Mohan ji. And I think so we would expect as the Indian wind market grows overall, the order book of Suzlon will look also healthy. Because the Indian wind market has been muted for last many quarters, the order has been steady rather than in a very growth aspect.
- Mohan Kumar:** Another question on the trade receivables, like last quarter also, we are almost the same number. And even this quarter also, we are the same number, trade receivables. So, any blocking things for us to get it received these things, sir?
- Himanshu Mody:** No. So, there is no red flag there. Of course, the sheer sales in terms of rupees crores have increased. So I mean if you look at the receivable, it may be similar, but the number of days outstanding is in that sense, reduced. So, no red flags on any trade receivables.
- Moderator:** The next question is from the line of Sunil Jain from Nirmal Bang.
- Sunil Jain:** Sir, my question relates to the recent auction of SECI in the May of around 1,200 megawatt and recent 600 megawatt. So, the ordering for these turbines has already happened? Or is it still on the way?
- Ashwani Kumar:** No. As I explained in the previous question, there have been outstanding orders to the best of our knowledge, right? So we are talking about SECI 12 and 13. But even SECI 9, 10, 11, there have been some bidders who have not yet placed orders. So some of the bidders would be in discussions with us. But not all orders from SECI, 9, 10, 11, 12 and 13 are closed, which is what I expected, my estimate of the orders which are yet to be awarded is more than 3 gigawatts, 3,000 megawatts.

Sunil Jain: But 8, 9, 10, there were some questions like whether that will happen or not. But these 12 and 13, these are in new regime and at a good rate. So that should definitely happen? Am I correct?

Ashwani Kumar: I agree with your assessment, and we would expect some -- the only thing I can share is we are in discussion with some of the winners of SECI 12 and 13.

Sunil Jain: So my question was not like - it was more related to the time line which generally in the order they get, they need to prepare and then they place the order -- so that's why I was asking that?

Ashwani Kumar: Yes. So let me tell you the timeline. The way time line works is after e-reverse auction is completed when the people have won the bid, get what is called the letter of award. Post which, once they accept the letter of award, the SECI goes and ties up with power sale to various states. They would say, okay, these are the bids which have come for this tariff, would you mind purchasing this power. Some of the discussion might have started before the bid, but the actual signing of what is called the power sale agreement, PSA happens between SECI and the DISCOMS of the various states post the award of proposed reverse auction being completed.

That process can take two to three months and sometimes may extend to nine months also. Once that is signed, then they tie up with the power purchase agreement with the winning bidder. Okay. We have signed this now. Your beneficiaries let us say, Uttar Pradesh or some state and please come and sign the power purchase agreement. From the date of signing the power purchase agreement, the bidder is given 24 months to execute the project.

So -- that is the timeline. And he would want to finalize the order close to, I would say, because once he knows that, yes, my power sales agreement has been signed by SECI and I can go ahead and I need to do this. So that's what he does. So, in SECI 12 and 13, as you rightly said, these have been recent awards. And I don't know the exact status of what is the status of SECI signing those PSAs or PPA. But all I can say is that we are in advance in discussions with many of the bidders. But the final order will only be done once they are sure that they have signed a PPA with SECI.

Sunil Jain: And you are confident of maintaining your market share?

Ashwani Kumar: I'm confident of doing well.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Ashwani Kumar: So, we thank everyone on the call for participating. And thanks to ICICI Securities for organizing this call. And we look forward to future calls and our Investor Relations is available for any queries that you may have on the company or in your shareholdings. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.