

5th June 2025.

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.: Board Meeting - Q4 FY25 Earnings Conference Call.

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 S.Vaidya,
Company Secretary.

Encl.: As above.



“Suzlon Energy Limited
Q4 FY25 Earnings Conference Call”
May 29, 2025



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

Moderator:

Ladies and gentlemen, good day and welcome to the Suzlon Energy Limited Q4 FY '25 Earnings Conference Call. During this call, the company management may make certain statements that reflect the outlook for the future, which could be constructed as forward-looking statements. These statements are based on the 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 listen-only mode and if 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 the opening remarks followed by the Q&A session. To be fair with the others we kindly request each participants to ask no more than two or three questions. From the management, we have with us Mr. J.P. Chalasani, Group CEO and Mr. Himanshu Mody, Group CFO. Over to you, J.P Chalasani, sir.

J.P. Chalasani:

Thank you. Good evening, everyone and thank you for joining us for Suzlon's Annual Earning Conference Call. This year marks a significant milestone for us. It is our 30th anniversary. Over the past three decades, Suzlon has demonstrated resilience, innovation and a forward-looking spirit that continues to guide us. We extend our sincere gratitude to everyone, who has been part of this long journey to our visionary leader, to our committed leadership, passionate employees, loyal customers and dedicated partners, a special note of thanks to our investors and analyst community for your unwavering trust and continued support.

Talking about the industry, the draft notification on inclusion of the updating of wind turbine generators on the RLMM, will give a big boost to the domestic supply chain with the local manufacturing of blades, tower, gearbox and generators. As the most integrated domestic OEM with in-house R&D, Suzlon is fully compliant with and well-aligned to the government's policy direction. We are pleased to report at another record-breaking quarter, marked by an all-time high order book exceeding 5.5 gigawatts, reaffirming our leadership across PSU, C&I and Utility segments. Notably, Suzlon secured 1.5 gigawatts as a sole winner of NTPC's PSU tenders. Underscoring our continued focus on product quality and alignment with evolving market dynamics.

Order book for the S144 model, now exceeds 5 gigawatt a testament to superior technology and strong customer confidence. We take pride in stating that S144 is truly in made-in-India, made-for-India product. I repeat, it is made-in-India, made-for-India product. On the manufacturing front, our capacity now stands at 4.5 gigawatts with both Nacelle facilities in Daman and Pondicherry fully operational.

We have also expanded our blade manufacturing footprint with new plants in Madhya Pradesh and Rajasthan, ensuring we are well positioned to meet production requirements for the coming year and beyond. Turning to execution Suzlon has set a new performance benchmark by delivering a record-breaking 1,550 megawatts this year, more than double the megawatts delivered last year.

The industry commissioned around 4.2 gigawatts in FY '25. Though 28% growth is there, it falls short of expectations due to transmission and land acquisition challenges. However, with over 2.5 gigawatt commission in March last year and April this year combined, signalling a positive shift in execution pace.

At Suzlon, we commissioned 336 megawatts in FY '25, with an additional 370-megawatt directed WTGs currently in the pre-commissioning phase, bringing the total to over 707 megawatts. With less than 30% of our order book comprising non-EPC projects, where land acquisition lies outside of scope, client side delays have impacted commissioning timelines.

To address this, we have prioritized projects with partial land availability upfront. Looking ahead, projects like NTPC come up with substantial land readiness offer greater commissioning visibility for FY '26. Additionally, Suzlon is actively pursuing a long-term strategy to mitigate land-related delays by developing active project pipeline.

Our OMS business continues to do well with more than 15 gigawatts capacity in India, with mission availability ensured above 95%. Renom, our new entry continues to strive for customer fleet acquisition with assets under management crossing 3 gigawatts. Our forging and foundry business started showing uptick in the last two quarters and we expect to continue this trend in FY'26. Our top priority remains the timely execution of our robust order book, while maintaining the highest standards of quality and ESG.

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

Himanshu Mody:

Thank you, JPC, sir and good evening, ladies and gentlemen. As always, I would be using Slide number 18 to 26 of our investor presentation, which has now been uploaded on our website as a reference point for my discussion during this presentation. FY'25 has marked a transformative year for Suzlon, defined by remarkable achievements with highest-ever revenue, EBITDA and PAT post FY '17.

Our entire team demonstrated -- our entire team demonstrated unwavering dedication, making this one of the most successful and memorable year in our journey so far. Taking you through the Q4 FY '25 numbers. In Q4, Suzlon continues its exponential growth trajectory, delivering 573 megawatts, which is almost 2x on a year-on-year basis, with all financial parameters showing a strong uptrend.

Suzlon recorded consolidated revenues of INR3,774 crores, delivering a strong 73% Y-o-Y and 27% Q-on-Q growth. EBITDA for Q4 FY '25 stood at INR693 crores, marking a 95% Y-o-Y growth and a 39% increase Q-on-Q basis. EBITDA margin improved by 200 basis points to 18.4%, up from 16.4% in the same quarter last year. Suzlon achieved the highest ever quarterly PAT of INR1,181 crores.

This, of course, includes the deferred tax asset recognition, which we've done in this quarter of about INR600 crores.

Taking you through the full year FY '25 numbers, FY '25 marked a key inflection point for Suzlon as the benefits of operating leverage in the WTG division have begun to materialize. The WTG division revenue surged by 101% from INR4,215 crores to INR8,481 crores, driven by a 118% increase in deliveries from 710 megawatts to 1,550 megawatts this year.

