"Suzlon Energy Limited

Q2 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Suzlon Energy Limited Q2 FY27 Earnings Conference Call. During this call, the company management may make certain statements that reflect their outlook for the future, which could be construed as forward-looking statements. These statements are based on management's current expectations and are associated with uncertainties and risks as detailed in the Annual Report. Actual results may differ, so these statements should be reviewed in conjunction with the risk the company faces.

As a reminder, all participant lines will be in the lesson-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

We will begin with the opening remarks followed by a Q&A session. To be fair to others, we kindly request each participant to ask no more than two or three questions. From the management, we have with us Mr. Ajay Kapur, Group CEO; and Mr. Rahul Jain, Group CFO and senior members of the finance team.

I now hand the conference over to Mr. Ajay Kapur. Thank you, and over to you, sir.

Ajay Kapur: Thank you. Good evening, everyone, and thank you for joining Suzlon's Q2 FY27 earnings call. Let me start by talking about the industry. This year marks a significant inflection point for India's wind energy sector. The industry has moved beyond proving its relevance and is now increasingly being recognized as a strategic pillar of India's energy security, manufacturing growth, and decarbonization agenda.

During the quarter, India crossed 59 gigawatts of installed wind capacity while maintaining one of the world's largest and most indigenized wind manufacturing ecosystems. The focus is on building a resilient domestic industry capable of supporting India's long-term energy ambitions and emerging as a global export hub. Green Energy Corridor Phase-III, approved by the Cabinet recently, is a significant step towards strengthening intrastate transmission infrastructure, enabling evacuation of up to 135 gigawatts of RE capacity.

This long-awaited industry demand enhances transmission readiness, reduces evacuation risks, and provides greater certainty for project execution, supporting India's target of 100 gigawatts wind and 300 gigawatts solar capacity by FY30.

Equally encouraging is the strength of the industry's execution pipeline. With over 40 gigawatts of projects under various stages of implementation, annual manufacturing capacity exceeding 20 gigawatts, wind equipment exports have emerged as a major growth opportunity, with exports exceeding INR12,000 crores in FY26, demonstrating India's growing global competitiveness. Bid momentum is also gaining traction, with almost 8-9 gigawatts of wind RTC, FDRE, wind-dominated tenders being awarded in H1 FY27.

C&I pipeline also stands robust. This sets the stage for a multi-year growth cycle, with annual installations expected to cross 10 gigawatts in the near term and reach 15 gigawatts by FY31. Overall, the convergence of energy security prioritizes manufacturing strength, repowering

opportunities, offshore wind development, transmission expansion, and rising power demand provide strong visibility for a sustained multi-year growth cycle for the Indian wind sector.

Now taking you through the Q2 FY27 business highlights. Suzlon delivered 710 megawatts in Q2 with 40% jump quarter-on-quarter, making our ever highest second quarter India deliveries. This performance was achieved despite Q2 seasonally being a lean quarter on account of monsoon.

The most salient achievement for the quarter was in terms of commissioning, wherein Suzlon installations grew more than 69% from 269 megawatts to 454 megawatts in Q2 FY27. Talking about half year H1, the installations reached 723 megawatts. Further, 1.25 gigawatts of erected turbines in pipeline for future commissioning will pave the way for uptick in the commissioning going forward.

Our order book of 6 gigawatts reaffirms our market leadership. In H1 '27, we have already secured 1.5 gigawatts of orders and continue to have strong pipeline. The current order backlog provides coverage for 18 months, and healthy order pipeline gives strong confidence and comfort for maintaining the growth momentum. Order book is not constrained with strong demand in industry and DevCo model offering in place to help keep momentum growing.

Our focus remains on closing quality orders at regular intervals rather than achieving quarterly run rate. With the S175 5.x and S163 6.x, Suzlon is expanding its technology portfolio with high capacity turbines that deliver superior yields, better reliability, the lower LCOE, unlocking opportunities across repowering and new build projects worldwide. 4.5 gigawatts manufacturing capacity, fully operational.

Expanding footprint with three AI-enabled smart blade factories to drive efficiency and scale, Suzlon 2.0 is translating into tangible growth opportunities across multiple adjacencies. Our RE Tech successfully commissioned the proto of first S175 5 megawatts turbine and secured the first customer order of 21 turbines of 105 megawatts. Our DevCo shows a strong market acceptance, reflected in 900 megawatts of orders already booked in H1 '27. On exports, we are seeing good traction, with customers expected to receive orders in the next few quarters.

With respect to integrated offering in terms of FDRE, we are in active discussions and finalizing the terms with prospective partners. Suzlon 2.0 is a 5-year journey, and I am personally satisfied with the progress made so far. Our RE AMS India business remains strong with 16.5 plus gigawatts of installed base, with EBITDA margins maintained north of 40%.

Our foundry and forging continues to scale strongly, in Q2 delivering revenues of INR167 crores and EBITDA of INR50 crores with continued momentum driven by domestic demand and export growth.

Now I will invite Rahul Jain, our Group CFO, to take you through our financial performance. Rahul.

