



“Suzlon Energy Limited
Q2 FY '26 Earnings Conference Call”
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OFFICER – SUZLON ENERGY LIMITED
&
SENIOR MEMBERS OF THE FINANCE TEAM**

Moderator:

Ladies and gentlemen, good day, and welcome to the Suzlon Energy Limited Q2 FY '26 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 risks 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 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. J.P. Chalasani, Group CEO; and senior members of the finance team.

I would now like to hand the conference over to Mr. J.P. Chalasani, sir. Thank you, and over to you.

J.P. Chalasani:

Thank you. Good evening, everyone, and thank you for joining us for Suzlon's Quarter 2 FY '26 Earnings Conference Call. In quarter 2 FY '26, India's power sector marked two historic milestones. We have reached a cumulative installed power capacity of over 500 gigawatts. More importantly, the non-fossil fuel capacity of this is 50%, so therefore, clearly signaling the renewable transition, which is underway.

Talking about the industry, the recent reduction in GST from 12% to 5% on wind turbines is a major boost for the sector. It is expected to substantially lower capital expenditure and effectively reduce the levelized cost of energy.

This move is expected to accelerate the capacity additions across the wind energy landscape, make renewable power more affordable to end consumers, expedite pace of energy transition. Additionally, MNRE's release of standard operating procedures, SOP, for inclusion in the ALMM wind reinforces its commitment to quality and domestic manufacturing, a key step towards meeting India's growing energy demand sustainably.

On the commissioning front, industry commissioned over 3 gigawatts in the first half of FY '26, double the installations in the corresponding period in FY '25, indicating a notable acceleration in execution. We firmly believe total wind installations to reach approximately 6 gigawatts by the end of FY '26 and 8 gigawatts in FY '27.

Coming to business highlights. We are pleased to report yet another record-breaking quarter, as Suzlon has set a new benchmark in execution by delivering a record-breaking 565 megawatts in quarter 2 FY '26, the highest ever quarter 2 in India we delivered in over 30-year history.

Our order book has exceeded 6 gigawatts, reaffirming our market leadership with more than 2-gigawatt order win in the first half of FY '26. Taking you through our S144 order book has exceeded 5.6 gigawatts, a strong endorsement of its advanced technology and customer trust. It

also got certified as the lowest carbon footprint and full compliance with MNRE's latest regulations.

On the manufacturing front, our capacity of 4.5 gigawatts is fully operational and ramped up to meet the order book. Suzlon commissioned 270 megawatts in the first half of this financial year with a robust execution pipeline of 1,865 megawatts at various stages. Site readiness is progressing across 29 locations in seven states, laying the groundwork for accelerated installations ahead. We have specifically included this as part of our investor presentation at Slide number 23, and we will further discuss this during our Q&A.

Update on land development, unlocking long-term execution potential. We have been saying for the last few quarters that our concentration or our strategy is now towards the land development in advance so that the execution delays can be curtailed in significant way.

With that in view, currently, we have identified 23-plus gigawatts of renewable potential sites laying a strong foundation for sustained growth. Out of this 7-plus gigawatts of land development is underway, ensuring rapid deployment readiness.

Seed capital allocated strategically invested without materially impacting working capital. Execution velocity is set to accelerate, enabling faster value realization. This would also enable us to increase our EPC share in the coming years from the current 20-80 ratio. Our OMS business continues to perform strongly with over 15 gigawatts under management in India and machine availability consistently above 95%.

Renom's assets under management set to expand further, driven by steady customer fleet acquisitions and the ongoing pipeline. Our forging and foundry business started showing our efforts in unlocking potential with 53% year-on-year growth in first half of this year. Revenues with 243% jump in EBITDA to reach INR52 crores, and we expect to continue this trend in FY '26.

On leadership strengthening, we have appointed Mr. Rahul Jain as our Chief Financial Officer effective 15th December 2025. His vast experience and deep expertise will help us evaluate new areas of high growth while strengthening financial health and corporate governance even further. We welcome Rahul to the Suzlon leadership team.

Taking you through the financial performance in quarter 2 FY '26, Suzlon continued its exponential growth trajectory, delivering 565 megawatts, 121% growth on a year-on-year basis with all financial parameters showing a strong uptrend.

Suzlon reported consolidated revenue of INR3,866 crores in quarter 2 FY '26 with EBITDA reaching INR721 crores, a robust 145% increase year-on-year. The EBITDA margin improved by 460 basis points to 18.6%, up from 14.1% in the same quarter last year.

We achieved a profit before tax of INR562 crores, registering 179% year-on-year growth over quarter 2 FY '25 with PAT outperforming at INR1,279 crores. In quarter 2 FY '26, the company has recognized an incremental net deferred tax asset of INR718 crores based on reasonable certainty of future profits. This brings the total DTA, that is Deferred Tax Asset, cumulated

DTA, as on September '25 to INR1,229 crores, which provides a tax shield on future profits to the tune of INR5,000 crores.

The additional carry forward losses remain available with the company and are likely to result into further recognition of DTA in future, subject to meeting the required recognition criteria. DTA recognition/charge is a noncash item. However, DTA provides tax shield for future profit and the company does not need to pay taxes to the extent of DTA.

We are pleased to report on our balance sheet as of September '25 reflects the position of exceptional strength with a strong consolidated net worth of INR7,860 crores. Our net cash position is at INR1,480 crores, further enhancing our financial flexibility and resilience. Adequate banking limits tied-up up to INR7,000 crores for execution of the current order book.

We remain committed to achieving our FY '26 guidance of 60% year-on-year growth across all key performance parameters. I would also like to reiterate that our end-to-end wind energy models supported by a fully integrated supply chain, proven execution capabilities and best-in-class service delivers a competitive advantage, competitive edge that is both distinctive and difficult to replicate.