This operational momentum translated into a remarkable 392% growth in EBITDA for the WTG business, underscoring the strength of Suzlon's scalable business model. Notably, WTG contribution margin has surpassed our earlier estimates of 20% by 360 basis points to 23.6%. On a consolidated basis, Suzlon delivered a strong performance in FY '25 with revenue surpassing INR10,000 crores mark to INR10,851 crores registering a 67% Y-o-Y growth.

EBITDA is INR1,857 crores for FY '25 which is a surge of 80% on a Y-o-Y basis with improvement in EBITDA margin to 17.1% from 15.8% in FY '24. Suzlon reported a robust PAT of INR2,072 crores after exceptional items and including the impact of deferred tax asset recognition, marking 190% Y-o-Y growth. This strong performance reinforces our confidence, where the company has firmly transitioned into the next phase of its operational turnaround following a successful financial revival nearly a year ago.

We are pleased to report on our balance sheet as of March '25 reflects a strong position of exceptional strength with a consolidated net worth of INR6,106 crores. Our net cash position has risen to INR1,943 crores, marking an increase of INR836 crores over Q3 FY '25, which further enhances our financial flexibility and resilience.

Our end-to-end wind energy model backed by a fully integrated supply chain and a proven execution track record with best-in-class service has offered a -- offers a competitive edge that's both unique and hard to replicate. Moving on in terms of an outlook for FY '26, Suzlon has made significant progress in operational excellence initiatives in FY '25 and has got full support of various stakeholders, as mentioned by J.P sir earlier.

The outlook for the future looks very promising with a strong order book in hand, proven execution capability, a strong management bandwidth and working capital facilities tied up. On the back of all these pillars, as we look ahead for FY '26, we are confident of achieving 60% growth across all key parameters in FY '26 over FY '25 which, in any case, meets all analysts' expectations or estimates made by the 8 analysts that we have.

With that, I'd like to conclude my presentation and open the floor to any questions that the callers may have. Thank you.

Moderator:

Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore:

Good evening. My compliments on a strong performance in FY25. My first question is if you could share your thoughts around order inflows for FY26, would it be possible to match or surpass deliveries and contribution margin for WTG pan out in FY26. That's my first question?

Sumit Kishore: So my questions are on your thoughts around order inflows, deliveries and contribution margin for FY26?

J.P. Chalasani: Order inflow as we speak we continue to see the good momentum and we are pretty confident the order inflow will continue or a little bit more accelerated compared to what we have seen in the last year. Now the public sector is one strong segment which has now almost contributes 26% of our order book is opening up.

On your first question, Sumit yes, we continue to see the traction. We will continue to see the traction quarter-on-quarter basis on order book. I'll again repeat my statement earlier that I don't think the order book not being arrogant, not being overconfident or at least the next 18 months, 24 months I don't see the orders becoming an issue for us.

It's a question of ramping up the execution capabilities to meet, the project readiness for supply of turbines. That's how it is. On the margin, you want to...

Himanshu Mody: Yes. So Sumit, on the margin for the WTG business, as we mentioned, we registered about 23.6% contribution margin. So I would say going forward for FY '26, we would -- we should be able to maintain a 23% margin on a contribution basis for the WTG division. And in terms of deliveries.

As I mentioned earlier on that we are confident that we'd be able to achieve approximately 60% growth year-on-year across parameters. So I think which is in line with most estimates. So I think we stand by that for deliveries.

Sumit Kishore: Sure. Could you speak about the progress of the land development mode as a strategy to secure contracts in FY '26 in EPC mode? How much can we expect? Why are this route and what progress has happened so far? And any groundwork leading into export opportunities for WTG over the next 12 to 18 months?

J.P. Chalasani: On the development side, Sumit, if you remember, it has been on record said that earlier that in the states of AP, Rajasthan and Madhya Pradesh we started this and including Karnataka. So we also said that we don't announce, but we get into these framework agreements for development of it.

So some of those things are now getting converted into EPC contracts as we speak. So therefore, I don't want to put a number to it, but you will actually see some EPC contracts getting announced out of this development pipeline in this year, which will keep increasing as we move on quarter-to-quarter basis. So therefore, that's what -- what I will talk about. The second one, what you said?

Sumit Kishore: Whether exports over the next 15 to 18 months?

J.P. Chalasani: See, you're seeing what's happening on the tariff barriers and various uncertainties whatever is happening. Obviously, as we spoke sometime back, the geographical diversification after

meeting the increased demand in India is always an option available on the table. And answer to that question is, would we be prepared? Yes, we would be prepared. Would we be doing it?

Let's wait and watch for the time. But as 18 months, 24 months, we will definitely be prepared to in case there's a requirement, beyond our capacity -- beyond our whatever we can supply here, yes there is capacity as we will definitely. But at this stage, the answer is not affirmative, but preparedness wise, yes, we are moving in that direction.

Sumit Kishore: Thank you so much.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My first question is on your new product development. So you have a bulk of your pipeline coming from S144. Where are you in the next leg of development for higher MW turbines? And do you even see a need for that or are you happy with this product at this point in time?

