

Suzlon Energy Limited

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SUZLON

4th August 2026.

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.: Q1 FY27 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.

Corporate Identity Number: L40100GJ1995PLC025447

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“Suzlon Energy Limited
Q1 FY27 Earnings Conference Call”
July 28, 2026



**MANAGEMENT: MR. AJAY KAPUR – GROUP CHIEF EXECUTIVE
OFFICER – SUZLON ENERGY LIMITED
MR. RAHUL JAIN – GROUP CHIEF FINANCIAL
OFFICER– SUZLON ENERGY LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Suzlon Energy Limited Q1 and FY27 Earnings Conference Call. During this call, the company management may make certain statements that reflect their outlook for the future. This 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. These statements should be reviewed in conjunction with the risks that 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 remark followed by a question-and-answer session. To be fair to others, we kindly request each participant to ask no more than two or three questions. From the management, we have with us Mr. Ajay Kapur Group CEO; and Mr. Rahul Jain, Group CFO and senior members of the finance team.

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

Ajay Kapur:

Thank you. Good evening, everyone, and thank you for joining Suzlon's Q1 FY27 Earnings Call. FY27 has started strongly for Suzlon and the Indian wind industry. Even amid global geopolitical tensions in the Middle East and resulting for supply chain volatility, we have sustained strong execution demonstrating the resilience of our business model and the strength of India's RE opportunity.

While Middle East tensions created near-term supply chain disruptions, we have also reinforced the strategic importance of energy security, further strengthening the long-term investment case for domestic RE, especially wind energy. India's economic growth, rapid electrification, AI-led data center expansion, industrial growth, EV adoption and cooling demand continue to drive structural power demand growth.

The country's peak power demand has already crossed 270-plus gigawatts, reinforcing the need for large-scale RE capacity additions, especially during non-solar hours, which is peak demand. This momentum sets the stage for a multiyear growth cycle with annual installations expected to cross 10 gigawatts in the near term and reaching 15 gigawatts by FY31.

With 57 gigawatts already installed and a strong pipeline with STU and PSU bids as well as C&I demand, particularly for wind, India is set to achieve the near-term target of 100 gigawatts by 2030. Repowering also started gaining traction and there is rising customer interest, which gives visibility of several opportunities ramping up in next 2 to 3 years.

Now taking you through the business highlights. Suzlon delivered 506 megawatts in Q1, making our highest ever first quarter deliveries. This performance was achieved despite temporary supply chain and logistics disruptions arising from geopolitical tensions in West Asia.

These disruptions deferred approximately 10% to 20% of deliveries, which is expected to be recovered in coming quarters. Q1 FY27, Suzlon installations grew 2.3x from 117 to 269

megawatts COD with more than 1,257 megawatts of erected, but waiting for commissioning turbines, this paves the way for uptick in the CODs going forward.

Order book is a healthy 6.1 gigawatt reaffirming our market leadership. In the first 4 months of FY27, we have already secured ~1 gigawatt of orders and continue to have a strong pipeline. Order book is not a constraint with DevCo model in place with 60% new orders from DevCo. Hopefully, this will keep the momentum going in the coming quarters.

Market pricing remains healthy and rational. ASP increased from INR5.6 crores per megawatt in Q1 FY26 to INR6.3 crores per megawatt in Q1 FY27, aided by project mix. The successful launch and maiden order for S175 in India, alongside the Blue Sky Platform, marks Suzlon's return to advance global markets with S175 and S163, Suzlon is expanding its technology portfolio with high-capacity turbines, and we are pleased to report and deliver superior yields better reliability, and lower LCoE, unlocking opportunities across repowering and new build projects worldwide. 4.5 gigawatt manufacturing capacity fully operational expanding footprint with 3 AI-enabled smart factories to drive efficiency and scale.

On Suzlon 2.0, it is translating into tangible growth opportunities across multiple adjacencies. On the RE tech side, we have successfully launched S175 5-megawatt turbine and secured the first customer order. On the DevCo, strong market acceptance reflected in 600-plus megawatts of orders booked within the 4 months, which translates to 60% of the business coming from the DevCo-led engine.

Exports expanding global footprint with a growing opportunity pipeline spanning key international markets with opportunities under evaluation in Europe, Australia, Latin America and Southeast Asia. On the BESS, advanced storage ambitions through strategic technology partnership discussions are ongoing. On the solar side, we have identified 20-plus gigawatt serviceable solar asset base, leveraging Suzlon's extensive field presence and infrastructure within 25-kilometer radius of Suzlon service locations.

