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SYNERGY GREEN INDUSTRIES LTD.

18th November, 2024

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 Unaudited Financial Results for the Quarter and Half-Year ended on September 30, 2024

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 November 12, 2024 giving 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 November 15, 2024.

In terms of the subject referred regulations, please find attached the transcript of the Conference Call held on November 14, 2024 with Analysts / Investors on Unaudited Financial Results of the Company for the Quarter and Half-Year ended on September 30, 2024.

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/wp-content/uploads/2024/11/AudioCall_InvestorMeet_14112024.m4a

This is for your information and records

Yours faithfully,
For Synergy Green Industries Ltd.

Nilesh Mohan Mankar
Digitally signed by Nilesh Mohan Mankar
Date: 2024.11.18 10:53:51 +05'30'

Nilesh M. Mankar
Company Secretary & Compliance Officer
Memb.No.A39928

SYNERGY GREEN INDUSTRIES LTD.
KAGAL
KOLHAPUR

“SYENRGY GREEN INDUSTRIES LIMITED Q2 FY 2025 EARNING CALL”
14 NOVEMBER, 2024

E&OE – This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 15th November 2024 will prevail.

MANAGEMENT: MR. V.S. REDDY – EXECUTIVE DIRECTOR, SYNERGY GREEN INDUSTRIES LIMITED
MS. SHREYA SHIRGAOKAR, MANAGEMENT EXECUIVE
MR. NILESH MANKAR, COMPANY SECRETARY & COMPLIANCE OFFICER

Moderator : Hello everyone, thank you for joining the call. I, Rima Patil from Admin function of Synergy Green, will be moderating today’s session. Before we begin, I would like to inform you that we will be recording this call and in case any participants are not comfortable, may feel free to drop off before we start the recording. Thank you for your understanding. Today’s meeting Agenda will be -first Brief Introduction of organization, second Investor Presentation and last will be Q&A Session.

I would like to share the Guidelines for the call i.e. all Participants are kept on LISTEN ONLY MODE by the Host, all Participants are requested NOT to RECORD the CALL, questions from the Participants will be addressed in the Q&A Session at the END of the Investor Presentation by the management, during the Q&A session, we request you to INTRODUCE yourself with your name, organization and then your question, participants having Multiple Questions can EMAIL us and management will make best possible efforts to respond within 7 days, the EMAIL ID mentioned in CHAT BOX. Dear Participants, Welcome to the Q2 FY 25 Earnings Call & Investor Presentation of Synergy Green Industries Ltd. Synergy Green Industries Ltd is India’s one of the leading state-of-the-art foundries producing SG Iron, Grey Iron and Steel castings for wind turbines, wind gear box and general engineering industries in the weight range of 3 to 30 metric tonnes. Synergy Green has an installed capacity of 30,000 MT per annum and is in the process of upgrading to 45,000 MT. The company houses best-in-class equipment, IT infrastructure and quality testing facilities and is a top-supplier to major wind OEMs as well as leading gear box players in the world. SGIL is a part of the Shirgaokar Group, which has diversified business interests over its 80+ years history spanning across sugar manufacturing, foundries, hospitality and market research, among others. Today, we are having with us Mr. V Srinivasa Reddy, Executive Director. Mr. Reddy is a B Tech in Mechanical Engineering, M Tech in Manufacturing and Executive MBA from IIM Bangalore. He has over 30 years of experience in manufacturing of large castings. Over his career, he has worked for corporates like L&T, ISGEC & Simplex in establishing plants and managing businesses before joining Synergy Green from inception. Ms. Shreya Shirgaokar, Management Executive. Ms. Shirgaokar has completed her MBA in Finance and has worked with Deloitte as part of their Energy & Industrials Research team for over 3.5 years before joining Synergy in 2023. Mr. Nilesh Mankar, Company Secretary. Mr. Nilesh Mohan Mankar is Company Secretary and also completed MBA from Indira Gandhi National Open University. He has an overall experience of 10 years in the secretarial matters of our Company. Now Ms. Shreya will be presenting us the HIGHLIGHTS for Q2 Earnings and take us through the key areas of development in the Investor Presentation.