J.P. Chalasani: We work in the different environment in India is we don't react to the market. We actually create the market. And I say we create the market is you need a product to suit the market at different points of time. As you know that we have the concept of setting up wind mast every single year to identify what is the wind data for the future sites, let's say, 2 to 3 years down the line.

Even as we speak, in FY '25, we have put 60 masks in different countries. And in addition to those 8 windy states, we, in fact, we've opened up one more state in the eastern sector. I just don't want to name it, but so we are opening up. So these sites are clearly giving us the visibility of what product is required in next 2 to 3 years and we are ready for that.

S144 is the product, which can easily meet the demand of the current market requirements in terms of both technology as well as pricing. What you can expect is that it could be a variant of 144 coming in, in this platform variant. But for the next model to come in, it will definitely be there as and when the country needs in terms of tariff not going up.

So like I keep always giving the example of most important is the tariff. So like in AP, I always say the example is that we sold our 1,000 megawatts of S111 in FY '17. But same AP today, we can't sell a S111 because the tariffs are different. At that point in time, it was Rs 4.8 for today tariffs come down to Rs 3.6, 3.7%. So therefore, you need a 3-megawatt platform. So the answer to that is, yes, the next model will be ready, but we will be ready as and when it's required.

Puneet Gulati: Understood. That's very helpful. And secondly, we also keep on hearing lower wind speeds. What do you think is a solution? Is there a better product needed or do you think that's what developers will have to now factor in their estimates as well?

J.P. Chalasani: There are two different things. The sites in future, which are coming in could have a different wind regime. That's one part of it. Second is the existing sites, where you already set up the products, people talking about the wind is not coming the way it was expected when the plants are set up. This is completely two different issues.

On the first category of a fresh sites coming with the low wind, obviously, new product is required, which would be in this -- megawatt is not an issue because normally, we think that 5 megawatt 6-megawatt what is required. No, that doesn't make the difference. What makes a difference is your rotor diameter and your hub height would decide what is required for the low-wind sites, not the megawatts.

So at the end of the day, what we see lowest cost per kilowatt hour. And as far as the existing sites are concerned, wind it's very clear to everyone, but as long as you have taken proper estimates with data available for 2 years. So therefore, variability will be less, but still on the wind, the average would touch around -- it takes about 7-year period where you get evened out and then you get exactly the PLF of what you envisaged for it.

Year-to-year variations cannot be counted in terms of wind. The wind itself is a cycle of 7 years, which is known. In fact, even when we do the analysis, we do it for the entire life of the project and then you will get the same at the end of it, but the quality of wind data, when you selected a site becomes very, very important.

So you've got to have those wind masks, you got to have the 2-year data, if you have selected the site to somewhere, where you don't have proper wind data and you made a mistake then you made a mistake.

Puneet Gulati:

Understood. That's very helpful. And lastly, for your new upcoming orders that you'll be participating, do you see a higher share of utility-scale projects or more C&I coming in on the wind side?

J.P. Chalasani:

If you see today, our C&I continues to grow, while the percentage wise, if you see there's a slight shrinkage that's only the percentage wise, because of public sector has grown, significantly. Otherwise, in absolute terms, the C&I continues to grow. We expect C&I the growth rate will remain the same with what we have seen earlier.

The public sector will continue to increase for us. And obviously, the bid availability will be there, big projects on these, but that's -- it's depending upon the competition, whatever we can increase, we can increase. But in order of magnitude wise, the C&I PSU and the bid. I don't call it as utility, is a bid. The bid again you have two categories of people. Utilities which are participating with bidding, they'll continue -- we'll continue to grow with them.

Puneet Gulati:

Understood. And lastly one more if I may. On the wind side, there is also a big talk of movement towards solar plus BESS, does that worry you at all or do you think the hybrid product is still stable?

J.P. Chalasani:

See, at the end of the day, you need to look at when is the demand and what is the tariff. From the point of view of the grid is offering today. And we have all clearly seen that the -- in the solar hours, the tariffs are now touch the zero number of times. And also, if you see, it is not just a tariff alone, the grid stability wise.

Almost about 20% of the time in FY '25 second half, that is October to March, the grid has seen a frequency going beyond the norms. So therefore, obviously, there is something called during this period solar increasing it. Now at the same time, if you see in the evening peak and other peak hours, the demand is going up.

In fact, there is a prediction that there will be a shortage of capacity even in July and August. Whether it is solar plus BESS, it is on the solar or wind is immaterial. What -- which product gives you, depending upon when you want power that is what will happen. So therefore, the -- whether the wind is cheaper and the solar is cheaper, the BESS is cheaper is not an issue.

Issue is that at what point of time, what is your load curve, at what point of time you want power, which offers the lowest combination will continue to be there. All three will be there for exist, but the design of the product would change depending upon what products are you asking for - - are you asking for around the clock, are you asking for morning 2 hours, evening 2 hours or what are you asking for?

But I don't see -- to answer you simply, I do -- at least I personally don't see any risk on my experience in the power sector of wind getting impacted because we have solar business, that won't happen, but combination will continue to be there.

Puneet Gulati: Understood. That's very helpful. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: And my first question is on this RLMM norms that are coming, right, which maintain the domestic procurement of towers, blades, gearbox and generators. So just wanted to understand in terms of the capacity that we have or the procurement that we do? How are these four products are we procuring -- how much percentage of this has been procured domestically? And if there is some portion that is not then what are our plans to do that?

