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May 22, 2026

To,
The BSE Limited,
Corporate Relationship Department,
1st Floor New Trading Building,
Rotunda Building,
P.J. Towers, Dalal Street,
Fort, Mumbai - 400 001

To,
Corporate Communications,
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051.

Scrip Code : 541929

Security ID : SGIL

Sub: Transcript of Conference Call with Analysts / Investors on Audited Financial Results for the Quarter and year ended on March 31, 2026.

Ref: Regulation 30 & 46 read with Clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is in continuation of our letter dated May 13, 2026 to give intimation of the subject mentioned conference call and subsequently furnishing the web link for accessing the Audio recording of the said conference call vide our letter dated May 20, 2026.

In terms of the subject referred regulations, please find attached the transcript of the Conference Call held on May 19, 2026 with Analysts / Investors on Audited Financial Results of the Company for the Quarter and Year ended on March 31, 2026.

Please note that the said transcript has also been uploaded on the website of the Company (www.synergygreenind.com) which can be accessed at the following link:

Link: <https://synergygreenind.com/investors-relations/>

This is for your information and records Yours faithfully,

For Synergy Green Industries Ltd.

Nilesh Mohan Mankar
Digitally signed by
Nilesh Mohan Mankar
Date: 2026.05.22
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Nilesh M. Mankar
Company Secretary & Compliance Officer
Memb.No.A39928





SYNERGY GREEN INDUSTRIES LIMITED

Q4 FY2026 Earnings Call

19th May, 2026

**MANAGEMENT REPRESENTATIVE: MR. V.S. REDDY, EXECUTIVE DIRECTOR,
MS. SHREYA SHIRGAOKAR, AVP- COMMERCIALS,
MR. NILESH MANKAR, COMPANY SECRETARY
& COMPLIANCE OFFICER**

Nilesh Mankar: This is a disclaimer from company's side.

This is the agenda.

First, we will give the brief introduction about the company. Then Ms. Shreya will give the presentation about the quarter 4 financial statement. And after that, Q&A session will be handled by Reddy Sir.

These are the guidelines regarding asking the question. You can take a print screen and you can go through detail. Next.

So, dear participant, welcome to the Q4 financial year 2025-26 earning call and investor presentation of Synergy Green Industries Limited. Synergy Green Industries Limited is one of the India's leading state-of-the-art foundries producing SG grey iron and steel casting for wind turbines, wind gearbox and general engineering industries in the wide range from 3 metric ton to 30 metric ton. Synergy Green has an installed capacity of 45,000 metric ton per annum and in-house machine facility of 20,000 metric ton per annum capacity.

The company houses based in class equipment, IT infrastructure and quality testing facilities and is a top supplier to major wind OEMs as well as leading gearbox players in the world. SGIL is a part of Shirgaokar Group which has diversified business interest over its 80 plus year history spanning across sugar manufacturing, foundries, hospitality and market research among others. We have with us Mr. VS Reddy, Executive Director, Ms. Shreya Shirgaokar, Associate Vice Presidents and myself Nilesh Mankar, Company Secretary.

Now Ms. Shreya will be presenting the highlights of quarter 4 earnings and take us through the key areas of the development in the investor presentation. Over to you Shreya.

Shreya Shirgaokar: Good evening, everyone.

I'll be walking you through the key highlights of the investor presentation. So the global as well as Indian wind industry performed well in FY in 2025. Global wind installations grew by 40 percent and global wind installations stood at 164.6 GW.

This was mainly led by the APAC region to name India and China specifically. India was the second largest country for wind installations in 2025. Indian wind installations in FY26 grew by 85 percent and it stood at 6.34 GW for the year.

Going forward the industry going forward by 2030 global wind installations are expected to exceed 2 terawatts and there is still a gap as per GWEC's report of around 77 percent of required capacity for the net zero pathway outlined. There are also key drivers in the domestic wind driving growth over the next several years. Looking at the company profile, we have state of the art facilities based out of Kolhapur in Maharashtra.

Our foundry capacity stands at 45,000 tons per annum and machining and surface treatment facilities that were established in the current FY stand at 20,000 tons per annum. To draw your attention to certain quality certifications that we've added in the current year besides

the ISO certifications of 9001, 14001, 18001 as well as 27001 and 50001 we have recently been qualified for the 400 by 18 SSDI grade in addition to the TPG certification as well. Our customers are spread across wind as well as non-wind and we work with six out of the 15 leading global OEMs in the world.

As of 2025 we have on our board Vestas, Siemens Gamesa which is now Viona, Senvion Adani, Envision, GE, Nordex as well as Flender and ZF from the wind gearbox segment. Besides this we've also added new customers in the non-wind segment besides Terex, Millikron and Willow. We now have Mahindra as well as L&T on our board.