With this, now we can open for Q&A.

Moderator: The first question is from Mohit Kumar from ICICI Securities.

Mohit Kumar: Congratulations on a very good set of numbers. Sir, my first question is on the Slide number 22 and Slide number 23 of the presentation. So there is the 1,865 megawatt, which you mentioned in the Slide number 23. Is it over and above the 838-megawatt or 1,009-megawatt mentioned in the Slide number 22. Is it fair to expect that this is 1,865-megawatt will get installed and start contributing to the revenues for H2 FY '26 and FY '27. Is that the right understanding?

J.P. Chalasani: Let me -- Mohit, thanks for your encouraging words in the beginning. Let me explain from Slide 23, which will be clear to you. As we reported, we had done 270 megawatts of commissioning as in the first 2 quarters, okay? However, there is a significant -- this slide shows a significant pipeline available for commissioning in the next 2 quarters.

What it shows is that as on 1st of October 2025, we have 1,865 megawatts of execution pipeline, out of which 568 megawatts is already erection-completed. Even if we take just -- let's consider 568 megawatts of erection done, which is beyond the 270 megawatts what is commissioned till 30th of September.

In this 568 megawatts, as we speak today, 80 megawatt is already commissioned, taking the cumulative capacity to 350 megawatts this year. And another 160 megawatts is ready for commissioning. We have done everything what is required, waiting for the client's evacuation methodology, evacuation readiness. So that takes to 240, 80 COD done and 160 megawatts is ready for commissioning from our end, which obviously will get commissioned in this quarter.

And in addition to that, about 327 megawatts, that's the balance of 568 megawatts, erection is completed, in the process of commissioning activities. That means what we are saying is that

even as on today, you see a clear visibility. While the more and more erections will happen in the balance period of the quarter, we see a clear visibility of 568 megawatts at different stages would get commissioned in this quarter. So therefore, while the capacity addition has been lower in the H1, we see a clear visibility in the H2.

And we are reasonably confident that taking 6 gigawatts as the country's capacity addition this year, we would definitely touch 25% of market share. So that is 1,500 megawatt is reasonably confident while the first half is only 270. But looking at the visibility what we have, so this slide is trying to say is that we have done foundation, we have done everything to give that comfort that this year is going to be different for us compared to the year.

In fact, if you look at as on 30th of October, we crossed the entire last year's capacity addition what we had done. Last year -- whole of last year, we did 326. On 31st of October, we are at 350. So this gives the confidence that we will achieve the market share of 25% this year, definitely. Is it clear, Mohit?

Mohit Kumar:

Yes, sir, it is clear. My second question is the inquiry pipeline. How is the inquiry pipeline looking like for the new orders? The concerns of new order inflow increased materially compared to last year on account of low bidding activity and the recent news around cancellation of a LOA of worth of 42 gigawatts.

J.P. Chalasani:

See, this quarter, again, we continue the trend of closing order book higher than the opening order book in spite of the fact that our deliveries during the quarters are going up. If you see this quarter itself, we added more than 1.4 gigawatts. That's why even if we have done 565, we moved to 6.2 gigawatts of order book. There is a significant pipeline, which is under various discussions today.

On the bidding, we understand now it's going to pick up. And even when we had the confidence, it was told that now they want to actually move towards more and more of FDRE. But in our case, you know that even currently, 65% of our 6.2 gigawatts is the non-bidding route and 35% is bidding route. In fact, it's gone up the bidding route because of 836 megawatts what we received from Tata Power.

I've been saying this earlier in the call, and I would continue to reiterate that I don't think order book would be an issue for us for the next at least couple of years. I don't think that's an issue. So we would continue to add. I'm making a statement based on the clear pipeline of discussions what we are having with various clients at this stage as we speak.

Moderator:

The next question is from Sumit Kishore from Axis Capital.

Sumit Kishore:

A very strong set of numbers. The first question is in relation to the 40 gigawatt of LOAs, which are likely to get cancelled for solar and the projects where PPAs were not signed. I mean, how does that impact the wind sector capacity addition? And are there any slow-moving orders in your backlog?

J.P. Chalasani:

First thing I want to say is, that our 6.2 gigawatts of confirmed orders what we have, closing order book what we have, nothing from that 42 gigawatts the PPA we're talking about is there

in the 6.2; therefore, there is going to be no impact in the order book. Even in the current, what I mentioned sometime back to Mohit is, even in that, we don't have any of this nature.

Wherever it's deemed unfeasible, we can either cancel those projects — not necessarily all 42 GW — but proceed with signing whatever is viable. Therefore, I don't believe the entire 42 GW will be cancelled

In fact, today, I saw the clarification coming from the Ministry through PIB is that is not the intention. First of all, no impact on us. And second thing is, in fact, it is mainly for a lot of solar -- pure solar bids where the DISCOMs are not willing to sign pure solar PPAs at this stage. Sum and substance is that I don't think it will have a serious impact on Suzlon.

And as we speak already, there's about 11 gigawatts of bids under progress, in fact, to date, either bids submitted and the reverse auction not done or the bids announced and the bids are to be submitted. I think the adequate pipeline is what they would provide. It will be more of an RTC. And we will continue to be order-booking for us in that two third of our segment, which is the C&I and public sector.

Sumit Kishore:

Sure. Sir, second question is that your competitors, a couple of them are launching a 5-megawatt variant. One is launching a 4-megawatt variant for onshore. So what is the pipeline on how Suzlon is going to graduate from 3.x and over what time frame?