J.P. Chalasani: Let me just give you the sector-wise, RLMM the draft notification came on 17 April, doesn't just talk only about the domestic manufacturing. We talked about domestic manufacturing. It talks about cyber security. It talked about having R&D within India, so that you would design your turbines to meet Indian conditions in terms of temperature or parameters etcetera.

Your question being specific to the first one, I'll answer to the first one. These four products what you said, if we look at, first of all, the OEM capacity in the country, these are all numbers returned to MNRE by various OEMs. Back up to OEM capacity today is 20 gigawatts in the country. The gearbox capacity is 29 gigawatts in the country was the different manufacturer, different component manufacturer.

Management: Mahesh can you mute yourself, please.

Mahesh Patil: Yes, sir. I'm sorry that there was some disturbance. Can you please repeat this capacity portion just?

J.P. Chalasani:

OEM capacity is 20 gigawatts in India, installed capacity to supply turbines. The gearbox capacity is 29 gigawatts in India, among three major gear box suppliers. When I'm talking about gearbox capacity, it also includes SEZ means within India SEZ. And there is the blade capacities 28 gigawatts, which includes 11 gigawatts of third-party blade manufacturer means they can manufacture blades for any OEM, they are volume agnostic.

And then the generator manufacturing capacity, almost about 14.5 gigawatts. This is the capacity what is available in India. Therefore, in our opinion, the capacity not being available, projects getting delayed is out of question. And the second is that the price is going up. These are two things what we keep hearing is out of question because the same set of people, if the capacity utilization increases, the prices will actually fall.

Okay, so if today, we have a casting business in this country, which is being used for 25%. If that 25% goes up to 60%, our fixed cost per component will come down so much. Obviously, we can offer much cheaper. And we had a 3 gigawatt of generator factory, which we sold off at some point of time even today, it's not being operational, not even a single generator is getting manufactured because there's no demand.

So these component manufacturers, if the demand goes up on them, the consistent demand is there. The prices are going to fall. So there is an adequate capacity. There won't be any issue in terms of our disturbance in terms of supply or the costs will not increase. That's what we believe.

And as far as we're concerned, we completely comply with these conditions. We have no issue with respect to meeting all those conditions, whether it is manufacturing or it is cyber security or it is R&D. We are completely compliant today and we have no problems at all. And that's what we have written to government of India saying that we welcome this and we actually support this.

Mahesh Patil:

Sir, one related question is when -- so you have mentioned that we have enough capacity in India itself. But when we look at the competition also, so that means they will likely will not face any challenges. So because of what I'm referring to is that NITI Aayog paper wherein the compliance was mentioned as lower for some of the other peers.

So I was just thinking, do we have any advantage -- competitive advantage here because of this or -- but there is enough capacity, so there may not be anything like this, right?

J.P. Chalasani:

The advantage is that it is a domestic manufacturing and domestic procurement, we as an Indian company would in India will have a level playing field. Compared to some of the people, who are getting some products, which may -- they may look initially cheaper, but I don't think they will have a similar life cycle cost.

So therefore, what would happen this is advantage to us is that we will be competing on the same ground with everybody today in the country. So that's what I look at this whole thing is going to be. In our own country, we'll get the level playing field.

- Mahesh Patil:** Okay. Got your point. I am sorry sir I missed that part where you gave guidance for FY '26 order inflow. So that and one related question is, I think we have a capacity of 4.5 gigawatt, so do we have it sufficient to beat this demand or are we doing something on the capex side as well in next 1 to 2 years?
- J.P. Chalasani:** Yes, 4.5 gigawatt is what can be supplied. When there is a bit of an inconsistent demand on quarter-to-quarter base. There is a consistent demand with improvements in productivity. This 4.5 actually without adding any further manufacturing capacity and deliver 5.5 gigawatts, existing capacity.
- But then provided you have a consistent demand and we know, that's going to be taken, and then we can improve the productivity of -- due to our 3-shift operations in the thing. Same capacity can deliver 5.5 gigawatts.
- But then what happens is one quarter, 1 gigawatt demand and second quarter, you have 2 gigawatts demand and that variation that's where we say that 4.5 gigawatt is our capacity. And we've been on record and Himanshu also said a number of times that for us to enhance further capacity is required. Is we don't need to enhance the Nacelle capacity. It's a question of the blades. You can always add more moulds, so which is not a high capex -- if you're not a capex intensive or not it needs time. So therefore, there's a demand capacity is not a constraint for us.
- Moderator:** The next question is from the line of Deepak Gupta from JM Financial.
- Deepak Gupta:** My first question is on the guidance that you've given for FY '26 in your opening remarks. Did I hear it correct that you're looking at 50% growth across all operating parameters. And if you could specify what operating parameters are you specifying?
- Himanshu Mody:** So, but we mentioned we're looking at about 60% growth across the parameters. So be it RR, as we call it, our deliveries, our revenue, EBITDA, normalized PAT, of course, not taking into account one-off DDA, across all these parameters, we are confident of a 60% growth in '26, over '25.
- J.P. Chalasani:** Only exception would be COD, which would be much higher than 60% because obviously, this year was a lower year for us. That's the only exception, which will allow multiple times than what we have done this year.
- Deepak Gupta:** And what is the current deferred tax asset on the balance sheet?
- Himanshu Mody:** So currently, we've created a deferred tax asset of about INR638 crores in this financial year. So we have created this on the back of assessed losses. So assessed losses in the books are about INR2,500 crores. So clearly, as per the IndAS 12, which provides that even now that there is an absolute certainty of profits in FY '26 for the corporation.
- Based on the assessed losses that we have, we've taken the DTA at INR638 crores. Of course, there is additional losses that are available in the books, but those are not assessed as yet as and

when those assessments get completed and based on how the company tracks along, there could be a possibility of creating for the DTA as well.