Rahul Jain: Thank you, Ajay. Good evening, ladies and gentlemen. I would be using slides 18 to 27 of our investor presentation, which has been uploaded on our website as the reference point for my

discussion during this presentation. In Q2 FY27, revenue grew 27% Q-on-Q to INR4,869 crores from INR3,819 crores in Q1 FY27. EBITDA improved to INR720 crores, up 21% from previous quarter. Profit after tax stands at INR394 crores, up 29% from Q1 FY27. The company has delivered strong sequential growth on key financial parameters.

When compared on Y-o-Y basis, consolidated EBITDA percentage has been impacted on account of below: declined WTG contribution margins from 26.9% to 21.2%, primarily due to segment customer and scope mix changes, and additionally, forex and commodity volatility, making it a key driver of the EBITDA margin decline.

We are working on several levers to optimize the impact in the near to medium term. Operating expenses increased by about INR80 crores during Q2 FY27 versus Q2 FY26, largely led by higher Suzlon 2.0 related branding, travel, SG&A related to associated costs, which are around INR50 crores. This is expected to be phased down in subsequent quarters. This non-recurring expense had an adverse impact of around 1% on EBITDA margin.

In H1 FY27, deliveries grew 21% Y-o-Y to 1,217 megawatts from 1,009 megawatts in H1 FY26, with commissioning rising to 723 megawatts from 270 megawatt, a significant jump of 168%. Revenue grew 24% Y-o-Y to INR8,688 crores, with EBITDA at INR1,315 crores. PAT for H1 stands at INR699 crores.

Last year, Q2 and H1 PAT included significant DTA recognition benefits, making the reported numbers not directly comparable. In contrast, the current year's PAT is largely impacted by DTA reversals, which are non-cash in nature. Hence, for a like-to-like comparison, PBT is a better metric to compare.

Coming to the balance sheet, we are pleased to report on our balance sheet as of September '26, reflects a position of exceptional strength with consolidated net worth crossing the INR10,000 crores mark to INR10,277 crores. Our net cash position at INR2,048 crores further enhances our financial flexibility and resilience.

Adequate working capital limits tied up for execution of the current order book are also in place. Our net working capital looks higher primarily due to seasonality and us gearing up for higher volumes in H2. You would be pleased to know that CRISIL has elevated our long-term rating to AA-/Stable and the short-term rating has been upgraded to A1+.

I believe that our integrated business model backed by a robust supply chain, strong execution capabilities, and industry leading service network continues to differentiate Suzlon and create a sustainable competitive advantage.

With that, I would now like to hand over the call to the operator and open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: Two questions from my side. The first one is if you could elaborate on your comments around the depressed contribution margin of 21.2% in Q2. Also, in what time will the higher fixed

expenses in WTG business continue? You mentioned a INR50 crores number on branding, travel and SG&A this quarter. What kind of a hit should we expect or impact should we expect in coming quarters? What should be your normalized or when would the operating leverage benefit with growing volume start reflecting in numbers? That's my first question.

Rahul Jain: Thank you, Sumit. I will take the question. The contribution margin -- the part of the margin impact is attributable to high volatility in FX and commodity, which is largely, I would say, due to the West Asia crisis.

Now when we think about it, this is a crisis that has been ongoing, and all of us have been hoping that some of this should get sorted out. It is difficult to predict the timing of this resolution, given the nature of the externality. Any such resolution should normalize this impact.

Again, like I said in the opening remarks as well, we are working on several initiatives to normalize the impact and optimize COGS, which should address part of this issue. WTG contribution margins are expected to remain in that 22%, 23% range for FY27, is the belief and it should get normalized subject to some of these externalities getting normalized. I hope that answers it, Sumit.

Sumit Kishore: How much is the FX impact?

Rahul Jain: It is difficult to be able to articulate it. I would say commodity and FX impact put together has about a 50-basis point impact.

Sumit Kishore: Okay. On the fixed expenses?

Ajay Kapur: So just to add to what Rahul just mentioned, if you look at the key components of the margin decline, one is the customer and scope mix. It's about 150 to 180 basis points. Segment mix, because we have our service business, which generates much higher EBITDA margin. But the share of that changes as the wind turbine revenues go up. So that has an impact of around 50 bps.

Non-recurring Opex, which you were, I think, asking, has an impact around 1%. Between commodity and FX, 50 bps, and between non-recurring Opex, 100 bps, so you could take about 1.5%Of course, I cannot comment about commodity and FX. But for sure, the recurring will not be there in future.

Sumit Kishore: Customer and scope mix is basically the EPC shift that you have made.

Ajay Kapur: No, this is also the kind of customers we have. Like last year, similar time, we had certain customer orders. So those had a little higher margin. At the same time, they also had an impact on the working capital, which we have spoken in past. So that is something we can say it is about -- last year same time, our margin was 18.8% EBITDA margin, and now we are at 14.8%.

So if I give you all the calculation, this is basically commentary from 18.6% to 14.8%. Normalized EBITDA margin should be, if I normalize for the non-recurring and also

commodity, should be around 16.5% to 17%, excluding non-recurring costs pertaining to Suzlon 2.0, FX commodity and impact of West Asia crisis.