Our RE AMS portfolio remained strong with 16.1+ GW installed base in India and machine availability crossing consistently above 95%. Renom AUM is consistently growing on the back of steady fleet additions across multi-brand and a healthy pipeline. Foundry and forging continues to scale strongly. Revenues at INR126 crores and EBITDA at INR22 crores with continued momentum driven by domestic demand and export growth.

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

Rahul Jain:

Thank you, Ajay. Good afternoon, ladies and gentlemen. I will be using Slides 20 to 27 of our investor presentation, which has been uploaded to our website as the reference point for my discussion during this presentation.

In Q1 FY27, Suzlon delivered 506 megawatts, marking our highest ever first quarter deliveries in India. Suzlon reported consolidated revenue of INR3,819 crores in Q1 FY2027, a 23% year-on-year growth with EBITDA at INR595 crores and PBT at INR390 crores. Also, a PAT of INR305 crores was reported during Q1 FY27. EBITDA and PAT did get impacted on account of some of the factors.

Certain deliveries impacted on account of temporary supply chain and logistics disruptions arising from geopolitical tensions in the Middle East, which impacted fuel availability and movement of critical equipment including cranes, trailers and transport vehicles required for WTG execution.

Higher fixed costs reflect investments made to support scale, including the Puducherry facility, leadership strengthening and Suzlon 2.0 initiatives. Q1 FY27 is impacted due to the above factors and in the long term, we continue to grow in line with our ambitions set up for Suzlon 2.0 at 25% CAGR for the next 5 years.

We are pleased to report on our balance sheet as of June 26, reflects a position of exceptional strength, with strong consolidated net worth of INR9,869 crores, our net cash position of INR2,322 crores, further enhances our financial flexibility and resilience. Adequate working capital limits have been tied up for execution of the current order book.

Our integrated business model backed by robust supply chain, strong execution capabilities and industry-leading service network continues to differentiate Suzlon and create a sustainable competitive advantage. With that, I would now like to hand over the call to the operator and open the floor for questions. Thank you.

Moderator:

Thank you, Rahul sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Balasubramanian with Arihant Capital.

Balasubramanian:

Sir, in Q1, the delivery is around 506 megawatts and but the commission is already 269-megawatt. So, I think it implies the gap up nearly 237 megawatts in Q1 alone. So, like what is the typical revenue recognition that between delivery or erection and commissioning? And in total, I think 973 megawatts erected inventory is expected to convert I think when we can expect, whether it's in Q2 or Q3, if you get some clarity on that side?

Rahul Jain:

Okay. So let me try and answer that question, please. Q1, what we saw as deliveries was 506 megawatts. Our total COD in Q1 was about 269 megawatts -- when we look at it from an overall perspective, the position that we have on RR versus commissioning there is a certain gap and that will continue to remain. We have to also look at the fact that we have 1,257 megawatts of erected machines. Now as the erection completion happen when the COD positions will likely improve going forward as well.

From a Q3 and Q4 perspective, if you look at it, the seasonality of the business is such that, and historically also we've seen that there is a seasonal trend that works out that plays out. Historically, what we have seen is, let's say, about 35, 40 in H1 versus 60, 65 in H2. I think that trend still remains. Hopefully, that answers your question, sir.

Balasubramanian:

Got it, sir. And sir, my second question is, I think we are making strategic investments in S175 platform, new blade factories and the Blue Sky European relaunch. So, what is the expected payback period for these investments and then we can expect meaningful revenue contributions whether it's in FY28 or FY29.