Deepak Gupta: Understand. So therefore, there will be likelihood of no tax liability for the next 3 years?

Himanshu Mody: I won't say 3 years. I mean, clearly, the DTA that we've created would start getting charged into the P&L from Q1 of this financial year itself. So whilst it will be a P&L charge, there won't be a cash outflow. And basis the performance in FY '26, our belief is that a large part of the DTA that's been created in Q4 shall get absorbed during the year in FY '26.

Of course, if there's any new DTA that gets created is contingent upon complete the assessment of the losses getting assessed by the department.

Deepak Gupta: And just last question from my end. As I look at your quarterly numbers, you've shown a sharp improvement in EBITDA margins for the quarter despite our contribution margins coming off meaningfully, largely led by lower employee expenses. If you could give us a sense, how do you see EBITDA margin shaping up on a full year basis on a consolidated basis in the coming years?

Himanshu Mody: So EBITDA margin on a consol basis for the full year this year has been about a little over 17%. And we would maintain that for FY '26. So we would also be around the same 17% margin for the full year FY '26. Of course, when you look at the contribution margin, that shifts because as the WTG business volumes or numbers increase, which is a lower contribution margin business as compared to the OMS, the consolidated contribution margin would see reduced number in terms of percentages.

So if you look at our consolidated contribution margin for FY '25, that's about 33.7%, which is about a little lower as compared to 36% in FY '24. That's purely because we've doubled the WTG division in terms of deliveries in FY '25. And as we move along in FY '26 with the growth that we're expecting in the WTG division, that contribution margin will come down, while the consolidated EBITDA margin, we'll be able to maintain.

Moderator: The next question is from the line of Shweta Dikshit from Systematix Group.

Shweta Dikshit: My question is what is your -- what are your thoughts on longer and growth trajectory in terms of delivery. We agree that we've given a guidance of 60 growth for FY '26. But if we broaden our horizon, if you look beyond FY '26 and go towards maybe a FY '28, '29, '30, what could be the growth that is in your vision at this point?

J.P. Chalasani: See, we gave a guidance for FY '26. So therefore, obviously, FY '27, FY '28 as we move ahead, we see it. As we see it today, obviously, there is -- while we don't the guidance beyond the first year. But if you look at the sector that we said directionally, we are at 51 gigawatts today, and then we want to touch at 100 gigawatts.

We can always argue that it will be 100 gigawatts, it will be 90 gigawatts or 85 gigawatts. Even if you take the lowest of 35 gigawatts, we are talking about an average of 7 gigawatts per year in India. So therefore, you can see that there is going to be continuous growth. Compared to FY

'26, expectation in FY '27, the capacity addition in the country will be higher and '28 will be still higher.

So until '30, you will see year-on-year growth in country's addition. So it's reasonable to expect that there is a growth rate, but to what and how much is -- I don't think we are in a position to give guidance in this stage. Directionally, yes, we'll continue to grow.

Shweta Dikshit:

I want to be understand your thoughts on what's happening on the replacement market, what is -- like how is this market expected to turn around in the next coming years? Next few years, since a lot of older turbines are still in place? And what exactly is happening or could be expected in that market segment?

J.P. Chalasani:

See there are 2 types of repowering potential what we're seeing. 1st is you don't change much, you just increase the capacity by maybe replacing your just the blades of it or the nacelle that's one type of thing. We are working on a product for that, which can replace -- can increase the capacity of some of our older turbines, which are of lesser capacity. That we mapped -- there is a significant amount of potential for that and which we would see that tapping the potential or maybe starting towards end of this year and what's picking up next year.

Second type is start to be repowering is really the -- where there is a fag end of the life, uprooting completely the existing turbines. And because these sites are of high wind regimes, replacing them with the latest turbines with much higher efficiency.

So that will take a little longer time because currently, everyone is preferring the virgin sites, because the cost of uprooting and these are STU-connected sites, whether we have a market for that, I think that will take a little lag time. But the first one what I said repowering is going to start, and then we expect that to make some start this year, but we will see traction for that in FY '27 and FY '28.

Shweta Dikshit:

Sir, any chances to quantify this number in megawatts?

J.P. Chalasani:

No, no. Right now, it's in the beginning stage with us, let's wait and see that, first thing is to make a start, okay? So then we can start estimating how much will be for FY '27, how much will be for FY '28?

Moderator:

The next question is from the line of Ashish Aggarwal from Sundaram AMC.

Ashish Aggarwal:

3 questions from my side. First of all, when you gave us guidance of 60% growth on EBITDA, given the contribution, this should be growing at more than 60%, theoretically your EBITDA should be going faster, given your fixed cost will not define at the same.

Just wanted to understand where we are missing this thing. And secondly, on the segmental margins on the O&M business, it seems like that the margins have grown very sharply. Anything one-off in that one should be aware of? And lastly, on the balance sheet, there are really very sharp increase in contract capabilities. What is the reason for this...