Sumit Kishore: There is no pass-through provision in contracts for commodity FX. These you have to bear.

Ajay Kapur: See, steel is a pass-through by and large. But rest, I think there are many commodities like copper, aluminium, carbon. These you need to absorb. At the same time, having said that, we have always programs running to improve our COGS. What Rahul mentioned just now, those programs are being further expedited. So I am sure part of this we will be able to negate it.

In time to come with the higher volumes which happen in H2. Normally, we will get operating leverage effect. Generally, H2 is about 1.5x to 1.65x of H1. We believe the same will pan out this year as well. That will give us a leverage effect of close to 100 basis points.

Sumit Kishore: Sir, my second question. How much capital have you committed to your DevCo business so far? And the Suzlon 2.0 plan included winning FDRE EPC projects in solar and BESS and exports. What is the progress on those accounts?

Rahul Jain: From a capital allocation perspective, we had said this earlier as well, Sumit, that we are looking at about INR500 crores total allocation. As of date, the net number is in the INR125 crores, INR130 crores range, because some of these assets that we have developed through DevCo also has been sold off again.

We have also got, when we look at our order book, almost 900 megawatts of the orders have been through the DevCo model only. With respect to the overall position, I think the number remains at INR500 crores is what I would say. Ajay, you would like to take the next one?

Ajay Kapur: Yes. Your question on solar and BESS, as of now, no capex has been made. We are going for asset-light model. Currently, we are on track to build our teams to start negotiations, which is already progressing well, which I also mentioned, and I think Rahul also mentioned in the opening. I think this will take next couple of quarters and post that, we will start our journey of capex. I hope I have answered your question.

Moderator: Next question is from the line of Shakuntala Agarwala, an Individual Investor.

Shakuntala Agarwala: I would like to ask basically three basic questions. One is, Adani and JSW have also entered into JSW -- wind energy. So how competitively we are getting impacted? Second is, the cash conversion cycle, I want to know about that. Thirdly, the cash -- as on date, we have been informed that INR2,100 is the net cash position.

Out of which, how much is encumbered and how much is non-encumbered? And third, the Renom acquisition which we did. So, we have the FY26 profitability, while the top line has increased only by 5%, the profits have halved. So, we have paid around INR700 crores, approximately, on the acquisition cost. The profitability is around INR3 crores to INR4 crores.

Ajay Kapur: Okay. Shakuntala, thanks for your questions. Let me address the question around the competition. You are right, we have Adani, JSW and many other competitors in the Indian wind

sector. The good news is the sector is expanding. We are looking at close to 8 gigawatts January to September kind of demand already and Suzlon continues to win orders. Our market share in the H1 is still near 28%, 29%. On deliveries, we are at about 23% in this first half. If I compare that with the previous year, it is a substantial jump.

So there is competition. At the same time, Suzlon continues to win its own customers. These 2 companies are, also if you see, they have a large platform of their own. So large part of their production also gets used in their own captive platforms. So now your second question was on cash conversion. I will ask Rahul to...

Rahul Jain: Thank you, Ajay. See, again, I think there is an element of seasonality in our business, and we must build inventory for our H2 deliveries. It is actually therefore unfair to measure us on a percentage of the trailing 12-month revenue. This is also related to commissioning and RR gap, which results in a hold of partial small receivables with respect to deliveries that have happened. Again, you must also appreciate that we are funding our entire capex and volume growth, at the same time have been able to maintain a healthy cash position as well.

So the net cash position is about INR2,300 crores that remains. Largely, some of this we also use for our working capital, but I think the number on the encumbered piece is something that I will have to dig more detail into and then come back to you. The balance sheet position is about INR2,300 crores on cash is what I want to talk about.

On the third question on Renom, we are doing various things on Renom. I think the way we look at it is the fact that there have been new additions that have happened in Renom. Business is starting to grow as well. Overall, when we think about it going forward, we believe there is a large opportunity that Renom can take up, given where market sizing is.

In H1, I think we added about 178 megawatts in Renom. What the market is seeing is large capacities being added, where EPC is not there and serviceability is not there. We believe it's a great large opportunity for Renom for the future. That's how we would really look at it.

Ajay Kapur: See Renom has a great opportunity. It's a blue-chip company in the ISP space. You see, every year, we are looking at 8 gigawatts to 10 gigawatts of installations in the next 3-4 years. A large part of these will come into -- there's a process by which it flows into the market.

Renom is rightly placed to serve these customers. We already won close to 200 megawatts in the last quarter. As I speak, there are again discussions going on for further customers, marquee customers. So I think it's a great opportunity for Renom to build a scaled business, which I think Suzlon as a backbone can offer Renom to scale up fast.

Shakuntala Agarwala: Okay. Actually, my question was, we have paid around INR700 crores to INR800 crores, out of which annual profitability is around only INR4 crores a year. As per the CRISIL report which I was seeing, INR2,600 crores was the net cash position as of June 30, out of which 50% was encumbered. So that is what -- that is the follow-up question that I was trying to make.