J.P. Chalasani:

First of all, that today, our 3.15 megawatt is a very successful product, what we have. We have already supplied about 2.3 gigawatts and then more than 5 gigawatts of the current order book is 3.15. In fact, 90% of our current order book is 3.15. And there is a significant interest in 3.15 because people look at cost per kilowatt hour than what is the capacity of the model.

Having said that, our next set of models would keep coming regularly, and you will start seeing us announcing the next model shortly. And we will be there at that level. I don't want to mention the time line, but the progress is underway. Some models are under prototype and some are currently under the procurement phase.

In my view that we will not see that as an issue for us to face the competition. I'm not trying to dodge the question here, but I don't see that as a major issue. We are pretty confident that when the 3.15 interest exhausts, much before that, we will have our next turbine -- higher model turbine.

Sumit Kishore:

Sure. Just one last question. On the previous conference call, you had mentioned that by the end of the fiscal, you will try to get your Indian export contract. Is there any traction in that direction?

J.P. Chalasani:

No, I mentioned that next year is what we would get. The early next year is what will get the order and then supplies would start in FY '28. We still stand by that. Right now, the various markets we are studying now and the teams are being hired. We would move in that direction in line with what we gave the guidance.

Sumit Kishore:

Next fiscal. Okay, FY '27?

- J.P. Chalasani:** Yes,
- Moderator:** Next question is from Mahesh Patil from ICICI Securities.
- Mahesh Patil:** Congrats on the great set of results. Sir, my first question is on the pipeline. So, what is the near-term pipeline that we foresee? And if you can also bifurcate it in PSU, non-PSU segments?
- J.P. Chalasani:** No, the current capacity, what we -- current order book, what we have 6.2, as I said sometime back, the 65% is -- in fact, if you want further breakup 61% is C&I, 14% is PSU and about 35% is bidding at this stage. What is now -- for us, what is more important now moving ahead is more than which segment is contributing while C&I continues to contribute, we are working consciously towards moving to the EPC, increasing the share of EPC contracts. I think that's our concentration now. The current 20:80 is what we have, 20 is EPC, 80 is non-EPC.
- Our target is to move to 50:50 by FY '28. That is where we are working significantly on the -- developing the new site. This is what I mentioned in my opening comments. We've been talking earlier, so we gave some details this time. As we speak today, we have identified sites for about 23 gigawatts, which have significant wind potential sitting in our turbines.
- And out of this 23 gigawatts for about 7.5 gigawatts, we started the land acquisition where we don't -- we have not signed the EPC contracts, nothing to do with the existing 6.2. And in fact, in this 7.5 gigawatts, we already acquired land footprint along with the pathways for about 1,150 megawatts.
- Some of these things we signed the land contracts, not the EPC contracts. Some of them we are going ahead on our own with the seed capital. So, I think that is what is going to be our significant concentration going to be. One is to bring back the EPC.
- What it does is that it gives us a competitive advantage because nobody else offers the EPC with the land. And second is that it gives us the control on execution. We will improve our execution, our COD capacity.
- Third is that it will also allow us to pull the turbines in the manufacturing. So therefore, more and more turbines can be supplied. I think that's going to be our future strategy while we continue to concentrate in the C&I market. I think much more significant is the mix of EPC and non-EPC.
- Mahesh Patil:** And my second question is on the O&M segment. So if you look at the EBIT for this quarter compared to Q2 FY '25, it's lower INR1.5 billion versus INR2 billion. So could you help us understand why the dip in the share in O&M segment?
- J.P. Chalasani:** You're talking about O&M margin?
- Mahesh Patil:** Yes, sir.
- J.P. Chalasani:** Yes. See, there is -- on the contribution margin level, there is no difference between last year to this year. On the -- you're talking about EBITDA margin, where it is a one-off sort of an impact for this quarter. But if you look at it even on first half of this year, we're still at 37%. Our guidance still remains that we will be anywhere between this and 40%. This is a one-off being conservative

this quarter or some cost being provided for. Otherwise, there is no red flag in terms of margin guidance in O&M.

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

Satpal Singh Khanuja: A lot of my questions have already been answered by you in the other questions, which have been asked by other participants. I just need to ask one small thing. Sir, when can -- if you would -- can you give us a time line when, for the lack of a name, if I call it the wind farms, when can we see the first windmill getting installed in our own wind farms? The land development business that we have been getting into?

J.P. Chalasani: No, even today, we are doing it. All the EPC contracts, this 20% of EPC contract, what we're doing today is our own wind farms. Means like we acquire the land and provide doing these projects. What I said in the previous question is that we want to significantly increase that to 50% share.

And that is where we said that we identified about 23 gigawatts equivalent of site in different states and about 7.5 gigawatts, we already started the land acquisition and 1,150 megawatts, we already acquired the land as well. Therefore, this all will get converted into EPC contracts moving forward. And in fact, you will start seeing us announcing more and more EPC contracts starting from maybe the quarter 4 of this year.

Satpal Singh Khanuja: Wow, that is great news, sir. Sir, we -- like we have mentioned in many places that our order book, like our installed capacity is at about 4, 4.5 gigawatts, and you have in the past stated that you are targeting a 90% achievement of that capacity. Now to attain 4 gigawatts of, say, deliveries a year, what is the kind of order book number that we need to attain?

J.P. Chalasani: Even today, we have the order book to that extent. So...

Satpal Singh Khanuja: We have a delivery time of, say, 18 to 24 months. So ideally to do, say, 4 gigawatts a year, the order book number should reach somewhere around 8 to 10 gigawatts.

J.P. Chalasani: Not necessarily. I think as long as you have 1.5x of your manufacturing capacity, we will be able to do that. But I think the issue is not that. It is not the order book, okay, which is actually restricting how much capacity we are manufacturing. The issue is that how much the projects are able to offtake the turbines.