- Ajay Kapur:** Rahul already gave you an answer to you earlier one that we have 1,250 MW of erected turbines. So, a large part of it is now ready for commissioning. So that should help us improve the COD and commissioning part 1.
- Part 2, as we migrate to new 5-megawatt series for Indian market, plus 6.3 megawatt S163 for international markets. These are the investments being made. Internationally, it takes anywhere between 18 months to 24 months to seed the market and start the first shipment. So that's the answer for international. For our domestic -- we've already got the first order of S175, which will start deliveries end of this year and next year.
- Also, the other strategic investments we are making in new factories as part of our expansion. I think all these investments pan out over the next 12 to 18 months. And we're very hopeful that the payback for all these is a very fairly short payback. These are not long investments because as soon as the ramp-up happens on the volumes, this already starts paying back.
- Balasubramanian:** Okay, sir. Sir, my last question, around the 85% of order book is from PSU and C&I sector. So, I'm trying to understand whether it's a PSU-dominated order book or structured track on cash conversion. The payment cycles are improving. So, what is the difference between like receivable days for PSU?
- Ajay Kapur:** . When we take each order, it has its own uniqueness. Wherever there are payable days both there, the pricing is adequately done in a manner that it accounts for the days. So, I think from that aspect, I think we are well covered.
- Balasubramanian:** Okay, sir. And the mix will continue or it will change in the coming year, sir?
- Ajay Kapur:** It's an evolving market. I cannot predict that. But by and large, as part of the journey to RE, we need investments from everyone, including PSUs, who have taken larger targets. At the same time, large corporates are repeat customers for us. You would have seen in our various announcements.
- So, we're very happy to partner with both of them. And I think more or less the same trajectory will continue, but we have a sharp focus on our receivables management, and we are seeing improvement over there also.
- Moderator:** Our next question comes from the line of Mohit Kumar with ICICI Securities.
- Mohit Kumar:** My first question is, sir, what explains the weakness in EBIT margin during the quarter on especially about WTG. On a per megawatt basis, the EBIT has declined from INR26 lakh per megawatt to INR52 lakh per megawatt, while the average selling price has only gone up, right? So, can we expect it to correct going forward? How do you think this -- how should we look at it?
- Rahul Jain:** Okay. So, when you look at EBITDA numbers, what we are seeing is roughly about a flattish EBITDA from INR599 crores which was Q1 FY26 to INR595 crores in Q1 FY27. The way to look at it is probably this. There are certain investments that we are making for our 2.0 Suzlon strategy. There is a strengthening of that position starting to happen. So therefore, some of the

expenses have to be upfronted, right? Benefit of these expenses will come over a period of time. Therefore, you are looking at a flattish EBITDA. That's one of the reasons.

Second key reason is the fact that what Ajay also mentioned, given the geopolitical position, there were certain lower deliveries, let's say, operating leverage playing out this quarter. As we go out in time and as our operating leverage will move better, some of these positions should be better going forward as well. Also, the third element of this is when you look at it from a segment perspective, our WTG or the RE solutions segment versus the RE AMS segment, there are higher margins in the AMS segment overall. So as your mix changes, there will be some positive or negative depending upon what mix you are at. So that is essentially the reason, Mohit.

Mohit Kumar: Understood. My second question is, of course, the ALMM on the wind is expected by I think it already got implemented right? So, I think the C&I deadline is December 26.

And the utility is already -- it has already been implemented from August 25. Whatever bid happens post August 25. In your opinion, are you gaining market share post that? And have you seen the impact on the ground? And second is, do you see that -- we see the ALMM expanding into components like yaw and pitch drives in the next 2 years. I believe that those drives are now -- they are not covered as of now.

Ajay Kapur: So, let me answer at a larger level. First, this ALMM brings level playing field for the Indian players. Suzlon is fully compliant and well positioned versus import-dependent competitors. On the second part of your question, we can connect separately.

Moderator: Thank you. Our next question comes from the line of Sumit Kishore with Axis Capital.

Sumit Kishore: Two questions. The first 1 is that the fixed cost in WTG business in Q1 seems to be at Q4 FY26 levels despite much lower volume. -- you spoke about the advanced investments that you're making for Suzlon 2.0 strategy. How should we think about the full year WTG fixed cost here? -- how much of the impact in Q1 was because of the temporary issues around fuel availability, pricing, movement of cranes. So how should we think about the full year fixed cost for WTG business for FY27.

Rahul Jain: So, Sumit, to answer your question, the way to look at it, is that there are certain onetime costs that have been baked in into the Q1 numbers. Like I said in an answer to a previous question as well, the overall position from a year perspective, there will be some onetime or, let's say, investments that we are making for our future positioning of be it for export, be it for the DevCo model and others.

That's something that come through over the year as well. Again, if you look at it, we have always said that our EBITDA margins between 17% to 18% last year was the position that we had taken. My sense is that this year also, plus minus 1% to 2% from there, we should be able to maintain, also we go out and operating leverage plays out in H2, we will certainly see a better positive change to that.

Sumit Kishore: Okay. I mean just the fixed expenses that you have in mind for cultivating exports in Suzlon 2.0, would you like to put a number to that for the future so that we can track that?