Rahul Jain: Again, you were talking about June, I was talking about September number when I was talking about INR2,300 crores. That's the position. It's available in our results release as well. I think

the number of encumbrance remains at about 40%, 50% only, but we'll have to drill into it to understand the exact number. Again, that's not a separate number that we disclose.

Ajay Kapur: Your question for Renom, as I mentioned, Renom is a long-term business. We acquired it and, as I mentioned, I'm looking at this business to be scaled up to multi-gigawatts in time to come, and I think that's when this whole leverage effect will play out.

Moderator: Next question is from the line of Raj Shah from ENAM AMC.

Raj Shah: My question was again on margins front. During the Q1 con call, you had mentioned that though we had done 18% EBITDA margin in FY26, but this year should be around 17%, few bps here and there. However, as you mentioned in the initial part of the call about various reasons for margin decline, 50 bps relating to FX and commodity is understandable, but the customer and scope changes as well as the non-recurring nature of expense for Suzlon 2.0 is something that you would have planned for, sir.

You have that kind of visibility in terms of deliveries as well as the orders that you have under execution. But despite that, we have only reported 14.8% margins, which is much below than what we would have anticipated. If you can elaborate, why did this happen? And secondly, for the remaining part of the year, what kind of margins do you see, as well as for the full year?

Ajay Kapur: Okay. Let me give you more clarity on the margin, as I mentioned earlier. See we have multiple businesses, the leading one being our wind turbine business. Our deliveries have been a very good number at 26%, 27%, both on sales as well as on ground execution. Both have shown substantial progress.

The share of our wind turbine business has exceeded the share of the ratio inter-se. Last year same time versus this time, by almost couple of percentage points, that itself has an impact of about 50 bps. I mentioned non-recurring opex around 100 bps and commodity. This itself is two percentage points.

The customer mix changes also depending on the site availability. While in the full year, we plan X, but in a quarter, sometimes certain sites go faster than the other sites, depending on the execution of those sites, so that's why you see this little bit of a mismatch between what you are asking. For the full year, I would say we have done 15.1% margin in the H1. With the leverage effect, with H2 being 1.5x to 1.65x of H1, more or less, I expect the same to pan out this year as well. You can say 15% plus upside of 1%.

Raj Shah: Okay. From the erstwhile 17% plus or minus, now we are saying 15% plus or minus. Is that correct?

Ajay Kapur: Exactly. Yeah. Because some of the commodity is playing out as of now, and we don't know if it comes back, this can further go up to 17%.

Rahul Jain: Again, even at that point in time, so we had said that there could be a variation. We were aware of the impact of some of these West Asia crisis and commodity impacts, right? So we had given that positioning, assuming that there will be a positive change, which has not happened.

Ajay Kapur: Yes, and also, just to clarify, my guidance was 15.1% plus 1%, not minus. This is basically the leverage panning out.

Raj Shah: Understood. Secondly, on the debt side, I mean, the finance cost side, I think what we would have -- we were guiding for or estimating around INR300 crores finance cost. However, in H1 itself, we have crossed INR250 crores. You did mention about the strained working capital position because of higher inventory, but when you see the full-year picture, where this number should go? And similarly, what will be the sustainable net working capital, sir?

Rahul Jain: Okay. I don't think multiplying H1 FY26 gives you a position to say that it will be INR300 crores next year. You have also to look at the deliveries. H1 FY26, we did almost 1,000 megawatts of deliveries. This year, we are higher by 21%. We have already done 1,217 megawatts. Overall revenue also is higher by about 24%. So there will be an effect of this that will come into the working capital. What I can tell you is our overall interest costs are coming down from a percentage like-to-like basis.

Also, I think when we look at a sustainable working capital, the question that you asked, what we are currently focusing is on growth. Effectively, we are deploying slightly higher working capital for being able to manage growth as well. So no single number, but yes, we are working on various levers to manage our working capital better as well. I would like to say that.

Raj Shah: Last piece, sir. You mentioned about an export opportunity for repowering some order related to smaller turbines. If you can elaborate where we are in terms of any export opportunity in repowering or any other opportunity on the export front.

Ajay Kapur: So export, as I mentioned, our Blue-Sky platform, which has 5 megawatts and 6.3 megawatts, which I already mentioned in the opening. We are currently in certification. Likewise, there is a good interest shown in small turbines of 2.1 megawatts, as I had mentioned in my last call also. So, these are customer engagements very much in place. For each of these geographies, teams are now actively working alongside our technical center based out of Germany, and also repowering opportunities internationally.

I think all these orders should start showing first somewhere around, I would say next year, we should be able to be in a better position to give you a firm position. But currently, the pipeline is getting stronger, customer engagement is there. All the work which is needed to seed the market is currently on, including technical specs, certification.

And in India, we have already got first repowering order, as I mentioned, with Tatas, which we are working at a project site. It is a small order, but we are working on that, right? And I think, I believe there is a great opportunity for us. In India itself, there is a 25 gigawatts opportunity. Internationally also, there is a huge opportunity for this in time to come.