As we have been talking earlier, even today, we are in the push mode from the manufacturing, which means we want to push the turbines to the projects. We want to move that to full mode, where people put pressure on us for turbines. We want more turbines. That stage has not yet come.

One of the reasons why, again, linked to that EPC also is that, that would enable us to have a control on more supplies to happen because project execution happens faster, more turbines can be supplied. The manufacturing capacity is not an issue. I think in the country, if the capacity addition keeps going up.

So obviously, that 4 gigawatts can be reached at some point of time. We do expect that the capacity addition in the country is going to go up because the -- if you see that in H1, we doubled compared to the last year from somewhere around 1,476 megawatts, I think, we reached to 3,086 megawatts in the first half of this year.

And we are pretty confident that we'll reach 6 gigawatts. And then in fact, we revised our estimate for FY '27. Earlier, we were talking about 7 gigawatts. Now we're saying that definitely we will hit 8 gigawatts in FY '27. And then can reach about 9, 9.5 gigawatts in FY '28. That's our current estimate based on what we are working on with our own EPC sites and what the market is talking about.

Satpal Singh Khanuja: Sir, we did 1,550 megawatts of delivery last year. We are expecting a 60% increase and that should reach to somewhere around 2,500 megawatts this year. Now first half, we have already done about 1,000 megawatts, 1 gigawatt. And we have in past, been doing, say, first half, if we do 30%, we do 60%, 70% in the second half. Can I expect better than 2,500 megawatt performance this year?

J.P. Chalasani: See, your expectations, obviously, I can't stop. You have a right to expect. Our guidance would remain that we said that 60%, and we reaffirm that 60% growth in our parameters.

Moderator: Next question is from Kartik Sharma from Anand Rathi.

Sweta Jain: This is Sweta Jain here. First of all, congratulations on a very good set of numbers. My question is with respect to the overall sector that we're looking at, phenomenal growth in terms of the order book.

But when you look at more of hybrid projects and FDRE projects coming into the picture, particularly hybrid, how do we see BESS as a competitor, particularly when -- I mean, there is a line in the investor presentation that says, with wind integration, 2 charging cycles of BESS can be achieved to further optimize the landed LCOEs. Could you a bit explain on this, please, as well?

J.P. Chalasani: Yes. Sweta, there are a number of experts on the call today who have different opinions about solar plus BESS versus this. And I know that there is so much talk about solar plus BESS is enough, we don't need wind. But we have been saying and we continue to say that it is not one versus other.

If we need to achieve the lowest cost of energy, which is mandatory for us. And then we also need to achieve a capacity addition in a manner that we meet the load profile of the country, then only you can replace the fossil fuel; for that, what is required is FDRE. We have done our own analysis, a very detailed analysis.

If you want to create a project of, let's say, 300 megawatts where you need 80% of PLF on a year with a minimum 75% on every month basis and 90% availability in the peak period, if you do that, if you do the BESS and the solar only, which is what many people are talking, that tariff is expected to be somewhere around 6.5, okay? And the same thing if you do solar plus wind

plus BESS, which is what is the required one, the tariff cost to somewhere around 4.7, 4.65, okay?

So therefore, on the cost of energy basis, you can never ever have a lower tariff with solar plus BESS meeting round-the-clock power. This is just a myth. With all my experience, I can say that this is being spoken by the people who do not understand the sector.

You will never hear this from utility players, whether it is like people like Tata Power or Torrent Power or NTPC anyone. It is from different people. Otherwise, the -- no way we can achieve our target with solar plus BESS. It has to be all three. Clearly, that is the only way we will actually get the lowest tariff.

Sweta Jain: And this -- can we fast forward to over the next 5 years also, assuming the costs go down for all the three verticals, this still -- this equation will still remain true?

J.P. Chalasani: See, Sweta, first of all, let's talk about battery, okay? Today, it's a single source. Can we afford to have a supply concentration of a single country, which can dictate what will happen in our country. That's a major, major concern. And the price of batteries is not in our hands, okay?

Even recently, we just withdrew some of the benefits what it is and the cost is going up, both for solar as well as BESS. So therefore, as a country, we can't afford to have that. And like we had done in the solar, we will continue to do on the batteries. Ultimately we move towards the domestic, okay?

So therefore, what would happen to the cost is that the moment we reach the economy of size, the cost will keep coming down. So definitely, costs will come down for all 3. Even today, that's in the last quarter with the GST change from 12% to 5%. Obviously, even the wind itself is impacted about INR0.15 to INR0.17 on the tariff. So tariffs would keep coming down. But I don't think it's a good idea for the country to have a concentration on this.

And more importantly, the country which has the most capacity of battery has announced that in the next 5 years, that is 2026 to 2030, they will add 120 gigawatts of wind every year, every single year. And the last 5 years, they were adding -- their target was 50 gigawatts per year.

They revised that target to 120 gigawatts per year, a country which has the maximum capacity of BESS. So therefore, there, people understand that you can never do with solar plus battery. So this is completely a myth that solar plus BESS alone can meet our demand. It can never meet.

Sweta Jain: Got it. Very good perspective, sir. Coming to the company financials, sir, on SE Forge particularly, can you break the first half growth into how much was driven by Suzlon and the others? Like can you break that number up? And also the levers for margin expansion? We've seen a very good margin expansion from the first half of last year.

J.P. Chalasani: Yes. Let me pull out the number right now. I don't have it readily, but I think we...

Sweta Jain: It's Slide 25 on the presentation.

J.P. Chalasani:

So it is now almost like a 50-50 between Suzlon and the non-Suzlon as we speak now. We expect that this would come down. It will become like one third and two third between Suzlon and non-Suzlon. Suzlon will be one third and two third will be non-Suzlon in FY '27. That's our expectation, right? Suzlon numbers are growing and Suzlon offtake from the SE Forge will increase, but their offtake or their supplies to the non-Suzlon customers will significantly increase because they are now also getting into the non-wind and first of all, the exports are increasing in the wind sector itself.