- Rahul Jain:** Not really, Sumit, I don't want to put a number to it. Let me just say that we are judicious at it. We have the ability to do some of these expenses because we are looking at growth as a key lever going forward. There will be certain upfront costs. And to be very frank about it as the Group CFO, I'm not very worried.
- Sumit Kishore:** Sure. Just a quick 1 on the 602-megawatt DevCo EPC contract, what sort of advances have you booked to these contracts? Could you give us some sense of the execution time line versus the non-DevCo order book? -- and possibly whether this would be margin accretive?
- Ajay Kapur:** Very good question. These are similar contracts as we have been doing in the past. Same commercial term, except that here, we have readiness of available land banks and connectivity, working closely with the customer and the client, which helps in a faster implementation. Other than that, all advances, everything is in the same nature as we have done in the past, and they are value accretive.
- Moderator:** Next question comes from the line of Prakhar Porwal with Ambit Capital.
- Prakhar Porwal:** So, my first question is a follow-up on the previous one. On the DevCo, you mentioned margins and terms on the similar levels that you have on the existing orders. But advances, etcetera, on these orders because I assume the conversion cycle is 3, 4 years. So are these the projects where land has been acquired and the customer has given an advance for these contracts, the 602 megawatt that we have done.
- Ajay Kapur:** Yes. So, the answer is current sales which is happening is already the advanced DevCo sites that we had. Those are the ones we have offered, which are very big. So whatever investments we already made in the land, in fact, they will get unlocked very soon as the advances start coming in and we increase the site progress.
- The year 3, 4, 5 DevCo orders, which is also part of the Suzlon 2.0 strategy. Those are yet to be announced, where we have a slightly different strategy. But these are the ones which are more like the current orders, but they have been coming through the pipeline of our DevCo model.
- As you know, we have been working on it for a while. It's not that we started after announcement. So, we're already working for it. These are the more baked ones. And therefore, there is a very high demand also for these sites from our customers.
- Prakhar Porwal:** Sure. My second question is on margins. The fixed cost that you mentioned that you're investing -- for the Suzlon 2.0 that you are mentioning, what type of fixed cost, if you can mention maybe some of these?
- Ajay Kapur:** So basically, we have to incur, for example, new plants we are setting up. We're making investment in technology for the new protos that we are working on international and domestic market. Part of marketing and international markets to open up the market. These are all those investments, which are inevitable as part of the growth strategy.
- Prakhar Porwal:** And just lastly, on repowering, you mentioned briefly in the opening remarks. If you can highlight some maybe movement in terms of repowering in India that is happening and also

maybe on the Investor Day, you discussed about the Europe repowering opportunity. So, because this question is related to the conference that was held and the minister had asked wind energy -- Wind Council of India to prepare a report for all the potential sites. So maybe anything that you're seeing from there and any type of demand that you expect from that segment?

Ajay Kapur:

In fact, at a high level, repowering has a potential of close to 25 gigawatts in the country. And what we have done as a significant portion of India's installed wind fleet was commissioned 10 to 20 years ago. Using relatively small turbines with lower hub heights and lower energy yields.

The modern turbines such as the latest generation platform can generate substantially more energy from the same footprint. And therefore, that's where the whole answer lies. And these are also very good wind sites as these are the best, which were taken in the beginning. And for Suzlon, we have already started working on our S88 to 120 platform.

That investments we're already making, it is also part of our Suzlon 2.0 strategy. I think in the next 1 or 2 quarters, I should be able to come out and tell you the pilots and the orders that we already cracked -- but the team is very confident that before we end this year, we would have already logged in confirmed order book from the repowering in India first.

Moderator:

Next question comes from the line of Sweta Jain with Anand Rathi Shares and Stock Brokers Limited.

Sweta Jain:

Sir, coming back to the fixed cost questions on the and the follow-ups again. I understand that you will not be able to give me an absolute number with respect to how much of the costs have been upfronted in this quarter. But if you could just help us decipher what margin impact would have been ex of these costs for the quarter? It's just to assess how the entire year would pan out, frankly.

Ajay Kapur:

Same question you've asked a different way, Sweta, you are also laughing anyway. But okay, so it's about INR40 crores to INR50 crores is what would be the number across various subheads, which I told you. And I think as we ramp up volumes, this should start panning out and should not have such a major impact for the full year.

Sweta Jain:

So, these entire INR40 crores to INR50 crores would be onetime for this quarter impact only?

Rahul Jain:

See, it's a year-long journey, Shweta. It is not a 1-quarter story. Ajay is not saying that we have baked it everything in the first quarter. It's a year-long journey from where we are coming, but not a big number, I would say.

Sweta Jain:

And the revenues, if I understood correctly the previous answers, we will start actually witnessing something materially next year onwards from the Suzlon 2.0 versions?