FY26 was a big year of strategic transformation for the company. We've achieved several milestones in the current FY. We expanded our foundry capacity. It was a brownfield expansion and we expanded from 30,000 to 45,000 tons per annum. We've also increased the maximum casting weight produced in the foundry up from 23 metric tons to 30 metric tons of single piece. This now enables us for production up to the five-megawatt turbines.

We also added machining and coating capacities by establishing a new plant close to our foundry of 20,000 tons per annum capacity. The commissioning and development of this plant happened within a very short span of time including manpower onboarding, customer development and training. In the current FY26 we've had 12 new product developments for major OEMs including new customers as well as new products for old customers enabling us to enhance our capacity utilization.

Additionally, we also have 10 megawatts of solar captive capacity from October 2025 onboarded. FY27 presents us with a lot of opportunities as well as key priorities that need to be our focus areas. In terms of opportunities there is a strong order book outlook which supports our growth visibility for the year.

Additionally, the INR depreciating against the USD by about 10 percent over the last 12 months and over the Chinese won by 20 percent has improved our export as well as domestic competitiveness. The key priorities for us in the coming year are to mitigate the input cost inflation that is arising from the West Asia geopolitical tensions which we're seeing early signs of already in FY26. We can achieve this through manufacturing efficiencies as well as calibrated price pass-throughs.

We also aim to focus on stabilization and ramp up of our expanded foundry as well as machining capacities in order to drive utilization and operating leverage. These are some of the strategic initiatives that have laid the foundation for our future growth as well as margin expansion. Taking a look at the annual capacity utilization FY25-26 capacity utilization at a 30,000 metric ton level stood at 93 percent which is at peak levels.

In the current FY we plan to achieve about 80 percent of our expanded capacities utilized. Here is a summary of the audited financial results. A look at the income statement.

Total income for the quarter ended 31st March 2026 stood at 123.45 crores. PBDIT stood at 14.83 crores which translates to a 12.01 percent margin. Similarly for the year ended 31st March 2026 the total income stood at 376 crores and PBDIT stood at 48.67 crores translating to a PBDIT margin of 13.10 percent.

The depreciation and amortization expenses for the year ended 31st March 2026 stood at 20.33 crores as well as finance cost stood at 20.79 crores. These are mainly attributable to the CAPEX program that we've set throughout the year. There are several revenues as well as profitability parameters throughout that I would like to highlight over here.

So, for the revenue certain project delays as well as operational disruptions which happened due to the brownfield expansion constrained our revenues growths. Existing facilities also operated near peak utilization prior to the commissioning of the expanded capacity. Profitability parameters included higher outsourcing costs during the relocation and facility transition, increase in manpower as well as overhead costs associated with the new facility establishment, lower export realizations due to discounted pricing which factored in in-house machining which is currently under development and certain early impacts of commodity as well as energy cost inflations on account of the West Asia conflict.

Looking at an overview of the balance sheet the total the net worth as on 31st March 2026 stood at 111 crores. Long-term borrowings grew in line with our strategic investments throughout the year. Our revenue streams are divided across five areas segments, wind domestic, OEM exports, direct exports, gearbox as well as non-wind.

We had a 3.5% growth in revenue in the current FY26. It was mainly muted due to project delays and operational disruptions throughout the brownfield expansion. In FY27 with the expanded capacity that is coming in hand as well as the new customer development there is a visibility for a healthy double-digit revenue growth.

We're projecting a 33% growth that takes our revenues to 500 crores in FY27. Looking at the PBDIT over the period, PBDIT margins stood at 13.1% in FY26. This is an 8% drop at an absolute level over the previous financial year.

Strategic investments along with the projected revenue growth are expected to together strengthen our margin by over 300 basis points in FY27. Looking at the FY27 performance outlook just to sum up we've projected a revenue growth of about 33% with new customer additions as well as enhanced capacity. Our export revenues are projected to remain stable in line with the previous year's contributing around 25 to 30% of our revenue and PBDIT margins are expected to expand by over 300 basis points year-on-year.

With this I close the presentation and I open the floor for Q&A.

V.S. Reddy: Good evening, everyone. Once again thank you all for joining this call. I request Mr Nitin Dharmawat sir, please go ahead with your question.

Niteen Dharmawat: Yeah, thank you for the opportunity, sir. Am I audible?

V.S. Reddy: Yes sir, please go-ahead sir.

Niteen Dharmawat: Okay so sir we did mention last time I remember that next year 530-550 crore revenue possible. So why are we now taking 500 crore revenue projection and what is the margin guidance for financial year 27? We said that we will have 300% upside possibility in the margin. So, can you please elaborate on the two points? See there are two aspects.