Shreya Shirgaokar: Thank you, Rima, for the introduction. So I'll be going over the key highlights of the second quarter presentation. The 1st thing I'll cover is the industry overview. Then we'll go on to the company profile and brief, and then finally, we'll talk about the business performance.

So, as we know, climate change is not the future, but it's here with us, and renewables are the way forward for us, and the energy transition to renewables is already underway, and renewables are projected to form a part of about 70% of the overall global electricity generation uh power source by 2050. Talking about the India and wind global and global wind installations in 2023 India and global wind installations grew by over 50%, in 2024, India has sustained such a growth and also there is promising growth at a global at a global level in terms of institutions.

Briefly, looking over the kind of castings demand at approval level as well as by industry, synergy is in a position to cater to a broader castings market and if we look at the overall country wise demand, of course, China is heading with India in the second position, and the total overall castings demand from wind is expected to be 1.5 million metric tons, and it's expected to cross 2.3 million metric tons in the next 5 years. Similarly, not just looking at the wind part of it, but looking at the large castings market. This is estimated to be over 8 million metric tons. So large castings are where we, as synergy, are positioned to cater to, and that demand is even higher for us.

I'll briefly go over the company profile. We have state of the art facilities at synergy as well as best IT Infrastructure and an MBL certified quality testing facilities. Something I'd like to highlight here is that we've also recently acquired the TPG Certification, which is a very stringent quality certification for transportation and power Generation supply chains. Besides this, we've also acquired our Iso 27,001, which is the information security management system, certification as well as the Iso 50,001, which is the energy management system. A glance at our product Mix, 70% of our castings go to wind components and another 15% goes to Gearbox castings, and the balance goes to nonwind castings which are spread across mining plastic injection machines, pumps, as well as other general engineering applications. So, this is the overall spread of the products that we are manufacturing.

Now, our customers are definitely are one of our greatest strengths. And out of the total top 10 global wind OEM's, we have 50% of them in our customer basket. So, they're already our customers. Just to call out a few names would be Vestas, Nordex, Siemens Gamesa etc. Besides this, we also have flender and zf, which are the leading Gearbox manufacturers, and then in the nonwind segment we have, Terex, Millecron and Mather & Patt Willow. These are some of the leaders in their particular segments as well, and they are a part of our customer basket. We're also in the process of onboarding envision and Nordex.

Here's a brief overview of the swot analysis that we've done so. For example, the strengths for our organization are that we've already established products with top global OEM's, like I mentioned, we have the ability to produce large castings up to 30 metric tons. A couple of weaknesses that I we'd like to highlight and then also what we're doing to overcome them. So limited capacity as compared to our peers. So right now, we have a 30,000 ton per annum capacity. We are in the process of expanding this to 45,000 tons. Currently a hundred percent of our machining activities are getting outsourced. However, the additional 10,000 tons that we're adding is something that we're planning to take inhouse, which will also sort of overcome a part of this. Opportunities for us is definitely the fact that there is a very high entry barrier for the kind of business that we're in. So, while there is a lot of growth in renewable's, there's also high entry barriers. and of course, India is being converted as a manufacturing hub. This offers a lot of growing and sort of stable casting demand. A threat would be that 80% of the business is coming from the wind industry. Of course, we have also made sure to have a diversified products mix with non wind as well as gearbox customers in our basket, and volatile commodity prices.

So, with this brief and quick industry and company profile, I'll jump into the business performance and go through the summary of unaudited financial results for the 1st half of the financial year 2024-25.