And the second thing is they're getting into the non-wind sector, plus the forging unit is coming up with the different products. So that's why while the numbers of SE Forge today don't move the needle so much for Suzlon as a whole. But if you look at their growth story itself, so that is a great story is that in spite of the fact that our forging unit was almost shut for 2 months in this quarter because of the restriction in a particular skill component, which has got cleared now.

In spite of the fact that our numbers from H1 to H1 show it both in EBITDA as well as revenue has significantly gone up, okay? And that trend is what is encouraging to us, and that will continue. And then I think guidance-wise, two third – one third, two third is what Suzlon and non-Suzlon is what we can say from FY '27 onwards.

Sweta Jain:

Got it. And sir, on margins, like we've seen a sharp jump from 8.6% to 19.5%...

J.P. Chalasani:

Yes. This is mainly the various initiatives what they've taken in terms of cost control and then increasing the -- earlier we were depending upon outsourcing of the machining. Now we have installed our own machines for machining. Machining is completely being done internally. So recycling of scrap has increased. The procurement costs have come down. The number of the cost-out initiatives, what they've taken is what is helping us to increase our margins.

Sweta Jain:

So, these margins would be sustainable in the future?

J.P. Chalasani:

Sure.

Moderator:

Next question is from Shiva from Purnartha Investment Advisers.

Shiva:

First of all, congratulations for a great set of numbers. My question first is with respect to you saying that in 2, 3 years, EPC will move to 50-50 ratio. So I wanted to understand how will the contribution margin of WTG play out in the next 2, 3 years because it is at a very high stage, I mean it is at 26%. So how will that move going ahead? And what will be the capital -- initial capital required to get this land? What will be our capital requirement for this?

J.P. Chalasani:

Let me answer your second point first. We provided a seed capital of about INR150 crores that will keep getting recycled. What happens is by the time we acquire -- let's say that a 300-megawatt wind farm is what in some place, we started acquisition of the land, by the time we reach 25% of the land acquired, we would normally try to find a partner as a co-developer where EPC is not signed, but the land contract is signed with the condition that the EPC would be with us.

And then they will reimburse for the entire 25% what we acquired. And then future, the balance 100%, they will compensate. So all this recycling happens. So therefore, INR150 crores to INR160 crores is what the seed capital required. Even today that I said some time back, we already acquired about 1,150 megawatts of land. So that is what is the range in which. And then we also started now getting the money back from through the land contract.

On the margins, FY '28 is a bit far away when we reach this 50-50. And a lot of things will happen. And it could be on the positive side on the margins. So let's wait for them. Obviously, that -- the old record if you see, whenever we did EPC, we used to do about almost 80%, 85% EPC in about FY '17 or FY '18. And at that point of time, our margins on EPC were much higher than equipment supply. So that -- that our margin is always better in the EPC than in equipment supply.

Shiva:

Okay. Understood. Helpful. And the second is with respect to cash flow from operations. If you could just help me understand what will be the payment schedule for 100 megawatt, if it is a INR600-odd crores. At what stages do we get the payments? I mean I understand the revenue accruing, but when do we get the final payments at different stages?

J.P. Chalasani:

Let me address this. And also, I know that why you're asking this question, so before I'll address that concern as well because the receivables going up. And normally, for most of our contracts, we get 5% to 10% advance. Then the 40% to 45% is what we get on dispatch and another 40% to 45% is what we get on receipt and 5% on commissioning.

This is our standard payment terms given take here and there some variation. But then the -- on the public sector projects and which is what we have done a significant supply in the last few quarters. In fact, in the Q1 and Q2, our supplies to the -- the specific public sector contracts have been more than 50%.

Even in this 565 megawatts what we supplied in quarter 2, close to 300 megawatts has gone through the single PSU. There, it's a bid terms and we know that what are the payment terms in advance. But there in addition to giving 10% on advance, the first payment comes only after the materials are received at site.

Then that also is only 70%. In other contracts, we receive like almost like 90%, 95% on the time of materials received at site. Here, we get 70%. And then the balance 20% gets spread till commissioning and testing and various things.

We take that -- plus also in the public sector, the time taken from the time it becomes material reaches to their whole process of completing and taking it, if normally other contracts, it takes, let's say, about 20, 25 days, 3 weeks' time we get our payment once it is due. But here it can take even up to 45 days.

So -- but then we knew this, so we had a compared line of credit for these projects and significant supplies having been made to particular PSU contract, you are seeing a surge in the receivables, but that is not a red flag in my opinion. As that tapers down, it will -- we'll get back into the control.

We know that's why it happened, and we know the reason, and we also know it will get controlled. So it's purely because of the payment terms. And that we knew in advance. And then we have adequately loaded the working capital interest in our bids and everything, and everything is covered in our pricing.

Shiva: Understood. So third is with respect to booking. The finance cost was directed that the net finance cost will be in the range of INR200-odd crores. So is that -- because it has hit INR150-odd crores. So what will be the net finance cost for this year? And the second part is the DTA, you've added INR700-odd crores. What is the entire potential? And -- or how much have we used as of now till now? Or what is left over is the second part.

J.P. Chalasani: The way -- obviously, you all know I'm not a CFO, but the way I understood the DTA, I will explain to you. And if I make some mistake, my colleagues here will cover it. The -- as long as you have carryforward losses, which are known to us, you filed in your income tax returns.

And the moment there is a certainty towards the profit is going to happen and then you become mandatory under the accounting standards to provide for DTA. Here, the auditors took a conservative view of looking at the profitability of the company over the next 3-year period.