V.S. Reddy: If you look at order book perspective, I see closer to 530 or 550 level actually because we have added a lot of new customers and already confirmations are there from the majority of the OEMs actually. The second thing is whatever the expanded capacity we see a quarter or two there will be a ramp up this thing because we have almost 30-40% new people added into the team the train and other thing that is one. The second thing is because we are starting with a totally fresh capacity generally my observation is in the previous historical this thing the first quarter and second quarter particularly, I'm talking domestic market will be little slow in take-off actually you know but this year I see very strong this thing.

So always there was an expectation from the university under committed and over perform actually considering all those things it may be between in the 500 to 530 range but as of now we are given a guidance of 500 plus kind of the revenue guidance. Regarding the margin expansion she has already mentioned there are two key things for us like if we instead of 500 if I do 530 probably I'll get another 100 basis point extra the margins because overheads are already covered then the margin directly the higher revenues directly add to the margin actually but at the same time in the last three months I'm talking about from the month of January government of India has put some restrictions on the Chinese import of the steel material which has given at least sign of commodity prices escalation actually no then thereafter from the mid of February onwards once this Iran story has started there is almost 20 percent rise in the commodity world. Of course, there is not much challenge with the commodity because we get the competition from the customer but again it comes with one cutter lag.

Now it's a difficult thing to predict how this is going to unfold in the going forward actually we're little cautious on the commodity side if it stays at this level it's good means I don't see any big thing but if it is on the continuous rising cycle always there will be one quarter lag from that so that there could be that small effect in that. There is a third thing whenever inflation is on the rising side it's not just the commodity many other elements also goes up actually you know so we are little bit conscious on the input side and the last thing is from in the month of there was a dispute going on between the MSCB electricity board and the users about the banking of the facilities even though we added 10 megawatt there are some changes in the policy which this is in a legal system the debate is going on. Due to that there are some lapse units in the last three four months actually you know of course with increased capacity we don't have that risk of solar generation units not using but till we ramp up that capacity there will be a little bit of and on the positive side if you look at we have a very good this thing you know export revenues current year particularly for Nordex also coming into the picture now Vestas also there and currency depreciating should be a very positive thing and

third thing is Yuan also has appreciated INR has depreciated a lot against the Yuan actually no so today I don't see big pressure from the price pressure from the Chinese imports because we're already quite competitive or even cheaper than the landed first basis Chinese as you know this is the overall situation I see means it's a well-balanced guidance we have given yes there is a range we can maybe somewhere on 500 to 530 but that's the thing which you again on the margin side also I have mentioned about the parameters which can influence our margin actually.

Niteen Dharmawat: I got it so there is a possibility of upside by 100 basis point in case we reach 530 is that a correct understanding?

V.S. Reddy: You are right you are right you are right because majority of the overheads get covered at a 500 level so that 30 will come with the gross contribution directly goes to the margins.

Niteen Dharmawat: And for that we are assuming that stability of the raw material prices remains or there is a lag of three months in the escalation of the prices.

V.S. Reddy: You are right you are right because if this commodity remains stable and something resolution happens there's no issue but if it goes on continuously upward the cycle then always, we carry this lag actually no.

Niteen Dharmawat: So now as you said that first two quarters are a little challenging and 15 days of this quarter has already gone out of 90 days not a big time but 15 days you've seen that so considering your previous experience of last one decade how do you see this 15 days have gone so far in terms of demand both domestic and overseas and was there a significant margin?

V.S. Reddy: Yeah my observation is generally there will not be much changes in the they are very firm actually no the challenge only with a domestic OEM so there will be a some rescheduling or fluctuation in the schedules actually no and the second thing is we have also seen the execution is in the ratio of 45:55 means first half is closer to it's a very approximate number I can spell out so 55 percent of the revenue comes on the second half and 45 percent of the revenues comes from the first half of the year actually no and it seems as of now whatever of course it's a very early period we're just one month now so we should be able to catch up with this number section no.

Niteen Dharmawat: Is there any logistics challenges you have seen because of the middle east crisis especially with regard to the export from our side or it is smooth for us?

V.S. Reddy: You're right you raise a valid point see what is happening is a lot of our customers or anybody they are taking exports many of the consignment got stuck in the midway actually now they're taking it through longer routes of course fortunately our scope is from exports or fca so we are not taking the responsibility on the logistic there is a lot of volatility in the shipping cost and other thing including insurance and all but that is not part of other thing

but as of now I we did not see any much impact on the demand because of all those things actually so you should be able to agree with the numbers actually.