looking at a quarterly performance basis, this has been one of the good quarters for synergy in our history. If we compare it directly with the corresponding period of the second quarter of Fy. 2023-24, we've had a 23.5% growth in revenue. Similarly, our PBDIT has also grown by 25% to Rs.13.21 crores in this quarter. If we take a look at the PBDIT margins, then the margins, comparing directly with the corresponding quarter last year, has slightly improved or remained stable. If the margins are compared directly with the previous quarter, we have again performed better, more than around 1.5% higher in that sense. Coming down to the profit before tax, this is also an area which we'd like to call out, which we've had a jump of 42.5% over the same quarter last year, and the PBT stands at Rs.6.23 crores at the end of the second quarter. Looking at the results for the entire 1st half of this year versus the 1st half of the previous year the total revenue has gone up by 7.5%. Something to call out over here would be that the PBDIT margins have increased in a higher proportion by 16%, and we stand at Rs.23.73 Crores. Similarly, our PBDIT margins have expanded by more than 1%. The PBT for the 1st half of this year has gone up by 28.5% as compared to the corresponding period of the previous year. So, these are some of the figures, like quickly that we've just called out from our unaudited financial uh results. We'll dive deep into these in the next slide.

Where we're looking at an overview of our financials on the left hand side we've put our revenue streams into 5 different baskets which is wind, domestic OEM exports, direct exports of castings, Gearbox, and then non-wind. Just looking at the broader level figures like I mentioned in the previous slide, we've had a 7.5% growth in the 1st half of this year in terms of revenue over the 1st half of the previous year. Now, looking at the different segments over here in terms of the OEM exports, direct exports as well as Gearbox, we've performed in line with our expectations, and what was called out. So, for instance, the OEM exports are stable. Whereas the direct exports have more than doubled. Similarly, Gearbox has also revenues from Gearbox have also nearly doubled. There has been a moderation in demand from a couple of customers in both of these baskets i.e. wind and non wind. So that is the reason why there is a slight lag in performance in these 2 specific segments, but the other segments we've sort of recovered or done well, to cover this up. Looking at the overall expectation of the executable order book projection for the entire F.Y. 2024-2025, we're expecting revenue to be at around Rs.370 crores and for F.Y. 2025-2026, based on the order book projections as well as the schedules that are already available with us, we're expecting around 450 crores in revenues. Looking at the PBDIT over the period, there has been a 16% jump in the 1st half of this year versus the 1st half of the previous year and PBDIT margins as well have expanded. They've gone up from 13.05% to 14.13%. For the rest of the year, or for the overall F.Y. 2025, we are expecting around 200 basis points of margin expansion over F.Y.2024. Talking about the cost structure and the Capex plan, the overall Capex that we've planned in the upcoming year for the foundry is, we've allocated around Rs.60 crores. This is mainly for the capacity expansion, like we mentioned, from 30,000 to 45,000 tons. Now, inhouse machining is something that we're establishing and to establish this around 10,000 tons per annum is something that we're targeting. As you know, the 1st phase we are allocating around Rs.67 crores and then finally, the captive renewable power where we're investing in Solar Project. In the previous financial year, we were already invested for 2 megawatts. This year we'll be adding another 8 megawatts, and that will take our total captive solar to 10 megawatts. So here we've allocated around Rs.30 cr. Just to go over the quick project progress as well as timelines, the bank sanction was already received in August 2024. Rights issue something that was expected to close around September 2024. Now the exercise has been completed in October 2024. Following the rights issue we have already initiated the captive solar project which we spoke about. So that is something that has already been initiated. Brownfield expansion, which was already underway, and the rest of the work is already in progress. Similarly, for inhouse machining facility, the work on the land is already underway and ordering for the rest of the machinery is also in progress. So that is something that is currently an activity ongoing. We've taken certain initiatives for the environment and economics, due to this in several areas that will not only help us with our ESG goals, but also sort of help us economically achieve some improvements. So, 1st thing is the carbon footprint that is, renewables like I spoke about, we are aiming to achieve 50% of our production to be from green resources by 2030. Waste management is something that we're working on. So thermal reclamation is something that will improve our sand reclamation from 92 to 98%. We're also establishing, various technologically, uh, you know, sort of digital initiatives uh, that will help improve productivity as well as various uh initiatives that we're taking for energy optimization.

So this is the path ahead, and I think I'll just wrap up the presentation with this slide. Well, we are opening up for Q&A. We received a few questions in advance. So, I think what we'll do is 1st we'll address those questions and then we'll open the floor for question and answer from some of you who've raised your hands.

First question was what was the primary rationale behind changing the FY 2025 growth rate from 20% to 13%?