And then -- and we have a much more carryforward losses to the extent of about INR11,000 crores. But because they have only taken for the next forward 3 years, they are now converted to that. First of all, we've done in the quarter 4 of last year. In the 6 months, obviously, additional 6 months extension happens, they cover the balance portion.

So now as we speak on 1st of October, we have about INR1,229 crores of the tax credit, tax asset, we call it, as a deferred tax asset, which means that up to -- even if we don't add any further DTA, but we expect that to get added further as the time proceeds, they will see more and more visibility of profits with the -- even current INR1,229 crores means effectively for the next INR5,000 crores of profit as and when we reach till that time we have a tax saved.

So we will not -- there's no tax outgo in terms of the cash. And -- but then we expect that as the time passes, some more DTA would get added. Anand, you want to add anything? My colleague, Anand, will also further add.

Anand Bagrecha: To answer your question specifically, carry forward losses as per annual report of FY '25 were about INR14,000 crores and DTA recognized so far is on about INR6,000 crores. So there is a sizable balance left on which potentially going forward based upon DTA recognition condition getting met, there is a potential for further...

J.P. Chalasani: Further addition of DTA.

Shiva: So just to understand, the max potential is INR8,000 crores, 25%. That will be INR2,000 crores more addition, the max that we can add?

J.P. Chalasani: Further.

- Shiva:** Further, the max potential, although what can be planned out is different, but the max, the potential.
- J.P. Chalasani:** Yes. But today, that is in addition to the INR5,000 crores profit shield -- tax shield we have for the INR5,000 crores of profit. Today, it will be additional.
- Shiva:** Understood. And with respect to the net finance cost, how do you -- what was...
- J.P. Chalasani:** I think our guidance has been that we -- I think we will have about INR70 crores per quarter as a net financing cost. So the -- maybe we will touch about INR250 crores. This quarter, you saw slightly higher because we had -- we also started issuing surety bonds. And for some time, we had a parallel of surety bonds as well as letter of comfort from REC.
- So that's why we had some additional costs and it has gone to INR80 crores. So I think our guidance would be we will see around INR250 crores of net financing cost in the year. Also, let's understand that volumes are increasing, when the volumes increase...
- J.P. Chalasani:** And then we are also seeing that the -- which supply -- which contract you are supplying. So if the contract has explained to you, if you do it to PSU, that working capital increases, so cost would keep changing from quarter-to-quarter. But these are all known. They are not unknown things, which are coming up as a surprise to us.
- Shiva:** Okay. If I may squeeze in one last question. You've directed that the margins for OMS divisions have come down. It is a one-off thing. But if you could just give a direction, is the revenue per megawatt for the new S144 similar to the older ones?
- J.P. Chalasani:** No, no, no.
- Shiva:** For OMS.
- J.P. Chalasani:** OMS. The previous question was specific to OMS. I didn't talk about all business divisions. In fact, all business divisions, there is no reduction. If you look at our WTG division, we still have a 26.9% contribution margin and even EBITDA margin is good. And even in the OMS, our contribution margin still is at 66%, right? There is no reduction. In fact, wherever there is possible, there is only improvement.
- Our margins will only change based on the revenue share between the WTG versus OMS versus others. In fact, quarter 2 to quarter -- quarter 1 to quarter 2, we moved. Our WTG revenue share has gone up from 82% to 84%. When the WTG increases, that margin being at lower than the OMS margin, the margins will change.
- While the individual business margins will increase, continue to increase, that's what happened even this year or this quarter for WTG. But because the mix of revenue changes, at the group level, the margins can change.
- Shiva:** But the OMS division margins are slightly lower, right? EBITDA margin is 34.5% for India OMS in Q2.

J.P. Chalasani: Yes, that is what which I explained to you last time or the previous question that this is sort of a one-off. If you look at H1, we are still at 37%. This quarter is 35%, but H1 is still 37%. So therefore, our guidance continues that we will be between around -- hovering around 39% to 40% as the range. This is a one-off for this quarter alone, why I said there are no red flags there, and it will be normal moving ahead.

Shiva: Understood. So the revenue per megawatt for OMS is in the same range for S144 compared to S144 to the earlier models?

J.P. Chalasani: For OMS, means like our turbines, different -- per megawatt, it will be different. because you're maintaining a turbine. So therefore, if it is a 100-megawatt wind farm, there you're maintaining 50 turbines and here, you will be maintaining 33 turbines. So therefore, the turbine cost -- per turbine, the OMS price could be higher. But per megawatt cost will be low, but also your cost per megawatt price will be low, but your cost also is low. You reduced your -- number of turbines you're maintaining are low.

Instead of maintaining 50 turbines, you will only maintain 33 turbines in 100-megawatt form. All your cost, your space cost, your manpower cost, everything will be low. So therefore, it won't impact the margins that way.

Shiva: The growth will be slightly lower compared to the older?

J.P. Chalasani: No, no, growth also will not be lower. Growth everything will remain the same. See, you need to look at the price per turbine rather than the price per megawatt in OMS because your maintenance cost comes per turbine, but your maintenance cost doesn't come per megawatt, okay?

So therefore, as long as you are maintaining your price levels, cost levels for the turbine, your margins won't come down. So therefore, let's not get confused with 3 megawatts -- tomorrow if you go to 5-megawatt turbine, obviously, price per megawatt will come down.

But then you're maintaining only 20 turbines per 100-megawatt farms. Your cost also will be low. So therefore, in OMS, you should look at cost per turbine, price per turbine. And from that angle, the higher the capacity is not going to have any impact on your margins.

Moderator: Next question is from Abhishek Nigam from Motilal Oswal.