Niteen Dharmawat: got it got it and what is the current capacity utilization if you can give some details about that you mentioned about last financial year and you talked about the next financial year with the expanded capacity what is the current capacity utilization

V.S. Reddy: see now we are doing this month we may do closer to two and a half thousand tons which is about two thirty thousand tons okay which is almost 100 percent of the capacity but it will take two three months before we ramp up another thing what we noticed in the early period is earlier we were operating with only two OEMs whether it is Vestas or Gamesa are four products but now we have developed a lot of products 12 products you know means complexity of the operations have gone up plus the new plant and the new people when I put all those things in place it takes some time for us to stabilize and synchronize with all this new scenario as you know even though we have added a lot of OEMs actually these patterns are the products which we have already have they are capable of giving a revenue of comfortably around 780 crores or even go much beyond the number as you know so we need to tackle the distribution of the schedules across the OEMs because when you add more product always utilization becomes a challenge because of the change in product and the variety as you know so we are trying to manage what you call adjust according to the new the trend and we're trying to synchronize the production with a full capacity utilization and it may take say maybe four five months to come to 80 by 90 percent kind of the level actually gradually the ramp up should happen so we are saying second quarter should be able to gear up the good thing you know and as far as the machining is concerned we have already commissioned five machines fifth machine sixth machine last which should be happening another two three weeks' time and three four machines already got stabilization we are at an around 50 percent kind of the capacity relation again machining is also all 12 products needs to develop we have completed another 30 40 percent of the product development on the machining side because it is a long cycle when I take up the machining of the first component it takes somewhere anywhere between 7 to 10 days to establish the first product as you know second time one it may take four days or five days gradually it will taper down to optimal level we have also seen the sudden products which were doing for last two three months it has already reached the optimal that's a good sign but we need to handle all these products establish the machining and then everything gets synchronized actually you know it may take a quarter or plus three to four months I expect to come to the completely synchronized level,

Niteen Dharmawat: Since a couple of machines are already you know established and reaching towards you know stability of the operation so do you see quarter one margins because machining was something where we were expecting you know margin boost so do you see any possibility of having some improvement in the margin with respect to the previous year for quarter one.

V.S. Reddy: Yes most probably q2 should catch up because first we have to set up the overhead first quarter we are mainly focusing on the product development even though the machining is happening but we are trying to take all the products on our board actually you know that's the first thing so I don't see any significant thing coming on the first quarter because of the machining because more than 50 60 percent of the time it's going to take for the development activities you know once that is done q2 should give a good progress on the margin expansion side.

Niteen Dharmawat: Got it and what is the further capex plan if you can elaborate that also.

V.S. Reddy: As I mentioned market is very bullish means very strong actually particularly I'm talking about the export market with someone like Nordex coming in even we are almost on the verge of finalizing the big contract with vestas which is closer to the next financial year we have secured a contract which needs to be signed that is between January 2027 to December 2027 almost 30 40 percent decent growth over the historical numbers actually you know and second most important thing is the domestic market if you look at last year is almost 70 percent growth we see even another 30 40 percent growth in the current financial result I see a strong momentum in the domestic market as well so that should be a very strong order book within no time we should be able to come to a level of shortage of capacity again maybe we will come back to you with the further this thing you know in this progress we are looking for a land because that is the biggest challenge in the earlier case we have seen it there is some progress is happening let us see this year we have a target at least to acquire the land if we are able to do that then next year definitely we should be able to look at adding the next.

Niteen Dharmawat: Because if we are saying that we will be you know at 90 capacity utilization in this year then we will have a challenge of further you know capacity ramp up so that plan is something that we have to think now.

V.S. Reddy: Yes you are right so presently how we are looking at is first quarter and second quarter to stabilize and get the revenue going this is one plus try to next to six to nine months can we acquire the land this is what the target we have in our mind and once that is done the next year definitely we can look at the further additional this thing you know depending on the overall progress of the our business and also on the market side actually.

Niteen Dharmawat: so, what is the long-term debt that we have now

V.S. Reddy: I think as of now it is borrowed around 160 crores 165 but still there are some money has to be drawn for the balance of the machine payments and other things are there and some repayment also close by this year so I expect a closing balance sheet of FY27.

Niteen Dharmawat: Sorry your voice

V.S. Reddy: yeah hello yeah know what I'm going to say is yeah last year our debt is around 165 crores closer to that number and the current year still I have some money to be drawn to some payments to be done for the final commissioning the payments to the capex whatever is going on so considering all those things I expect maybe 175-180 crores by end of the year

Niteen Dharmawat: oh, peaked debt will be around

V.S. Reddy: yeah, and with a debt ratio closer to 1.5 or something like that below 1.5

Niteen Dharmawat: And have you considered the capacity expansion land purchase in this or that will be extra

V.S. Reddy: we need to see means in the current year revenue so can we add that because land cannot be acquired through debt actually no it has to be done through the internal accrual nobody funds for the land acquisition it has to be funded through internal work

Niteen Dharmawat: no, I mean to say that considering that because some cash flow will go whether it is coming from debt or from internal accrual because internal accrual otherwise would have gone to for deep debt requirement so from cash flow perspective, I think that have you considered that also in this

V.S. Reddy: okay if I have to put this thing definitely I don't see any this debt number going up even if land acquired maybe plus minus 10 crores here and there actually no because land we are looking at somewhere around 15-16 acres of land which is a in our closer proximity may cost around 25 or something like that so maximum it may 10 crores plus minus can happen depending on the situation actually no

Niteen Dharmawat: got it got it thank you and wishing you best sir

V.S. Reddy: you are most welcome sir thanks a lot may I request Jiten Parmar sir you please unmute yourself and go ahead with your question.