Moderator: Next question is from the line of Sweta Jain, from Anand Rathi Shares and Stock Brokers Ltd.

Sweta Jain: Most of the questions on margins are answered. Wanted to ask you if you could elaborate why there is a realization dip on a Q-o-Q basis?

Ajay Kapur: On a quarter-to-quarter basis?

Sweta Jain: Yes. I think we were maintaining a run rate of INR6 crores per megawatt kind of a number, but that has slipped below INR6 crores this quarter. Despite, I am assuming, EPC mix as a scope of business improving.

Rahul Jain: Thanks, Sweta, for your question. When you look at our Q2 FY27 ASP, we are roughly at about INR5.9 crores, right? While when you look at it from a Q2 FY26 perspective, this was at INR5.7 crores. Overall position, I would say, is that this has remained in a good range. There is no price reduction. This is as per contracted positions that we have created.

It is a function of the business mix, what customer you are supplying at what time -- what type of order. Is it an EPC order? Whether the full supply has been completed or not. There are FPSA supplies and other supplies also. So I do not think there is a negative in that sense.

Sweta Jain: So we do maintain a INR6 crores kind of a run rate going forward? Or do you see some pressure?

Rahul Jain: No, it is not a question of pressure. We have not reduced any prices here. It is a position that is played out. Obviously, there is a higher project activity that has come in, which creates this position for the price. In the last quarter, it was higher. So project activity creates the price advantage in the last quarter.

Sweta Jain: Sir, what do you mean by project activity?

Rahul Jain: There are various activities -- so there is a turbine supply, there is BoP, there is other activities that go on. Equipment plus PSS, stubs and others as well, right? When you look at it from an averaging perspective, each has a different element to it.

Sweta Jain: Okay. The second question is on the working capital requirement. Sir, is it linked to the DevCo model being developed?

Rahul Jain: Not really. I do not think there is any linkage between the DevCo model and the working capital. I think in a previous answer, I had said that there is what amount of capital that we are committing to the DevCo side. It does come in the working capital, but the intensity of working capital here is not because of DevCo, that I can assure you of.

Sweta Jain: So could you elaborate the reason, like why we are seeing this stretched working capital impacting the numbers?

Rahul Jain: Again, I think when you look at last year, there is a seasonality element that plays out here, Sweta. If you look at it last year, the numbers were similar ranged. Again, I answered this question probably earlier as well. We are building for our H2 position. Ajay also answered saying that it is 1.5x, 1.65x in terms of the overall positioning. I think we have also said that if you look at it historically also, 40%-60% or 35%-65% has been the range that this H1 and H2 have panned out. So we are building for our future sales as well.

Moderator: Next question is from the line of Abhishek from Motilal Oswal. Abhishek from Motilal Oswal, please go ahead with your question.

Abhishek: My question is actually on localization. Last year there was a lot of hope that localization will come in and there will be subsequent rounds and overall, for the domestic guys, it will be a big positive. So just wanted to check if there are any updates over there and how is that playing out so far?

Ajay Kapur: Abhishek. As you know, the notification came on 31st July '25, with grandfathering provision provided for 18 months for C&I and 36 months for IPP. Already bid projects, and currently limited to six components and subcomponents, which is nacelle, blade, tower, generator, gearbox, and special bearings. The grandfathering has been extended for certain components in case of lack of availability or constrained supply chain. One year for yaw and pitch bearing, that is up to 31st January '28, and two years for main bearing, that is 31st January '29.

So ALMM, as you know, provides a level playing field for the Indian OEMs, especially Suzlon, reducing the price gap and ensuring quality of wind turbine gets added to the grid. And Suzlon, I believe, is very well-placed, since we already have 80%+ local content.

Abhishek: Okay. Basically, you are saying maybe in about 2 years' time, the advantage will become more sort of...

Ajay Kapur: Yes, it's already becoming. Because most companies have set up their local manufacturing here, and the ones who haven't, they have to. And India, as I mentioned earlier, almost INR12,000 crores of export of turbines are happening from India, and components also. India has a very good ecosystem.

Abhishek: Okay. This INR12,000 crores, directly does it coordinate with what you are exporting? Or are there other elements in this INR12,000 crores which you will not qualify for at this point in time?

Ajay Kapur: No, this is all put together. These are not our numbers. These are the industry numbers I'm telling you. What the whole wind industry...

Abhishek: I understand, but is it something like some...

Ajay Kapur: So one of our companies, our forging and foundry company, which also does backward integration for us. They are exporting, for example, to many geographies. Albeit not in a very big manner. It's a small company, but has a big ambition in time to come to grow. And as it grows, the leverage effect makes the cost better even for Suzlon when it buys from it. So I think what is happening is nacelles are going by the European OEMs, are exporting nacelle gearboxes and components.

Abhishek: Okay. So this is basically nacelle, gearbox, and various components. All of those.

Ajay Kapur: Yes.