Ans: Now, I think I briefly highlighted this in the presentation, but, while the OEM export direct export and gearbox growth, those revenues are in line with our projection there's definitely been some moderation in terms of the demand from our domestic wind and non-wind segments, and this has been slightly higher than our estimates. So, during first quarter, there were early signs of slowdowns. But typically, what happens is Indian companies, the figures in the 1st quarter do tend to be a little bit muted. So, we were expecting them to sort of catch up in the second quarter, and since, it hasn't recovered during the second quarter we've accordingly updated our guidance for that period.

The second question is, what incremental revenue or margins are anticipated from the new Capex at a hundred percent utilization?

Ans: So, with the entire new round of Capex in place and at peak utilization levels, we're projecting around Rs.550 to 600 crores in revenues and Beta margins around 18%.

Third question is What is the capacity Utilization for all the plants? And what is the future target?

Ans: So, capacity utilization in the 1st half of F.Y. 2024, which is the previous year, was somewhere around 78%. In the current year it is running at around 86% and with the favorable schedules as well as market conditions we are expecting, like we can, it can go up to more than 90% plus, especially considering that we're already running at 86% right now.

Forth question is What is the cost of debt?

Ans: The cost of that should be around 9.5%.

Fifth question is Will the bottom line be affected due to depreciation, after the commissioning of the capex?

Ans: The top line is expected to grow along with the increase in depreciation. So, the depreciation to revenue percentage is likely to remain at the present levels. There should not be much of an impact on the bottom line, because it will be supported by the revenue growth as well.

Last question is what is revenue / Ebitda / PAT guidance for FY26 & FY27?

Ans: So revenue guidance, I think we've highlighted for F.Y. 26 in the presentation. So, we're projecting around 20% revenue growth for the next 2 years. The present year EBITDA margins are projected at 14.5% like we mentioned, which is a 200 basis point increase over the previous year. So, with complete deployment of our Capex, these margins, we're projecting them to expand by another 250 to 350 basis points over the next 2 years. This is once the Capex Commissioning take place, and we realize those benefits.

So, these are some of the questions that we are addressing. Now I think we'll go to the question answer session and I will hand it over to Mr. Reddy to address any more questions.

V Srinivasa Reddy: So, May I request a Mr. Mohit, go ahead with your question. Please unmute yourself and go ahead with this one question.

Mohit Jain: Hi, sir, thank you. Hi Shreay! Thanks for the presentation. So, my question is with regards to Donald Trump's pledge to halt renewable energy projects around the globe and we have seen stock prices decline in investors, Nordex shares. So. Do you see any negative signs from the commentary from these big players and do you see this causing any harm to our revenue prediction going forward? Thank you.

V Srinivasa Reddy: See historically, if you look at, yes, Donald Trump did not favor this renewable industry particularly offshore. I have also read an article yesterday and yesterday, mainly because today offshore projects are not economically viable because a lot of money is being spent. But still a lot of money is being pumped into the offshore, just because that is the only sector which is going to become baseload and replace the thermal capacity. As you know, that was the idea which industry was doing. Of course, Mr. Donald Trump has got his own way of making the thing, but today synergy is not into the offshore. That is one. The second thing is, our business demand is too miniscule to the global demand, like, it's a very insensitive for the drop in demand in the US and all those things, because our capacities are too small compared to the total global demand. So, considering this, I don't see any much impact because of the policies are getting changed in the US Market.

Niteen S Dharmawat: When this new capacity, will get stabilized and what is the capacity utilization that we'll be targeting once this gets stabilized?

V Srinivasa Reddy: See if you look at how capacity addition happen is, one is a procurement of equipment's and installing it. This is the 1st part of it. The second part is mobilizing my team and organizing to take out the production out of it. 3rd thing is getting the demand from the customer. These are the 3 things. Actually, 1st part is, as far as the business is concerned. We are continuously with all new Ams, like Nordex and Envision. We are trying to align the capacities for the new expansion. That's 1 thing to answer your question directly to the timeline, we were expecting to complete by March, but the right issue got delayed by maybe another 3, 4 weeks may get delayed, but we should be able to complete within time. That's the 1st part. Actually, as far as the stabilization of the production is concerned, since it's a brownfield project should not take very significant time more than Quarter or so. So that's the second part. And as far as business is concerned, we are trying to take some additional business in the next financial year, most probably 3rd and 4th quarter. Actually, we are expecting additional business from the new capacity as well.