Jiten Parmar: so yeah, most of my questions were answered some questions were asked and some was there already in your answers so good evening again and so one of the questions I have is any of our raw material is imported do we or everything is domestic

V.S. Reddy: Pig iron we import this is one not pig iron not 100 percent there is a special grade pig iron is there that we call it as a high purity soil pig iron generally it is imported from and we also import the resin these are the two major important if I have to figure out the import content versus the domestic procurement it should be around 10-12 percent should be the input content in our raw material purchases.

Jiten Parmar: Okay so with the currency weakening that would affect that proportion of our imports so how much does it put on the on the is it a pass on or how does it work

V.S. Reddy: actually if you don't resin is a person with majority of the clients means that is a directly whatever the purchase cost gets the person but there are a lot of other small small things doesn't form of the part of the indexation so there are two kind of pricing mechanism works one is the what you call a class items bigger and crc and for on this and these three things gets indexed on a quarterly basis but rest of the all elements gets adjusted in the annual pricing actually you know there may be a some 50 basis point kind of here and there but see this year is a very transformation year for us there are a lot of positive things because of the what you call capacity enhancement and also machining coming in solar coming in and all so we should be able to still achieve the margin expansion actually in spite of all these scenarios

Jiten Parmar: perfect uh now see we are guiding for a 80 to and if we do 530 crores maybe 85 90 percent capacity utilization or at least we will you know end up in the last quarters with that those kind of 80 by 90 percent capacity utilization so when is it that you know you already mentioned that you're already looking for land and all that but when do we uh finalize you know expansion plans because we can see the growth coming for this year but what about next year how uh how we can you know grow uh so that is that is my question uh in the sense that you know what are we planning so that you know this growth can continue I mean not similar but a sustainable growth can continue .

V.S. Reddy: Understand see we are looking at a CAGR growth percentage that is one the current year if you look at 33 percent growth what we have forecast at 500 and crores top line and of course last year we did not have any sizable growth. So, if you look at the previous year point of view, we are targeting somewhere around 15 to 20 percent CAGR growth. Now coming back to your question if current year we do around 500 I see a headroom up to another 10-15 percent growth for the next financial for sure.

So next year growth is visible because we'll be entering with a fully stabilized plan with all established customer, we should be able to get a better revenue and prior to completion of the next year definitely we'd like to get some capacities for the FF28. So, we are aligning ourself with growth trajectory and also, we'd like to manage our debt because today what we have like Niteen ji whatever he asked the total the closing debt somewhere around 170 or 180 crores. If we have a good balance sheet next year maybe below 100 crores 70-80 crores it is a very comfortable less than 1 for sure debt-to-equity ratio or 0.8 kind of thing and we are good to move actually.

Jiten Parmar: Okay so generally when you decide that okay now, we want to go for expansion till the time the everything is put up what is the period it takes for all that to happen.

V.S. Reddy: Yeah, we are looking at somewhere around Q3 is a good working number actually. So Q3 is aligned I think we should be in a position to move. Okay no so my question is let's say you in the Q3 where will you be preparing for the next expansion cycle. Yeah, Q3 numbers should be a good point because we also because Q1 Q2 will be a lot of domestic market as I mentioned there can be some kind of volatility means because of the particularly what happens Q1 for every manufacturing industry in the country will always be slow start on the Indian business model but Q2 due to rainy season the installations will be little less because the project sites and others are not accessible. So Q2 domestic market generally there will not be much pressure Q3 people start and Q4 is the peak pressure this is how it works actually you know seasonality basically.

Jiten Parmar: Yeah, no so my question was more towards that let's say in Q3 we decide that we want to go for expansion. So, putting up the financial plan in place whatever is required this thing that and then actually for commissioning of the expansion how much time it takes.

V.S. Reddy: you can take some around 15 months kind of the timeline. So let us take an example of Q3 numbers are there and we initiate something and Q1 of FY28 okay you initiate then by Q2 of FY29 should be there this capacity actually you know means then this year we are already having growth next year we get around 15-20 percent growth and the forthcoming year partially we get the growth from like that we can see a seamless growth for the upcoming year actually.

Jiten Parmar: Perfect, perfect. So can we optimize our capacity and get some levers in the sense that you know if we do the higher castings and all that and can we optimize it to that you know that we can get some higher revenue potential from the existing facilities.