Abhishek: Okay. Got it. Just last question on the localization thing. What we've seen for solar manufacturing is that there have been subsequent rounds and the government has tried to go back from, you know, module to cell to ingot wafer maybe eventually to polysilicon. Is there a

discussion with the government that, okay, after the first round is done, maybe we want to localize further and backward integrate further? Is that on the cards?

Ajay Kapur: I think right now, as I mentioned, the current policy envisages these components I mentioned, nacelle, blade, tower, generator, gearbox, and special bearing. On top of it, pitch bearing and main bearing. I think if you add all this, you're almost maybe hitting 85% of the cost. I believe we can do 100% also in India. I think India has a very good ecosystem, made for India, for the world. We can certainly do it and that, I am sure, should be the roadmap ahead.

Moderator: Next question is from the line of Parth Majithia from Ambit Capital.

Parth Majithia: So most of my questions were answered, but one follow-up on one question which was asked earlier on the competition bit. So like -- a few names like Adani and JSW were mentioned. So recently, Adani won multiple orders.

So they have an order book of 1 gigawatt outside their group. And major customers were NTPC, Aditya Birla Renewables, Purvah, all of these were Suzlon's customer in the past. Considering these orders that they have won and 40% market share target given in Suzlon 2.0, what's your read on that?

Ajay Kapur: All the names you are saying continue to remain our customers. We continue to get repeat orders from them. Aditya Birla Group, we are currently implementing some of the largest projects, which you would have seen in the recent announcements also. I think India market is maturing. I believe what we should be looking at is that Suzlon has 3 decades of leadership, has seen number of global players, has itself operated in global markets, has a presence across geographies.

Our R&D centers are in three parts of Europe. We are preferred partner for customers over the lifetime due to reliability and also the way we manage the O&M. We have today almost reached 22 gigawatts of installed capacity over the years. So I think we are in a unique position. On top of it, many of these companies are largely meant for their own captive consumption, and of course, they are supplying to outsiders, and it's good for us because end of the day, Indian market is now likely to go to 15 gigawatts by FY35. And Suzlon, at 40% of that, I'm very confident should be able to reach that number.

Also, there is space for everybody. So I think India itself becomes such a big geography. If you see China's demand, what we do in a whole year, they do in a month. I'm not saying we become China tomorrow, but I can see that as we navigate the potential on wind, solar already has a lot of investments already made. Today, we have almost 1,100 gigawatts of potential in India. We only used at 59 gigawatts, about 5%. So even if you go to 20%, there is enough room for everybody.

Parth Majithia: Right. Okay. Understood. Another question was on the ALMM bit that was again asked earlier. The costs of competitors, which were basically based in China, will increase. Because of that will give us a level playing field for Suzlon. But right now, there will be a particular date. Some of the parts, the deadlines are extended. But for some of it, the deadline, correct me if I am wrong, was January '27. After that, you feel that the market share for Suzlon might increase?

Ajay Kapur: I have given my guidance that by FY31, I want to hit 40%. I am trading more closer to 30% right now, like 28%, 29%, to be precise. I have an order book of 6+ gigawatts after doing record deliveries of 1,200 in the first half. Also getting 1,500 megawatts of orders, and all from marquee customers, repeat customers, new customers. I currently again have a very healthy pipeline.

And then with the DevCo, we are in dialogue with the leading C&I and other customers for year 3, 4, 5, which means I am actually talking now FY28, '29, '30, '31 kind of a business with them. I think that should give us a lot of confidence going forward.

ALMM has impact on building Indian supply chain and not necessarily the margin. So I think that both the impacts are there. Because there is a need for India to become self-sufficient, and with the FX impact, I think once you have all these things made in India, we also have a much stronger, resilient supply chain, and this INR12,000 crores of exports out of India, I believe, can actually triple in time to come.

Moderator: Next question is from the line of Mahesh Patil from ICICI Securities.

Mahesh Patil: My first question is on our inflation, right, commodity inflation, that you are saying, for most of the part is not passed through. So one thing here is for the new orders, right? For the new orders, at least we will be factoring in the higher cost in our prices, right?

Ajay Kapur: See, end of the day, you are in the market with the price, and you also have to see what a customer gets the price from other competitors. So pricing is more dynamic. We do try to pass on as much as we can, but then end of the day, customer also wants to get his best price for them. What we do is we keep developing alternate supplier basket. Our cost of fresh purchases, cost of manufacturing, we keep running initiatives, which help us improve our COGS, and I am happy to see the projects in Suzlon we are running across our various models.

I think that will help us to mitigate, to a large extent, the commodity risk. But in short term, it hits you. When it becomes little near term, it actually tends and this affects, and commodity impact will hit everybody, especially the ones who are importing more will be hit even more.

Mahesh Patil: Sir, second question is on the pipeline. So how do you see the pipeline of projects, where the projects are awarded, but the orders are yet to be placed? Any number that we have?

Rahul Jain: Just to clarify, you are talking about the order pipeline?

Mahesh Patil: Correct.