- Himanshu Mody:** So to answer your first question on the 60%, when we say 60% across all parameters, we went a minimum of 60%. Yes, you're right in your estimates that the EBITDA growth would -- or rather could be higher than 60% based on the logic that you drew up in your question. So when we give a guidance, we're saying that it would be a minimum of 60% across all parameters, that does not necessarily mean that it will be exactly 60% across all.
- J.P. Chalasani:** Because like I said that COD will be much different, commissioning of the turbines. Capacity will be much higher than 60%.
- Himanshu Mody:** So read that guidance of 60% as a -- with minimum as before it. To answer your question on the OMS margins, if you look at our contribution margin on the OMS business, that's about for the full year, 68%, that we maintained.
- Last year, it was about 66.7%. And if you look at the Q4 this year, it's about 69%. Now of course, I'm not sure which exact numbers you're looking at. But also, but keep in mind, we are started having Renom, which would be a separate division of multi-brand O&M. That would take the consolidated O&M division margins down. If we put Renom as a division also as far as part of the O&M, which so far we haven't. But there are no significant one-offs.
- The margin guidance on O&M business, we continue to maintain would be in the late-60s at the contribution level and at about 40% from an EBITDA perspective.
- Ashish Aggarwal:** Sorry, what I meant was on the P&L, right, on the consol P&L, if we look at the segmental profit. It seems like that the segmental margins in O&M has declined from roughly 38% to 26%.
- Himanshu Mody:** No, no, no. That's the O&M margin, if you're looking at along with Renom, then yes, it would have declined along with Renom and international. When we report the 38% operating margin that is just the India O&M. But when you look at the segmental in the REC-33 results, that comes along with the international O&M also, which takes the margin down.
- But that business is very small for us. So you should just look at the India O&M, which is if you look at the investor deck and not the REC-33 results, you will be able to correlate the 2 numbers.
- Ashish Aggarwal:** Yes. Because in the investor presentation, it's driven 40%.
- Himanshu Mody:** Yes. So my suggestion would be that whilst, of course, I cannot -- we cannot ignore the REC-33. But for the India O&M margins, please look at the investor deck presentation. And I mean, if you have, of course, any detailed follow-up queries on that, we can do a one-on-one follow-up call.
- J.P. Chalasani:** Or look at the absolute number instead of percentage.
- Himanshu Mody:** And with regards to your last query on the liabilities, we've created about close to INR900 crores of liabilities on the balance sheet. That is on account of 2 events. 1 is, of course, the additional stake buyout of Renom. As you know, we bought 51 -- a little over 51% during FY '25. There are certain put call options that have been built in when we signed these original SHA. So

approximately about INR400 crores of liability -- contractual liability has been built on that count.

And another close to INR400 crores has been built on account of the One Earth, which is the Pune-based headquarters that we have, wherein we have a put call option that kicks in about 12 to 18 months from now. So based on these 2 contractual liabilities, which are probably more than -- more than 1 year down the road, we've created those liabilities in the books.

Moderator: The next question is from the line of Dhawal Doshi from Dymon Asia.

Dhawal Doshi: My questions have been answered. Thanks a lot. Himanshu, when you are referring to the analyst estimates for giving guidance...

Himanshu Mody: Thanks Dhawal, learnt from you.

Moderator: The next question is from the line of Arun from Geojit Investments.

Arun: I wanted to understand on like why the cost, like the gross profit margin has come down in this particular quarter. And I see that the cost of raw materials is higher, right? So what is the reason for that? And also similarly for the finance cost as well?

Himanshu Mody: So again, Arun, as I mentioned earlier, as the share of the WTG division in the consol numbers keeps increasing in absolute rupees crores basis, the console contribution margin will keep coming down because the WTG business has a contribution margin of close to 23%, while we - - and that is growing at a rapid pace. While the O&M business, which has a contribution margin of close to 68% is kind of flattish or growing at an inflationary growth rate.

So therefore, when you look at it on a consol basis, the gross margins will come down, even despite us having a better COGS, which is resulting into a higher contribution margin for the WTG business.

Arun: Okay. And then the other question was on -- actually, like recently last Sunday, if you see the spot prices on the electricity market, had almost come down to 0, right? It does, I think the minimum clearing price was around INR0.5 per kilowatt hour.

And this has kind of put the question on whether there is a green energy surplus risk that we all should be factoring in, which could probably lead to further like curtailment on renewable additions. So I wanted your thoughts on that and also like what is your expectations that you have built for capacity additions for the upcoming year, for say for the next 3 to 4 years?

J.P. Chalasani: Yes, I think, when you said that it has reached to 0 because that's right and in fact, it can even negative as we move ahead. But then you need to see at what point of time. You have a demand curve for 24 hours, and 8,760 hours in the year. What you are seeing is surplus power on supply side and less on the demand side is a solar generating hours. That's where we have the surplus, which is causing that prices to fall and also causing the grid frequency to go up, as I said earlier.

At the same time, when you see the tariffs on the exchange during the wind generating hours, it continues to be plus INR4.50 to INR5, whereas a prepaid tariffs of INR3.6, INR3.7 the exchange is still at that point of time, the prices of INR4.5 to INR5. And that demand during that particular part of time is continuing to grow.