V.S. Reddy: Yes it is possible our observation is if we restrict the product mix this capacity can easily be stretched by 10-15 percent or even 20 percent actually you know but we are focusing on broadening our client base if I do only with two clients probably my capacity will be almost 100 percent kind of thing because when I add more product variety then my productivity is little lower actually you know but again we do not want to restrict the new coming customers just because we would like to optimize the existing facility because they are going to create as a platform for the next unit actually you know this is how we are looking at.

Jiten Parmar: Perfect.

V.S. Reddy: Thank you sir. May I request Mr. Vinit Thakur to unmute yourself and go ahead with your question please.

Vinit Thakur: Hi sir thank you for the opportunity most of my questions are already answered but I would just like you to reiterate the same for me that if that's all right for you I just would like to know what are the other why is the other income so high sir this year this you are in this quarter itself.

V.S. Reddy: Yeah there are two things one is a foreign exchange the fluctuation that is one the second is as we mentioned in the previous quarter call also there is the what we put as a deposits this rights issue money what we put deposit money interest is also into the other generally we have something called as a duty drawback that is mainly related the associated with the top line so when you do exports we get some incentives and also this thing you know RODTEP there is an export incentive and the duty drawback so these are the two incentives goes into the other income actually you know.

Vinit Thakur: So, sir could you explain what is what does the percentage of duty travel you will get if you do x amount of revenue what percentage of travel you get back and how do you

V.S. Reddy: two percent of the top line we get the duty drawback

Vinit Thakur: so, all the exports yeah

V.S. Reddy: two percent of the export revenue we get the export to incentive.

Vinit Thakur: I know we've spoken about capex a lot but could you just give me the capex guidelines for next two years or do we have a schedule for next two years what are you estimating.

V.S. Reddy: In the existing the plant we almost got a peak the capex cycle barring today we have invested for a 50% of the machining capacity if you want we can go it but we have to prioritize whether it is a capacity addition or further go with the replacing the machining outsourcing actually no so it will be decided based upon how the industry progress in the next two three quarters based upon that we will be investing into the current capex barring some small investments into the product development some tooling and other things I don't see any big capex in the current the plant as far as the new greenfield project is concerned because now dollar is going every day here and there will be a good amount of import content we need to see how the project cost is going to work out earlier our estimate was standing between around 500 to 600 crores this is what the rough estimate what we had but we need to do this working but presently our priority is to whatever that we have invested we would like to look at because this is the nature yeah sorry yeah please go

Vinit Thakur: it so what was waiting actually I could not hear them after the project cost you mentioned

V.S. Reddy: yeah the point what I'm doing is this the earlier our estimate was closer to 500 600 crores that is including our founding around 50 percent in-house machining and also the captive renewables these are the three combinations which we have worked out but this cost needs to be reassessed based on the currency and other things probably this will be doing somewhere on q2 q3 this exercise and we'll have a better clarity

Vinit Thakur: So, sir, have you already invested some capital in this and if so, what would be the amount of content

V.S. Reddy: No Current year we have done about 250 crores for the existing facilities that is a foundry expansion and the machining and the as far as the new plant is concerned, we're only planning to take up land acquisition in the current financial year the balance of the majority of the capex is going to happen in the upcoming financial years

Vinit Thakur: And so, what do we do funded by debt or internal accruals or it will be a mix of both

V.S. Reddy: See this year what we have done is the current 250 crores capex is done through three combinations one is internal accruals second is partially with some amount we raise through the equity and through the debt so we're targeting somewhere around one is to one one point two kind of the distribution between the both debt and equity part of it

Vinit Thakur: okay so FY27 we don't have a clarity on how much capex are we going to do for this year as of correctly is it a correct understanding sir

V.S. Reddy: If the way we are planned Q3 and Q4 goes well the way we have projected and all the things definitely we'll be taking up with the capex cycle for the next financial year I'm talking not in 27. 27 as I mentioned it's a nominal thing only balancing and other things if anything required, we'll be doing a small capex but the big capex will happen in FY 28 onwards.

Vinit Thakur: okay thank you so much sir

V.S. Reddy: you're most welcome may request Mr Amitabh Vatsya please unmute yourself and go ahead with your question please

Amitabh Vatsya: hi sir thank you for the opportunity, yeah my question is on slightly more on a macro related to the industry dynamics like you have on boarded envision and they were trying to inboard win-win of some Chinese OEM's vis-a-vis you have European as well as American and in domestic OEM so what is your preference order and what is our strategy ahead in terms of picking or choosing up some product with respect to some OEM so that we can maximize on the margin front.