Ajay Kapur:

So basically, what Rahul was saying, typically, we've been operating at about 17%, 18% margin. Our endeavor will be to remain in that realm. We can give or take, 0.5% up and down. I mean that's the way we would like to go. You've seen a strong delivery in the first quarter. This is the highest ever in the June series for Suzlon since inception. 23% on revenue and 12% on RR. More

importantly, 130% growth in commissioning. And on top of it, another 1,250 MW erected waiting to be commissioned. So, I think these are good numbers.

I believe they are going to be all value accretive for the business going forward. On top of investments for current and future years, I think, which is going to pay us rich dividends because if I have to achieve 2031 goals, I need to start, and I think we already started the journey.

Sweta Jain: Correct. Absolutely. Absolutely. That's a fair point. The next is on Foundry and Forgings. I think since last year, we've been tracking and stating that this business is expanding into different verticals targeting aerospace, other foundry verticals in automobiles, etcetera? But if we see Suzlon's share has continuously been inching up on a quarterly basis. Any thoughts with respect to how the utilization can ramped up to 50% or something material number?

Ajay Kapur: \This is 1 business which gets more impacted with the geopolitical issues which were happening in the recent past. We're trying to also increase the share of exports. The big customers we found got into the Gulf crisis. What the business is looking at is distinct three segments, foundry, forging and bearing.

And we have started talking to more customers, more order pipeline. In fact, in the coming quarters, you will see the whole strategy panning out beautifully well. And obviously, while Suzlon will be a big buyer, but we want to actually increase the share of non-Suzlon and non-wind and exports. So, these are the 3 or 4 KPIs given to them with a very clear 3 business models of foundry, forging and bearing. I'm very confident this business has a lot of promise in time to come.

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

Satpal Singh Khanuja: First of all, I would like to ask that there has been a unconfirmed news in the market that there is some kind of foreign holding cap that the company has placed. Can you confirm if there is a cap on the amount of holdings in the company, which can be held by foreign FPIs and FIs?

Rahul Jain: Not really. I don't think there is any such thing that, in fact, I can't place a cap on it. That's the rule. Nothing else. That's all?

Ajay Kapur: Yes, Satpal, any further question you have? Any?

Satpal Singh Khanuja: Yes. As regards to installed capacity, there was an interview of J.P.C. sir, which was held at One Earth campus, where he said that once the 5-megawatt machines are like started, like the production has started, the installed capacity will automatically go from 4,500 megawatts to 7,500 megawatts. Am I wrong in somewhat of understanding of that statement?

Rahul Jain: I'll not give you a number from 4,500 megawatts to 7,500 megawatts but if the current capacity, everything shifts to -- let's say the 5-megawatt. Yes, that is the way it has to be looked at. It will be much higher.

Ajay Kapur: That takes time, no? Because your current order book, if you see the 6.1 gigawatt is largely S144 3 series and some part of it is also where the retail demand and some customers and some orders

are there of 2 gigawatt. So, I think it's a mix and it's a transition as it happens. So when you finally transit, it will go up, obviously, you're right.

Satpal Singh Khanuja: Okay. So, when I go on a line-by-line comparison of the profit and loss account, the majority of expense that has increased is material consumed. I'm still trying to understand what would be the expenditures that would have been incurred in -- like would have been booked into material consumption.

Ajay Kapur: Basically, it is the EPC. If you see last year, the same quarter, we were 22% share of EPC. And this year, we have 32% share of EPC. There's a substantial shift.

Moderator: Thank you. Our next question comes from the line of Raj Shah with Enam AMC.

Raj Shah: My question is related to the realization that has increased from INR 5.6 crores per megawatt to INR 6.3 crores. As you mentioned in the opening comments, this is a part of the result of the project mix change. If you can throw some light on how should we think about this number as EPC business is increasing for the entire year, how should we think about this number?

Ajay Kapur: Basically, you're right. I mean the EPC share has gone up from the base year where I said 22% on up to 32%. So that's what is translating into the higher revenue.

Rahul Jain: EPC and project business.

Ajay Kapur: And also project business.

Raj Shah: So this upward movement shall continue going forward as well, sir?

Ajay Kapur: Because the scope has increased, so the revenue has increased.

Rahul Jain: So, as our project business will be higher, we will see this number in that range. Again, -- this is also a judgmental number overall is what I would like to say. So, the ASPs are in fairly good shape is what we are saying here.

Raj Shah: Got it. Got it. And sir, for the asset management business as well, we saw margin expansion in this quarter. So, my question was, now do you see that this shall be a sustainable margin level of 33%, 34% going forward as well?