As I also said at the cost of repetition that the national load dispatch center has predicted that in the month of July and August. The loss of load probability is as high as 40% for the evening hours, okay? And we are expecting the 25 to 30 gigawatts shortfall during the hour. So therefore, the demand continues to be there. And even if you see the overall electricity demand projections are anywhere between 6% to 7% the commission growth.

But at what point of time. So that is the reason some time back, I said that it is a question of when do you want power and at what point of time. Accordingly, your renewable energy mix will change okay? So that is what is important. The only question of looking at exchange, a minimum price doesn't make any sense, we need to see at what point in time the minimum is reaching. It's only reaching business solar generating hours, but just so the time prices are going up.

Arun: Understood, understood. Second question is concerned that we come back to 4.1 gigawatts what we commissioned this year. We expect this to be north of 6 gigawatts in this among and in FY '26 and at about 7 to 8 gigawatts in FY '27 and demand at that are go to about 9 gigawatts thereafter.

Looking at -- looking at the current way the project development pipeline is taking shape from various people as well as looking at the grid capacity what is going to come up.

Moderator: The next question is from the line of Pradyumna Choudhary from JM Financial.

Pradyumna Choudhary: Again my question is something, which have been previously as well as addressed to a certain extent by you, regarding how would you compare solar plus wind to solar to battery in terms of cost. Why am I -- and also, when you say that it depends on requirements, what mix would be used given that battery is a storage project.

So what is the solar plus battery not really automatically solve for solar plus wind as well. Like it can be used during wind generating as well in case of solar plus battery?

Himanshu Mody: See the solar plus wind hybrid tariffs, we all know, is still running around INR3.35 to INR3.4 per kilowatt hour. Okay, hybrid. That's a solar plus wind tariff. And solar plus the battery, the only 1 bid has been seen till now declared, which was for the existing solar connected people, they said that we need power in the evening peak and the morning peak for 2, 2 hours or so, which tariff came to INR8, which I don't think we'll move ahead.

Simple thing to understand is that the pure wind is INR3.6 to INR3.7. In fact, even if you look at past 3 bids, which got awarded, which got open up and awarded in the first 3 months. In this financial year, this average is about INR3.76. That's a tariff of wind. Solar is now at say around

INR2.55 to INR2.6 is domestic, INR2.56 plus the battery cost. So unless the battery cost is less than INR1.25 per kilowatt hour. So plus storage can never replace wind as simple as that.

So therefore, I don't think it's an issue. But having said that, again, I want to say that it is not solar-plus battery versus wind. It is all 3 combinations depending upon what profile of generation you want to meet your load curve at what point of time you want this. That is what we'll decide whether -- which combination of renewable energy capacity we need to create at the back end.

Pradyumna Choudhary: Understood. Sorry, and just missed the number you gave for solars and battery, what's the tariff?

J.P. Chalasani: Sorry, come again?

Pradyumna Choudhary: Sir, I just wanted to...

J.P. Chalasani: Solar plus -- pure solar plus battery 1 bid came up. The -- which is that they asked for. It was open only for the existing solar connected people developers, where they can put additional solar capacity and put the back end supply in the evening peak, that tariff was somewhere around INR8.

So obviously, yes, yes. But subsequently, the battery prices are coming down. So even today, I don't see the solar-plus battery tariffs can be anywhere less than INR6.5 to INR6.75 per kilowatt hour. So let's wait and watch. But again, I said that it is not a comparison of that wave, when you need power is what makes a difference. For example, now the CRC has come up with a draft and then everybody has commented on opening up the connected substation connectivity during non-solar hours, where solar is already connected.

When you do that the wind can get connected. Obviously, wind also generate in some time day time. But then you put some battery there in the day time and then for the wind to pull the battery and then rest of the time, pure wind, that is very competitive. So therefore, there are so many new opportunities are coming up. And again, I say that this is not one versus other. It is exactly what combination gives you deepest power for you or the demand curve, what you're proposing.

Pradyumna Choudhary: Sir....

Moderator: Sir, your voice is breaking up. Can you please ask your question again? The next question is from the line of Mayank from AMC.

Mayank: My question is related to the possibility of your import substitution when we talk about the manufacturing of the blades and nacelle -- so how do you foresee that in future? What are the components currently do you import from outside India and...

J.P. Chalasani: No, we don't import as well. First of all, we don't import. Our domestic component is anywhere up to 80% today. And given some of the imports we do is most of the supply security. But as I answered sometime back in detail on this question, there is much more than the required capacity in India of various components.

So therefore, I don't see any issue in terms of that mandate what RLMM draft guidance came in to say that all these 4 components to be manufactured in India. I don't think, we personally don't see any issue, not just for Suzlon for the sector as a whole.

Mayank:

So in that sense, I mean what could possibly be a backward integration for us, if at all, we think on that...

J.P. Chalasani:

Today, we do ourselves nacelle. We do ourselves the blades -- so the -- we procure the gearboxes and which is domestic. And then it's our fourth component they put in generators, earlier we used to manufacture our own generators in joint venture, which is we sold.

So therefore, we're still buying from the same company. So at this stage, we are not really looking at backward integration because for us, as Suzlon, nothing is changing by this import substitution. It's not changing for us as far as we are concerned.

But then if your question is that because of this is coming in, is there a potential opportunity for us to do some more backward integration. Possibly, the answer is yes, but it's too early to talk about that.