V.S. Reddy: There are two parts one is my comfort with MNC OEM's is very good because their schedules are very stable and what their project that happens uh there is a little challenging with respect to the domestic OEM's because there is a lot of rescheduling and other things happens that's what we have seen oscillations and third part is a Chinese OEM as you know it's also new for us I do believe they should perform the way other MNC OEM's are there but till date uh it's not up to the our expectation actually you know one reason could be China may be having a lot of conservative approach toward the Indian supply chain because they were able to get at a lower prices from China but in the last couple of months I have seen the very aggressive one is yuan uh going up 14 rupees plus which is almost 20 appreciation from the previous this thing I don't think now they have a choice to keep continuing with the importing of the uh China actually no so but we need to see wait and

watch actually you know how the emission unfolds in the going for so as and date we are operating with only one Chinese OEM that is a envision under the balance totally six major OEM's and half of it is from MNC half of it is from the domestic OEM's actually and pricing point of view we get better realization in the exports one is due to incentive and also second part is the currency and always will have some headroom but I would like to strike a balance between a domestic and export revenue the reason is um export is good but we should not be going overboard on the exports because export is subject to many external factors whether it is a policy tariffs currency so many things happen shipping and all those things actually you know so domestic is one thing we should be holding our court because that cannot be replaced say for example I have a better realization on the exports I move everything apart to the exports but domestic is going to manage with someone else right so we lose the domestic market so we should never lose means this is our thinking process we would like to strike a balance between domestic versus exports is margin is priority but before that protecting the market is also equally good priority.

Amitabh Vatsya: okay so do we have any order book kind of scheduling uh with OEM's and if you can share some light on that

V.S. Reddy: yes I have already mentioned of course I'll not be able to share the individual OEM wise but our revenue forecast what we are given in the split of 45-55 is the very rough number actually no across the quarters you can consider actually and these numbers what we are committing and this order book point of view I don't see any big problem a 530 kind of a thing um it all depends on how we compare and execute and also how the domestic OEM's perform that is the key factor for our achieving this number actually

Amitabh Vatsya: okay so I meant to say that order book in terms of visibility of order book for our next years or so like

V.S. Reddy: you're talking about FY28

Amitabh Vatsya: yeah yeah

V.S. Reddy: No, As I mentioned in the beginning, I don't see any problem but even 700 was kind of for the order book actually if you go and pull, I don't see that problem my bigger problem is on the capacity side actually no

Amitabh Vatsya: okay that's a good problem to have rather than having an order book problem

V.S. Reddy: we can't keep the ideal for keep waiting for him actually no we need to quickly come out so for synergy order book is never the issue.

Amitabh Vatsya: okay but do you see any alternatives they are looking out for because there are so many PLI incentives I mean not literally to wind OEM but as such there are so made in India push are there so any new competition coming up coming up or any big companies like reliance or dani getting into this domain

V.S. Reddy: no I don't think see it is a very small for a big player but big business for the smaller player that is one second is the entry barrier is very high even if any founding starts tomorrow morning nothing less than three to five years to come on board actually no one is planned establishment itself will take around 18 months needless to mention about the technology establishment and customer onboarding will take almost 12 months means three years is the minimum required and capacity to come and compete this energy anywhere between three to five years how I look at actually no so next at least four five years should not have even if anybody comes tomorrow morning itself

Amitabh Vatsya: okay one last question with respect to the non-wind portion of your business so did we have any initial success or any pipeline of non-wind business

V.S. Reddy: we got a L&T order for the what do you call power plant it was interesting thing to know that government is coming over with a 80 gigawatt of conventional power actually you know this was also surprising move we got a super thermal this thing you know so we got the order from that it's a new order for us and also we are in discussion with BHEL that will also likely to be get finalized actually these are the two new this thing only thing we are trying to debate ourselves are we taking too many orders this is a question internally we are debating ourselves problem what is happening is when I have more orders more products my efficiency and productivity my concentration is getting diverted actually no even though we see very good the value creation and other things are happening in the normal so now today we are we can choose where the high value high volume business is there we are not saying no but at some point it seems we need to consolidate this order intake actually this is what we are debating ourselves

Amitabh Vatsya: So, any margin sacrifice you have to do if you go on that super thermal side?

V.S. Reddy: no no than the existing you know that is not the issue but the problem is we cannot look at the purely margin point of view we should also look at the what you call the volumes because wind gives 100 crore business just like that but those kind of business will give 20 crores 30 crores so it doesn't add up to the our big number on the top line side

Amitabh Vatsya: But the kind of client like BHEL and L&T they have a huge of pipeline at least so to see I mean that you can I mean there's also.

V.S. Reddy: Yes I know because they are quoting they have order book up to 2037 like that is the number kind of numbers what they are quoting it you know so listening to these things we have gone ahead and started booking the order but at some point of time it's good thing is to have three countries actually you know so that is a better situation we can't do it overnight we need to nurture it over a period of time actually

Amitabh Vatsya: And if you can just last follow up on that what piece of a puzzle in the super thermal, we are solving in terms of product the piece the component which we are making

V.S. Reddy: No basically there will be a case yeah there will be a casings for this chamber as you know they are all the big casings 30 tons kind of the big casings so those two components were planning to supply today they are all imported there is no supplier in India but we are trying to make it an import substitute component actually.