Ajay Kapur: So we have the 6 gigawatts orders. We expect that with the current run rate that we are seeing, I think next 18 months, we have a very solid visibility. And you can see our acquisition rate also is pretty good, which I also mentioned in the first half, we already got 1,500 megawatts of new orders. So you add both these, I think, we are in a very good position. Our order book is not a constraint with strong demand in the industry, and the DevCo modelled offering in place will help us keep the momentum going. Our focus would remain on closing quality orders at regular intervals rather than achieving a rush to do quarterly run rates.

Mahesh Patil: Sir, just to clarify this, sales here what you are mentioning is over and above the order book, right? The pipeline that we have.

Ajay Kapur: Absolutely.

Mahesh Patil: And this is largely FDRE, RTC, right?

Ajay Kapur: This is largely wind, I am talking. In time to come, as we come and talk to you more about our BESS offerings. As I mentioned, currently, we are in the process of incubating these businesses. The new leadership teams are joining us and I think in time to come, we will start getting into BESS and other FDRE offerings as well.

Mahesh Patil: Okay. And sir, last question. On the C&I side also, we are seeing quite a bit of traction. So how do you see that? I mean, utility scale versus C&I, the pipeline forming ahead.

Ajay Kapur: If you look at our overall order book, I think almost 78% is between C&I and PSUs utility scale. All leading C&I, we are very happy that we are repeat suppliers to them. Many of them have engaged us for end-to-end EPC. Many of them we are engaged on DevCo. And I think each of them have their own large requirements to do their own decarbonization journey. Because it is not just wind sector standalone for the IPP and utilities, but also corporates who have big steel plants, cement plants, chemical plants, large industries, they all want to decarbonize.

So I think there is a huge demand. And I think -- and the questions asked to me earlier about other competitors entering the segment, I think we need this kind of a supply chain so that India can meet its wind potential. And thereby, not only offer a long-term green supply, but also at a reasonable price. I think there is enough room.

Moderator: Next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: Thanks. Just one follow-up on the working capital. The question is, on a sequential basis, I see that the working capital deterioration is mainly on a sequential quarter-on-quarter basis, mainly because of increase in receivable days, and not really a buildup in inventory days. So on that clarification, just wanted to sort of get an insight from this.

Rahul Jain: I think, Sumit, we had answered that. We are building certain inventories to be able to meet our requirements for H2 supplies. So our inventories are slightly higher.

Sumit Kishore: Receivable has gone up more, is what I see. Receivable days.

Rahul Jain: Yes, you are right. Receivables are up. I think there is also a timing of the supply positioning that gets created here. Some of the receivables are also related to commissioning and other positions that get created. As our commissioning -- see again, I think when you look at it, our total commissioning this quarter and both half year, has been very, very robust. As our commissioning levels improve, some of these, let's say, receivables that are effectively not due and are linked to commissioning, should get converted to cash as well.

Sumit Kishore: Okay. One comment made that you are exploring DevCo orders for delivery up to FY31. Just want to understand the profile of the projects which have been booked under DevCo so far. I mean, are almost similar in terms of delivery to other normal standalone WTG projects.

Ajay Kapur: So there are two kinds of orders. I think the orders we have announced of 900 megawatts odd, these are COD in the next 18 months. So these are like normal ones. Here we already have land available, so these are near term. What I am really saying is, for year 3, 4, 5, those orders we will announce in time to come.

Moderator: Next question is from the line of Satpal Singh Khanuja from Ishaan Ventures.

Satpal Singh Khanuja: Sir, what are the total megawatts which are pending to be installed? How many megawatts are still pending to be installed, which have been delivered and are pending for installation?

Ajay Kapur: So it will be close to 3,900 megawatts, of which closer to 1,300 megawatts are already erected, which I think with the current 725 megawatts odd already done in H1 give us a very good visibility for the full year. I think, so I am very positive that it should be a very good year for our deliveries.

Satpal Singh Khanuja: For the installation, sir?

Ajay Kapur: Yes.

Satpal Singh Khanuja: Okay. Sir, what is the percentage of revenue that gets held up for the installation, and what is the aggregate held up amount currently?

Rahul Jain: It depends on customer to customer. Some customers, it is between 5%-10%. For certain other customers, it could be in the range of about, let's say -- so again, I think the range remains between 5% to 7.5% to 10% max. That's the way it works.

Satpal Singh Khanuja: Okay. There would be revenue which has been booked for which the installation has not been completed yet.

Rahul Jain: Yes. And the installation gets completed is when I receive the cash.

Satpal Singh Khanuja: But the revenue has been booked already.

Rahul Jain: Yes, that's how accounting gets done.

Satpal Singh Khanuja: Okay. Sir, when do you see an inflection point coming when installations will start exceeding the deliveries?

Ajay Kapur: If you've seen first signs of execution on ground uptick from Suzlon last year. In a whole year, we did 750 odd. Year prior to that, we did some 350. In the current year, in the first 6 months, we have almost delivered what we did in the whole of last year. So I think that's a good sign.

We also, on top, have erected stock of 1,300. What we have also done is reorganized the company rather than having one chief project [officer of the group], we have appointed 3

regional chief project officers with their own independent team. I can already see, with this management bringing in new leadership in our India business.