Ajay Kapur: This is actually much higher, 43%. But we believe this should be more like higher 30s, 38%, 39%. You're seeing the segment revenue. What is the question? Can you repeat? I think I may have got it wrong.

Raj Shah: Yes sir. I'm asking what the OMS business.

Ajay Kapur: You're talking of the OMS business EBITDA margin or the share of OMS business in the total business?

Raj Shah: No, no. EBITDA margin. EBITDA margin.

Ajay Kapur: Yes. So that -- it's right. In this quarter, it's slightly elevated at 43%. I believe it should be more or less in the higher 30s and closer to 40%. That's the way we'll endeavor to work on.

Rahul Jain: That's right.

Ajay Kapur: And rest is all a timing issue sometimes.

Moderator: Our next question comes from the line of Amit Bhide Axis Capital.

Amit Bhide: I just want to understand the comment on interest expense. That seems to be pretty high, almost up 30% Y-o-Y. So, what's exactly resulting in this increase?

And secondly, some outlook on the tax rate that we should consider for the full year this time as well, including deferred tax the tax rate is close to around 22% versus the other initial commentary of there being no tax for the next 1 or 2 years on the income statement. So can you if you can expand on those 2 points.

Rahul Jain: Okay. The way to look at it is that when you think about from Q1 to Q1, my revenue is higher by 23% -- to a certain extent, that will also go into the interest cost as well. Given there are overall working capital utilization is which is flat to slightly higher and tracking that number, this number is dependent on the overall utilization of working capital, which is leading to a slightly higher interest cost.

Now, I can also tell you that when we look at it from a line-by-line item from an interest cost perspective, our overall rate that we can command from the market has actually come down. This is a positive change that has happened. That's probably the explanation I would give to you from an interest cost perspective.

When you look at it from a tax perspective, all the tax charges that you see on our P&L is the recognition and the, let's say, the rundown of the deferred tax assets that have been recognized in the past. None of these are cash items. Minor cash could be there, but nothing major. So largely, these are noncash items is what I would say.

Amit Bhide: Right. Got it. And just to clarify, you had been mentioning that you would invest money on the RE DevCo side. So surely, there would have been some investments done. Can you quantify how much have we done on that side? And has that also contributed to the increase in the interest cost?

Rahul Jain: See, again, that it's a overall cash utilization position. So our overall DevCo investment is expected to be INR500 crores on a revolving in nature. Currently, we will probably in the range of INR200 crores to INR300 crores. So it remains like that. If there was no investment in DevCo, obviously, there would have been a better cash position that was available with us. But I don't think we need to look at it from that perspective.

It's an overall working capital position that has led to slightly higher interest costs. Like I said, our overall rates are lower than what we had started the year with and last year as well. So positive more than negatives.

- Amit Bhide:** Right. Got that. Just 1 more thing. If you can just talk us through the capex plan because now we have sufficient capacity of 4.5 gigawatt at hand for the domestic market, but now we are launching newer turbines on the export side, etcetera. So how should one think about your capex investment or any capacity addition on that front?
- Ajay Kapur:** So, capex, we had guided even earlier calls also closer to INR700 crores plus minus, maybe INR100 crores depending on the timing and sometimes permits and local issues. By and large, that guidance remains intact.
- Rahul Jain:** Just to add to what Ajay said, Amit, the point is that the capex is to support our growth and capacity expansion. And the 5-megawatt series and others, as they come in, they will need certain blade factories, which we are now investing in AI-enabled blade factories as well, like we said in our opening remarks as well. So, it's investing into the future rather than just looking at the current 4.5 gigawatt capacity.
- Amit Bhide:** Is any of these investments closer to the end market like in the foreign geographies that you're making?
- Rahul Jain:** No, These are all currently in India. As of now, the foreign strategy is to be able to manufacture in India and sell globally. And the products that we are making are for the global markets as well.
- Moderator:** Our next question comes from the line of Nikhil Abhyankar with UTI Mutual Fund.
- Nikhil Abhyankar:** First question in line with the earlier question regarding the gross margin. So is it fair to assume that the impact on the gross margin was largely because of the change in mix and none of it was regarding the commodity inflation.
- Nikhil Abhyankar:** Impact on gross margin was largely owing to the change in mix between EPC and WTG supply or there was also some component because of the commodity inflation.
- Rahul Jain:** So again, yes, I understand your question, Nikhil. The mix with respect to the AMS business, which is a higher margin business versus supply of, let's say, the RE Solutions business, is the one that has impacted it. Obviously, there is some impact of onetime costs as well, like some of the other participants have talked about. But yes, largely, what you are saying is right.
- Nikhil Abhyankar:** And sir, the capex plan of INR700-odd crores, does it include the DevCo investment?
- Ajay Kapur:** No. No, that's separate. This is capex. Pure capex.
- Rahul Jain:** So DevCo is essentially buying the land and connectivity and others, right? That is essentially inventoried.
- Moderator:** Our next question comes from the line of Priyesh Babariya with Mahindra Manulife Mutual Fund.
- Priyesh Babariya:** So just 1 question with respect to DevCo model. Earlier, we were actually expected to limit our investment to, let's say, INR250 crores to INR300 crores. Now we are expecting to actually