Amitabh Vatsya: It's a part of turbine?

V.S. Reddy: Yeah, it's a part of the turbine it's part of the company okay thank you thank you may I request Mr Ankur Gulati to unmute yourself and go ahead

Ankur Gulati: So, what is the production or sales in terms of tonnage in q4?

V.S. Reddy: Q4 I think 6500 tons 6400

Ankur Gulati: So same as last quarter more or less right I think last quarter was 6675

V.S. Reddy: no, 7200 was the last quarter previous was 6500 and Q3 - 6200 and 7200 was the last quarter

Ankur Gulati: so, this quarter is 6400 approximately yes which means average realization is 185000 or 186000. is it correct?

V.S. Reddy: No No you should not look at that way because there will be something called as a work in progress and all generally, we get around 135 140 is the relation what we get

Ankur Gulati: so, can you give me the sales tonnage not the production tonnage.

V.S. Reddy: offhand I don't have if you write a mail I can reply it separately because this number I don't have the tracking immediately or if I have to spell out something actually we are done I think last year quarter 8000 tons plus sales wise because there was a inventory carry forward from the previous quarters this Q3 because there will always be cycles actually you know what I produced today I may not sell everything in the same quarter many a times this I produce for the future orders and then it gets converted in the upcoming quarters I think it's 8500 -9500 tons is the sales in the last quarter 8500.

Ankur Gulati: second what percentage of exports is FOB basis and CIF basis if you can spell

V.S. Reddy: you know everything is FOB.

Ankur Gulati: so, no shipment cost?

V.S. Reddy: no no we don't take only domestic we take the shipment but exports we don't take any shipment because we're seeing a lot of volatility in the shipping cost, we don't want to take that risk

Ankur Gulati: that's fine for 80 percent capacity utilization in FY27 you will have to sell roughly 36,000 quarter so 9000 per quarter run rate

V.S. Reddy: you are right

Ankur Gulati: Okay fair enough for FY28 can we go to 92 93 because new capacities will not come

V.S. Reddy: should be should be possible 90% plus kind of thing could happen

Ankur Gulati: And on your average utilization of 1.2 1.3 lakh what kind of escalation or is it index to the commodity?

V.S. Reddy: It's difficult to predict how commodity cycle is going to operate but generally we get around 140 you can take mean values.

Ankur Gulati: The relational is 140

V.S. Reddy: Yeah 135 140

Ankur Gulati: Last I think Shreya said 300 versus point margin expansion is the target for FY27 so that means 16 -16.5 broadly?

V.S. Reddy: yeah, you're right

Ankur Gulati: And this factors in all the machining benefits?

V.S. Reddy: Yes and we are also trying to see the both on the commodity cycle side because today we are on the lag side because the last quarter also there was a price increase current quarter also still it is in the increasing trend actually no assuming that this gets stabilized in this quarter next quarter and everything get absorbed in the quarter but if these keep on going up to the fourth quarter then there will be a lag actually

Ankur Gulati: And FY28, let's say 16- 16.5 goes up slightly more because the whole impact of a bit more operating leverage should come right another 50

V.S. Reddy: That's how we are given a guidance of 18 plus in our original the plan I think we are in line with that guidance

Ankur Gulati: okay all right thanks always you're most welcome. I mean given that we are let's say six months behind schedules to some extent the next phase of capex is now FY28 and right which means any fundraise is also now FY28 or FY28 mid not FY27 any equity fund

V.S. Reddy: see between mid of means if I get up the FY27 or early FY28 we are looking at the Q4 F27 or Q1 Q2 of FY28.

Ankur Gulati: And this quarter Q4 the manpower cost bump is let's say I think 11 crore is that a steady state-run rate now?

V.S. Reddy: yes, somewhere closer to but this is the full manpower cost at the peak capacity actually no maybe means where it has gone to the majority of the level yeah, it's already there

Ankur Gulati: and other expenses used to be let's say 36 crore run rate I have gone up to 47 48 so why this one hard jump in current quarter

V.S. Reddy: no other expenses there will be measuring outsourcing cost because when your revenue goes up by 30 40 percent the other expenses consider the outsourcing cost that is also built into those other expenses

Ankur Gulati: so, this this quarter 48 crores on six?

V.S. Reddy: you should compare as a proportion as a percentage of thing than looking at an absolute number with respect to the sales you should compare the splits

Ankur Gulati: Okay all right thanks thank you

V.S. Reddy: Yes, Nilesh yeah, you can go ahead and conclude

Nilesh Mankar: So, thanks everyone for sparing your time and joining today's meeting on behalf of entire synergies team I conclude this meeting has been all I say that this meeting has been over and I wish all the best for your investing thank you once again.