Niteen S Dharmawat: Got it. My next question is, we were doing machining work outsource 100 earlier, and now we are doing some expansion over there of 10,000 TPA in a house. So, from current 100% outsource, how much saving will it lead to by this in house machining and what kind of other benefits are there for this?

V Srinivasa Reddy: Okay, I'll answer you this in a slightly broader way. Today, we are doing around 80, 85% of the components in the machined condition and 15% like Gearbox what it goes we are not doing mentioning. That's the 1st part of it. The second thing is our spend on the machine in our balance sheet at a wind level is somewhere around 15% of our cost. But if you do in-house machining there is going to be a cost. Roughly, we're expecting 20% of the cost means 3% has to go for the optional of the machine. And after taking into account of machining operation generate some scrap, that is another 3%. So, 3% plus

3%, 6% is expected to the optional cost of the machine shop means 12% of the machine capacity should be a savings for our machining cost. Now coming back, since we are adding 10000 tons of capacity, in fact, we are trying to maximize and Can we push it upto 15,000 ton? We are negotiating with the machinists how best configuration that we can get, so at least that should add us 2 to 3% kind of the margin expansion and the present level of the investments what we are doing actually and there is a serious thought to increase this capacity from 10 or 15 thousand ton whatever adding, that incremental capacity doesn't require the same amount of capital, because the basic building and land and everything is already pre invested. So that incremental capacity, addition, cost may be significantly lower than what we are doing initial investment. So, the overall, the present investment, what we are doing should add at least 2 to 3% kind of the margin addition to the EBIDTA.

Niteen S Dharmawat: So this will be ready by September 2025, right?

V Srinivasa Reddy: Yes, we are negotiating with the machinist. We are trying to pick up some ready machines available. Some of my colleagues are already in China, now that should come may be in the month of May or June 2025, we are targeting 2 machines. But another 2 machines may spill over September, October 2025, because, depending on the controller, shortage of chip. But overall, on an average, I think by September we should be in an operational condition.

Niteen S Dharmawat: Got it. The next question is, do you see any impact of slowdown in the overseas market?

V Srinivasa Reddy: As of now, it hasn't, because, the 1st priority is given to the Indian market. Actually, when it comes to export, particularly like I think I spoke earlier also, there is a 25% tariff in US Market for the exports from China. Now, Trump is talking about increasing that 25% to 60% means the delta affinity towards the procurement of Indian casting may go up. So, I see this as a favorable for our Industry. But he's also talking of imposing another 10% in India, but still a delta basis, India may become more favorable going forward again. As far as regarding the slowdown and all, as I mentioned in the beginning, we don't have much impact on our demand because we are very minuscule in the global demand and any change in the modular demand in the global thing, it's not going to be affected significantly. Second thing is, we are adding a lot of new customers means the capacity what we are building, even though it's about 550 Crores but the business, what we are building it's almost, if really they take the what they are projecting, It is 700 to 800 crores of customer base we are trying to build.

Niteen S Dharmawat: So, you don't see any margin pressures currently, in this space?

Yes, there are actually particularly China, because of this, new policies coming in, new government coming in us all, they are reducing their prices. We are expecting some the pricing pressure. But the good part in this current expansion, what we're doing is, really, if there is no margin project, then margins would have been shoot up over 20 - 22% plus. So, this we have already factored in day one while doing the expansion, this kind of pressures are going to come in. So, 3, 4% kind of we have kept it with us for the pass on to the market. The second good thing is we are going to do Brownfield expansion, we are going to get 1 or 2% on the economic scales contribution. All this factored in, we are targeting around 18% kind of the EBIDTA on the matured level actually.

Niteen S Dharmawat: Got it, one more question is about the debt for the Capex. So how much debt we are raising, and what is the peak debt likely to be?