increase it to INR500 crores. I mean, do we have any kind of a restriction in terms of how much we can invest in this particular business? Or this can actually grow beyond INR500 crores as well?

Rahul Jain:

Thank you for the question. I think the INR250 crores number that you are talking about is a very long back number. I think we have come to a state where we -- I think even when we were talking about Suzlon 2.0 strategy, we have talked about this as a INR500 crores number even at that point in time.

As of now, that's the cap that we have. If there is a change on it, we'll certainly come back and give you the positioning around it, but that's what we've kept our, let's say, finance to guardrail around.

Moderator:

Our next question comes from the line of Neil Ostwal with PGIM India Asset Management.

Neil Ostwal:

Two questions. First, as your share of EPC increases, do you expect a working capital cycle to worsen materially? And second, if you can share some details on the BESS side, I mean some specifics regarding the partnership that you're exploring, if you can share something?

Rahul Jain:

Let me just answer the working capital question first and then I'll give it over to Ajay to answer the other question. On the working capital cycle, again, I don't think EPC creates a negative

We are working on various tracks to improve the working capital cycle and I am happy to report that when you look at our numbers and when you look at our statement, that has been in the investor presentation, we will see a significant reduction in the number right? So I think EPC or non-EPC working capital cycle is what it is. It is not negatively impacted by EPC.

Ajay Kapur:

Yes. That's very true. Regarding BESS, we are currently in a state where we are discussing with our various potential partners. We already had few rounds. Some of them are quite encouraging. And I think that in the next couple of months, we should be able to close those partnerships and the first cut arrangements.

Our target is that by FY31, we want to come with 3.1 gigawatts and we are working in that direction. So basically, we are looking at tying up with some partners and some meetings, as I mentioned, already happened. So it will take time. But we want to do it right because again, this sector, if you don't get it right, you end up not creating value accretive. We want to do that.

Because for us, the core of the whole strategy is that our RE solutions is to enable us to optimize the wind sites in the DevCo model. And at the same time, all the customers' pain point where he is looking at a complete RE end-to-end versus pure wind.

And therefore, we are doing BESS and then also solar and hybrid. What we have also done is hybrid controllers through our simple R&D. A few customers have already signed up with us for pilot orders. So I think that's something we're already progressing ahead of time.

Moderator:

Our next question comes from the line of Abhishek from Motilal Oswal.

- Abhishek:** Two questions. First, can you tell us a little bit about the pricing difference versus the global WTG manufacturers? Because You're trying to go in Australia and Europe and all these places. What kind of competition are we facing from the local players, from the Chinese. So that's my first question.
- Ajay Kapur:** So Abhishek, when we are looking at the international market, we are -- when we talk to our customers there -- it's not just Chinese. It's basically in every country of 2 or 3 big players. Suzlon has been there at some point or the other in the past. So they are looking at as a good alternate to those 2 or 3. Some of them are already using Suzlon turbines, which is supplied long back.
- Some of them already have Suzlon fleet, which is being managed by our international operations and maintenance teams. So, it's -- I think we are also picking up our markets where, for example, smaller turbines, 2-megawatt series for repowering is something an order we believe we should be able to procure from Europe and Australia.
- So here, we don't compete with China, we don't compete with -- on price alone. We purely compete on the product and the delivery -- and finally, I think it will be all coming out of India, and we should be pricing at par with the local players, give or take, something should be done as part of the marketing strategy. But we are not really looking at competing on price. We are purely looking at competing on total value add, energy.
- Abhishek:** Got it. Got it. And the second question is that if I look at the local market, then utility scale ordering has come off quite significantly from 50 gigawatt almost 2 years back. And there has also been some INR depreciation. So how has pricing moved in the domestic market? Has there been some pressure over there?
- Ajay Kapur:** Wind is traction. There is a good traction.
- Abhishek:** I think the realization is Okay.
- Ajay Kapur:** Yes. So, I'm saying there's a good traction of wind...
- Abhishek:** I think realization has gone up from 5 points sorry, from 5.3 to 6.2. But if we exclude EPC and just talk about WTG, then how is that coming along? Sorry, yes, go ahead please.
- Ajay Kapur:** So, when we look at the current bids in the market, there are almost 5 gigawatts of bids in the market right now as I speak to you.
- With the DevCo-led model, we want to solve the challenge of our long lead time for wind assets to be put in place. So I think the question is not about the demand. I think the question is execution. Since in the evening hours, wind is the only solution in the RE space. I think that's where the opportunity and the same time, challenge lies. I don't know if I've answered your question, Abhishek.
- Abhishek:** Yes. No, I was specially asking about the pricing movement in the domestic market? And is there -- has there been any pressure because of INR depreciation?