Abhishek Nigam: So MNRE recently came out with a detailed SOP for local manufacturing of wind turbines. I think where they basically give details regarding what qualifies, what is not qualified. And so I just wanted to know after that, is there a little more clarity on -- is it -- in terms of localization, is it more easy, tough? How are the competitors responding? And any clarity you can give on that?

J.P. Chalasani: Yes. See, clarity was there right from the beginning. SOP specifically defines that clarity in a proper way that how do you actually put it, what happens step 1, step 2. We are absolutely clear that the companies have to get listed there. And before getting listed, there will be inspection,

physical inspection, and you've got to meet that inspection requirements, you need to meet the ISO requirements.

There is a process by which you can list the companies. Only you can buy from that. Not only SOP, they have now also come up with what is called the REEIMS, that is the Renewable Energy Equipment Import Monitoring System, okay? They're even going to the extent of -- if you want to import any component, you got to get registered there. Then only you'll be allowed to import, otherwise, you will not be allowed to import. That has become effective from 1st of November.

And they are also moving further of the next portal what they're developing is that not just the import, they want to monitor till which turbine, which project it got -- that particular component got consumed, okay? Where it has been used. So therefore, there's going to be a complete control on where from you buying and which project you're buying and what are you doing it.

And in fact, they are also saying that -- they also said in the SOP that you can -- even if you come with a new model, we will not view -- in fact, the new model in the same platform, unless that the power -- incremental power is more than 10%, we don't recognize as a new model.

Because some people can try slightly saying the new model so that they get that advantage of up to 800 megawatt you can import, okay. So they even clarified that we will not allow even that unless the rotor diameter goes up by 2% and the power goes up by more than 10%, it won't be considered as a new model.

So it will consider the old model only, and you don't get that benefit of 800 megawatts or whatever it is can be imported. So I think this only shows that they are very, very extremely keen that the domestic manufacturing has to increase and which we said earlier, and we meet that requirement fully and we encourage that and this provides level playing field. Now the cost advantage what people had on cheaper imports would go away.

Abhishek Nigam:

Okay. And is there also subsequent steps, which are expecting? Like if I see on the solar side, we are seeing -- it started with ALMM, then ALCM. Now they've already announced ALWM. People expect ALBM, which is on the battery side. So I mean, subsequent to this, do you see, I mean, more announcements in the coming years?

J.P. Chalasani:

See, wind because we know about wind, we have done right in the beginning because we have the manufacturing capacity for all the companies. In solar, we didn't have it, so they're going step by step. What they're going -- what probably we can expect is now their next step is they will go subcomponent level.

So if you're talking about a gearbox, they're going to look at it as, are you assembling a gearbox here? Then saying it's domestically manufactured. What restrictions should be put on a subcomponent level because the castings are available in India, then they might say that you need to buy only from India. So the step 2 is what they will do is the component level, subcomponent level restrictions.

Otherwise, see -- because wind -- all components are manufactured in India, so therefore, advanced from there, unlike in solar. Solar, initially, they started the modules, then they went

into the cell and now they're getting into different things. But here, only next step will be subcomponent level.

Abhishek Nigam: Fair enough. And sir, just last question. So what I'm seeing on the solar side is that companies are now sort of going into these adjacencies. So companies are looking to get into transformer manufacturing, inverters, batteries. I know this question is probably a little too early. But if that subcomponent level manufacturing comes in, in wind, I mean, will you be willing to explore that? Or is it too early?

J.P. Chalasani: Why not? No, we already -- see, at one point of time, even today, we manufacture our turbines. We make our panels. At one point in time we were making even generators. So therefore, we already did that. Even today, we do our own transformers, we do our own panels. So therefore, the -- with the increase in volumes, and then we do have that experience, we do have the capabilities.

So therefore, why not get into that. If we -- see, if somebody can do it, someone for whom it's easiest for anybody, it is for us because we do have that experience. We do have those -- the facilities available already for the purpose of manufacturing, definitely, we look at that.

Moderator: Next question is from Amit Mahawar from UBS.

Amit Mahawar: Congrats on great operational performance. Sir, you explained on the EPC rationale in detail about those 2, 3 points, why Suzlon is looking at. Now we're also expanding capacity. Eventually, we will target export market. Do you think on the risk profile side, the risk will need to be significantly looked at because I agree industry is growing very well. This year is going to be good and our share is ramping up.

All the policies are very, very favorable. But as we move the EPC route, and I understand integrated renewable power is in your mind when you think about EPC. If you can throw some light on potential risk that we'll have to keep in mind because -- or rather, why not think about only the WTG model where we anyways have forgings, O&M, a very diversified business model, why go that EPC route considering the potential risks? I just wanted to get some handle on potentially what can go wrong if we go to EPC routes.

J.P. Chalasani: If I understand you right, there could be some confusion in the definition of EPC. EPC even today, we do, okay? 20% is EPC. And when we talk about EPC, that is where we acquire the land and we do the complete BOP and supply the turbines and commission them and basically, do the OMS. Second alternative is that land doesn't belong to us.

And even we may not -- other extreme is that nothing belongs to us. We just supply the turbines and supervise the entire work. That's called the equipment supply, okay? The risk on EPC is much less and much higher control. In fact, the EPC is a risk mitigation model because we are just supplying the equipment there.

Our equipment supply will completely depend upon readiness, whether a project is ready to take the turbines or not, if the turbines are on the ground for 2 years, 3 years, what happens with the turbines, warranties. It's a huge risk, plus we also can't even predict how much quantity of

turbines we can supply because we can't really know when the project is going to happen. That is what is the concern today for us.