So I'm already seeing tremendous efficiencies happening. I think it will take another 12-18 months, more like 18-month journey, when we will start seeing even sharper commissioning on the ground. So I think I'm very confident that over the next year and a half, we'll see this turnaround.

Satpal Singh Khanuja: Okay. Sir, my second question, we have an unutilized capacity. We have a capacity for 4.5 gigawatts. We have cash and working capital. What is stopping us from going faster?

Ajay Kapur: So -- two things. Number one, we are looking at a plan which we unveiled a couple of months back as part of Suzlon 2.0. Wherein we have said from our 30%, 33% market share, we wish to increase our India market share to 40%. This we said we will do by FY31. We also mentioned we are looking at our order book from current 6 gigawatts to 15 gigawatts as an exit of FY31.

We also mentioned we are looking at an annual sales of close to 10 gigawatts from last year, 2,500, current run rate, you can already calculate. 1,200 in the first half, 1.5x to 1.65x second half. We have also given a trajectory of 25% CAGR. If you take that trajectory, I also mentioned about exports. We are looking at 3 gigawatts order book by FY31. We are looking at 1 gigawatts sale by FY31.

You work backwards. I think capacity will not be a deciding factor. It's basically the pull from the projects. The current healthy order book, the future DevCo strategy. I think as they play out, I think this 25% CAGR, which I have guided, should more or less pan out, and that will help us not only utilize this.

And this 4,500 is with 3.3 megawatts capacity turbine. As we go for higher, of course, we have to do some new blade plants. This capacity can straightaway be increased and enhanced. So I think that will not be a constraint for us.

Satpal Singh Khanuja: Sir, when are we planning to recognize more deferred tax assets for the unabsorbed losses?

Rahul Jain: See, again, I think this is an annual exercise that has to be done, right? I think there will be an evaluation that will get done in March '27 based on discussions, based on future profitability projections. Will there be a recognition that will come through.

Satpal Singh Khanuja: Previously, you were doing it half-yearly, sir.

Rahul Jain: See, again, I think, the scale and size has changed, right? At that point in time, we were doing it half-yearly because there was a very large -- we were growing 60%, and therefore confidence building measures were also being taken into account. But we now believe that, like Ajay said, a 25% CAGR is the one that we are looking at. And therefore, we believe, and the auditors also believe, that it is a good time to do this on an annualized exercise basis.

Satpal Singh Khanuja: Right. Sir, can I make a small suggestion?

Rahul Jain: Sure.

Satpal Singh Khanuja: In one of the investor presentations, I think it was 4 or 5 quarters back, Mr. Himanshu Mody did that. There was a clear presentation of the position of the installations, like how many the foundation work has been completed, how many have been erected, how many are pending for the machine installation and all. I think it was divided into 3 or 4 stages. So that thing has been taken out of the presentation. If it can be included again, that will give the investors a lot of clarity.

Rahul Jain: We will evaluate that. We will think about it. But again, the point is that we can keep drilling into more and more detail, right? I think what Ajay has talked about and what we have been talking about is a thematic and industry positive that we have all kind of created here. The DevCo model, the export positioning, the AMS growth. I think you have to look at it from that perspective rather than drilling down into details.

Satpal Singh Khanuja: I understand, sir, but that was a very good information that was shared.

Ajay Kapur: Yes. What is important is how is the on-ground execution. As I mentioned, we did almost 169% growth in the on-ground in the current period. This is the highest ever done by the company. We have also given a number of close to 1,300 megawatts erected already, and also guided what does the H2 look like. So I think by and large, these numbers are there. We can separately engage as well, and have a discussion if you wish to get a more detailed.

Moderator: Ladies and gentlemen, we will take the last question from the line of Nikhil Poptani from Kizuna Wealth.

Nikhil Poptani: Yes, sir. So, sir, most of my questions have been answered. Sir, I just need to ask one question. What is the update on the European export side that we talked about, the 2 megawatts, which are really going on in the European and Australian markets, Blue Sky platform. Is there any kind of update on that?

Ajay Kapur: Actually, this was asked before, but I will answer it for you. Blue Sky platform is for the larger wind turbines we have launched in Europe, 5 megawatts and 6.3 megawatts. These are currently under various stages of certification and the local requirements of -- grid requirements. So those studies are currently underway at an advanced stage.

The two megawatts is not Blue Sky, but it is also having a demand in repowering as well as we have seen some good demand in some of these geographies you mentioned. For this also, we need to get a certification for the local countries. So that is also work is undergoing. I think next year we should be in a better position to start reporting our export orders.

But the order book, the detailing from the customers, I think the business development outreach is very encouraging. It's basically now the technical aspects to be sorted out, and then we start reporting the orders and shipping the turbines.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to the management for the closing comments.

Rahul Jain: Thank you very much, everyone, for joining Suzlon's H1 FY27 call.I hope we've been able to answer some of your questions. Our teams will be happy to engage if there are any additional questions that we are -- for us to be possible to answer. Thank you.

Moderator: Thank you so much, sir. On behalf of Suzlon Energy Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.