- Ajay Kapur:** More or less same, more or less same. I mean, yes, your INR depreciation has happened. For example, at the same time, as we ramp up our volumes, for example, our 3-megawatt series, we already done 9 gigawatt of orders. So that also gives you alternate suppliers, you also develop your ecosystems of supplier databases and you keep optimizing your cost -- so I think it's a constant movement on cost optimization, volume, and it's end of the day volume game. As you ramp up volumes, you also bring your unit cost down.
- Moderator:** Next question comes from the line of Nitin Kaushik from Afin Capital Private Limited.
- Nitin Kaushik:** My question was regarding the Investor Day presentation, in which you mentioned the renewable energy sales of 10 gigawatt, which is for a current amount. Sir, I was asking that your current capacity is 4.5 gigawatt, so how would you achieve that 10 gigawatt sales? Even if you consider a capacity expansion, won't it take some time to properly ramp up the additional capacity?
- Ajay Kapur:** Very good question, Nitin. I'm glad you asked it. Our presentation for Investor Day was for FY31, which is 5 years from now. And we said 10 gigawatt sales of RE, which would include wind as well as solar and BESS. We also mentioned that you can take a 75-25 breakup. So, we are looking at 7,500 MW wind, and we are 5 years from now with capacity is already 4,500 MW.
- We are making investments in new plants. As we will migrate to higher turbines, the same plants will start making from 3 to 5 and then onwards. So, I think this question is also asked by somebody. At the current capacity, if you start making different turbine translates to already 7,500 -- and we have enough time for transition towards our FY31 ambition-- and right now, we are focusing on FY27 and '28.
- And I think with every passing year, we will keep updating our FY31 forecast, which we had made only 2 months back. I hope I've clarified your question.
- Moderator:** Our next question comes from the line of Nilkhil Toptani with Kizuna.
- Nilkhil Toptani:** First question is like you said that our 10% to 20% deliveries were deferred to subsequent periods. So, can we assume that the Q2 those deliveries will happen?
- Rahul Jain:** So, Nikhil, to just quickly answer your question, I think we have to look at it from an H1, H2 perspective, like I answered 1 of the previous questions. We are roughly about 35%-40% in H1 and, let's say, 60%, 65%. I think that trend continues, Nikhil.
- Nilkhil Toptani:** Okay, sir. And my second question will be on the lines of our contribution margin.
- Rahul Jain:** I didn't get the question.
- Nilkhil Toptani:** Sir, I wanted to ask a second question on lines of contribution margin. Did our contribution margin came down because of EPC mix going up. And let's assume that we have a 50%, 50% mix of the EPC business and 50% of the wind turbine deliveries. So, what are the steady-state margin that we are looking at?

- Rahul Jain:** The way to look at it is not EPC versus non-EPC. The way to look at it is the RE solutions business and the RE AMS business. We've said this in the past, the AMS business typically has higher margins because of the service nature of the business. As, let's say, the volumes of the sales on the WTG ramps up, the mix changes, which leads to a slightly lower margin. I think that is the way to look at, not looking at it from a EPC, non-EPC perspective.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, sir.
- Ajay Kapur:** Thank you very much, everyone, for participating on Suzlon Energy's Q1 FY27 Call. We hope to have answered most of your questions. If not, please do connect with our Investor Relations team. We will be happy to answer the questions that you have for information in the public domain. Thank you very much.
- Moderator:** Thank you so much, sir. Ladies and gentlemen, on behalf of Suzlon Energy Limited, that concludes today's conference. Thank you for joining us, and you may now disconnect your line.