What we have today problem is that, okay? Most of the places where we supply the turbines, they are not able to commission them are in the non-EPC projects, very less in the EPC project. So when we move to the EPC, we are mitigating that risk. Anyway, there is no additional risk we are taking it. We acquired the land.

And in fact, we're mitigating the risk of land and ROW, which is a major risk where we are not doing the EPC. And that is because we are mitigating here by taking the land and ROW issue out of it because we're acquiring the land along with the pathways much in advance.

So EPC route is actually a risk mitigation, not the risk creation. That would significantly increase our capacity addition speed at which we can add each year, and it would improve our turbine supplies and it would improve our margins. Most importantly, that is a significant competitive advantage what we have because we are the only player who can actually provide an EPC service along with the land.

There is no one else who can actually provide significant -- when it comes to the export, there we would take the risk of only supply because that's a new geography, we don't understand that, we really don't get into EPC there. We will not take the risk of EPC when we go out of the country.

Moderator: Next question is from Gourishankar Dalal from Cresta Capital

Gourishankar Dalal: A couple of queries. Sir, first of all, like we have a cash balance of around INR1,800 crores in the balance sheet. So how are we trying to use it and put to use and create value for the shareholders?

J.P. Chalasani: See, first of all, let's -- right now, today, this is a very small cash what is available. So therefore, we're expanding the business. Let's keep that as a reserve money, whatever is required for, in between, for various purposes. And then also, we need our capex. We're spending money on the capex. We're spending, as I said, that we provided INR150 crores of seed money for development.

So as the further we go ahead and more and more we generate the cash, then that's a good problem to have it what do we do with the cash? Okay? Whether we wanted to do dividends what it is. But let's reach that stage of having a good problem on hand. But right today, I think it is really used for our capex and various other purposes.

Gourishankar Dalal: Okay. And sir, my next question is with regard to the revenues and all. So like your revenue year-on-year has increased by around 84%. So it is majorly led by the volumes. Like can we assume there is some moderation with regard to the prices also year-on-year?

J.P. Chalasani: No, I think our average realization per megawatt remains more or the same in line to the guidance what we gave. There is no change in the revenue per megawatt.

- Moderator:** The next question is from Smith Gala from RSPN Ventures.
- Smith Gala:** Congratulations for the good set of numbers. I just wanted to understand about how is the company looking at for FY '27 given a great '26 is going on?
- J.P. Chalasani:** Let's wait. Let's first update on Q3, Q4 of this year. And then we will look at FY '27. Obviously, there will growth. I don't want to put a number to that.
- Moderator:** Next question is from Kumar Divyanshu, who is an individual investor.
- Kumar Divyanshu:** I have 1 to 2 questions. The first question is regarding the promoter holding that as far as I can see that promoter holding is very much low, like it is 11%. So, it is there for the management planning or it is there for the company planning to increase the promoter holding?
- J.P. Chalasani:** I'm not the right person to comment on that because as a professional CEO, this is a question regarding the promoters. But to the extent I know that they have no intention of reducing further and their commitment is fully clear for the company moving forward.
- And whether they will increase or not increase, I think I would be the wrong person to answer that question. I think as and when you have an opportunity to meet up with Tanti's, I think that's a question you should address it to them.
- Kumar Divyanshu:** And the second question is regarding that what is the like maximum time duration for the execution of this order? How much period, could you please comment on that?
- J.P. Chalasani:** No, I think whatever order book we have is that this is to be executed in the next 18 to 24 months. Current order book.
- Kumar Divyanshu:** Okay. And what about the order inflows for the upcoming quarters?
- J.P. Chalasani:** No. Every project when they're giving us order, they and we together decide what is the execution time line depending upon that if it is a big project, what is the PPA time line and when is their evacuation facilities coming in. So, it can be as less as 18 months. In some cases, it can go up to even 26, 27 months. It varies from contract to contract.
- Kumar Divyanshu:** Sir, this point I understood. Just I'm asking that is there any upcoming next order inflow for the upcoming quarters? Like orders in pipeline or not?
- J.P. Chalasani:** Yes, I explained that order pipeline. I said that there is significant order pipeline, and we will continue to announce the new orders. And hopefully, we will continue to maintain the trend of closing order book higher than the opening order book in spite of the fact that our supplies during the quarter would keep increasing.
- Kumar Divyanshu:** Okay, sir. And like debtor days and days payable is quite high as far as you can see. So...
- Kumar Divyanshu:** I'm asking that debtor days and days payable is quite high in the ratio as far as I can see. So is there any -- please comment on that? Is there any planning that how you will decrease that particular number?

- J.P. Chalasani:** We explained some time back, it's basically happening because of public sector contract and that proportion being higher. I think we went through this question in detail in the previous question -- answer to that.
- Moderator:** We'll be able to take one last question. We take the last question from Hardik Sharda from Mavira Asset Management.
- Hardik Sharda:** I just want to understand what is the situation around rare earth metals? And how does it affect Suzlon, given the geopolitical situation? That will be my question.
- J.P. Chalasani:** No. See, as far as the steel is concerned, generally, we get protected in the contract. Steel price up and down, except for the cement plant. And the rest of the metals we keep watching and then where we need to procure. Rare earth, we don't use much.
- So therefore, I don't think we have any impact of rare earth on our turbines. So therefore, we are completely insulated from the so-called geopolitical issues of rare earth to be supplied and not supplied. It will not impact us.
- Moderator:** We'll take that as the last question. I would now like to hand the conference over to the management team for any closing comments.
- J.P. Chalasani:** Thank you very much for joining and making it very interactive. And any further details you need, my colleagues from IR team are available for you to provide and please reach out to them or any amount of details you need to clarify yourself, we will provide. Thank you.
- Moderator:** Thank you very much. On behalf of Suzlon Energy Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.