Mayank:

Okay. And secondly, the R&D expenditure for this year, could you give the number.

Himanshu Mody:

So R&D expenditure has been close to about, I would say, INR150 crores historically. And going forward, we may be having an increased R&D expenditure. So I would say about INR225 crores would be the R&D expenditure estimated for this. For this '26. Yes, '26.

Moderator:

The next question is from the line of Shiva from Purnartha Investment Advisors. Yes, sir, the current participant has been disconnected. We will move on to the next question. It's from the line of Sunil Jain.

Sunil Jain:

Sir, can you give why the interest rate and depreciation both have increased sharply in this quarter and how it is likely to move?

Himanshu Mody:

So firstly, on the depreciation, for Q4, it is at about INR93 crores as compared to INR66 crores in Q3 of the same financial year. Now the increase has been on 2 accounts. 1, of course, due to the Renom acquisition, we have capitalized certain items, which over a period of 5 years, we shall be providing for. And also, there have been certain one-off small IT assets that we've provided for.

Going forward, in terms of the depreciation forecast, I think it is safe to assume that with the increased capex on capacity expansion, plus the Renom, the intangible that we've created writing there of over 5 years. It is safe to assume about INR350 crores to INR400 crores of annual depreciation cost going forward. So far as interest cost has been -- is concerned, again, we've started consolidating Renom, which has a small working capital, which is a cash credit debt of about INR120 crores.

Additionally, we made a small borrowing in our subsidiary SE Forge in Q4 of about INR100 crores, for which there have been certain onetime costs and the interest on that has been -- it's

starting to get charged. So as we used our increased working capital for enhanced deliveries plus these couple of items, the interest costs will go up. So if you look at our full year interest cost this year has been about INR150 crores. We estimate that going forward for FY '26, this will be close to about INR250 crores.

Moderator: The next question is from Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore: So, my question is in relation to SE Forge. Is it ready now to cater to forgings of 3.8 megawatts for internal requirements and for external sales in wind? And are we going to see the acceleration in top line in SE Forge in FY '26, given that this did not happen in FY '25, despite sharp increase in delivery?

J.P. Chalasani: So, I think in FY -- Sumit, if you see, while you are right, on an overall year basis, not much of a change compared to last year to this year, there is some growth. But if you see the quarter 3 and especially the quarter 4, we're seeing that increasing trend now coming up. So we expect to maintain that momentum of quarter 4. And then obviously, we expect that this year would be different for SE Forge.

And to answer your first question, yes, it can supply for our 3 megawatts turbines and this is also supplying -- continue to supplying and we are also trying to be enlarge our capacity there to even meet the larger diameters. More importantly, we are now looking at the non-wind sectors within India, plus that also significantly concentrating on exports as well.

Sumit Kishore: Logically, I was thinking that if there is like 60% growth in deliveries at the minimum, then some of that growth should get reflected in SE Forge as well because there is a significant portion, which is for Suzlon itself?

J.P. Chalasani: I agree -- what will happen also is that it is the domestic manufacturing requirement comes in. So obviously, I think that also will though castings are not put there, the bearings are not a put there. And I think assuming that they're all going to move in that direction. So obviously, the that will benefit SE Forge as well to improve its capacity utilization factor.

But they are not waiting for that, they are now looking at non-wind in terms of railways, defense, et cetera, plus looking at the export market.

Sumit Kishore: Got it. One question for Himanshu on capex, now that you have done with the 4.5 gigawatt capacity related IT capex. So are you still going to have more than INR4 billion of capex in '26? Or is it going to come off now?

J.P. Chalasani: If you don't ask Sumit that's when the next model coming.

Himanshu Mody: And also, I think from a cash flow perspective, we've incurred about INR350 crores of capex in FY '25. And as we've guided earlier that it is safe to assume INR400 crores of capex year-on-year. A part of it is sustenance capex, but also a part of it is whether it is R&D, IT or capacity augmentation. So whilst we are working on fine-tuning some of our aggressive capex plans for

this year, but certainly, you can assume a base case capex of close to about INR400 crores to INR450 crores also this year.

Sumit Kishore: Got it. And just on tax rate for the full year '26, I know that there are moving parts, but what is the reasonable tax rate to assume for the company? Or how should we think about tax rate for FY '26 and even FY '27 where you move to a normal tax rate?

Himanshu Mody: So I think 25%, Sumit, is, I would say, safe to assume. So as I explained on the call earlier, the DTA that we've created will start getting charged back into the P&L from Q1 of FY '26 onwards itself. So when we speak again in July, you'll probably see a charge of -- charge back of -- or a charge-off of the part of the DTA in Q1 itself.

Sumit Kishore: You will start seeing a positive tax rate as a percentage of PBT, starting Q1 of FY '26 itself?

Himanshu Mody: Yes, that will be a P&L charge, but not a cash outflow for the company. Yes.

Moderator: Ladies and gentlemen, this was the last question for today's conference call. I now hand the conference over to Mr. Himanshu Mody for closing comments.

Himanshu Mody: Okay. Thank you, everyone, for attending the call. Our Investor Relations team will be available for any further detailed queries that you may have. And we look forward to interacting with most of you at either one-on-one or separate conference forums over the next few weeks. So thank you, and all the best. Bye-bye.

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