V Srinivasa Reddy: Last year, our peak date is around Rs.80 crores, including working capital of Rs.35 Crose and 45 crores of long term loan that also includes our Preference shares of around 10 crores plus. So, the actual absolute mandate is only 25-26 Crores in this organization as on date. But now we are going for a fresh debt for the Capex, which is about Rs.95 course, which we already got sanction. But I don't see requirement of utilization of complete Rs.95 crores, because my balance sheet is not factored in my current balance sheet. Because of current year's profitability is also good, I may have a cash profit of 30 Crores plus in the current balance sheet, so that money is something I will be using for the current Capex, and this expansion is spilling over second half of the next year itself, or the 1st half of the next year i.e. September 2025, so I will have a further cash accrual during this next to 4 quarters. So overall, considering peak debt the next year, the thing should not exceed Rs.150 crores and thereafter it should take us down back to the previous level to Rs.80 crores what we are estimating.

Niteen S Dharmawat: My final question is what are the 2 risks that you see with respect to the revenue and operating margin guidance that you have provided for next 2 years?

V Srinivasa Reddy: See, we are a very diverse company operating into multiple segments that is in the wind, Domestic export and Direct exports and gearbox and non-wind. Actually, the number one risk, what I see is what extent China can put pressure. This is the unknown thing. Tomorrow, if 60% tariff puts onto the Chinese market, how China is going to react, how our market is going to it is a very difficult thing to predict. But I am also continuously interacting with various agencies, such as the thing, including from my customers and all those things. What I heard is, there are also challenges in China, their labor costs going up, and also they are at the bottom most level of the pricing. This is what I came across. But we need to see whether that kind of thing anything come, but still we have enough headroom to play this game. I don't see the immediately, maybe 18, 1% here and there, but that kind of risk. I don't see any significant coming something and falling. That is one. The second thing is, of course, the trump is coming as a positive. Always we used to concern about the commodity action, you know, if anything significantly happens, that is one but the last 6 quarters I see a very stable commodity environment. Actually, you know, these are the 2 things which I can see. But it will be for a quarter, actually one quarter here and there, but I don't see any long term thing, because we have so many businesses to tap in. So, if something like today, even though there is a significant drop in some of the domestic customers and all, still, we have our revenues are on the growth projection, and we are projecting the growth. So, I don't see any of that kind of risk.

Praneeth Bommisetti: So basically, I was curious because we've never been demand constrained as a company, we've always had customers we've always been supplying constraint. That's what I've at least recognized with the pattern. So, let's expecting a 15% growth rate going forward and like an average revenue per ton at like 1.2 lakhs, so that marginally, it's reducing because of that from 1.3 to 1.2. Let's say it's reducing, we will be out of our capacity by end of 2026, we'll use 36,000 tons. So how are we planning on keeping up with existing capacity? We need to do further Capex Cycle before we even complete this. So, how are we viewing this, or is this a safe assumption to make?

V Srinivasa Reddy: 1st thing, what we're focusing is to take our revenues by 60-70%, like as a Shreya quoted the 500-600 Crores revenues that almost businesses lined up and everything is in place. The only thing task in our hand is execute the project, and, enhance, expand our margins from where we are around 13-14% level to take it over 18%. That's 1st part, which we should be able to finish this task by fairly by end of the next year everything should settle down, if the market demand is in place and everything all fundamentals remain same. We have a serious plan to go ahead with one Greenfield project which should take us to 100,000 tons kind of capacity. Now you may question, how are you going to fund and all? See, we fairly believe, if I do, around 550-600 crores kind of revenue, with 18% kind of I will be somewhere around 100 Crores. My big debt is not going to be 150 Crores thereafter, significantly, is going to taper down. So, my balance sheet permits to pull out 100 Crores in the next 2, 3 years. Balance will see the funding partially from the debt. If necessary. We can go to the market, and we can do this expansion, so I don't see any big threat in establishing capacity and doing it. But 1st of all, step by step, we have to finish the current expansion and take up the market. We will watch within the next 4 quarters how the market is unfolding, and accordingly we'll take the side upon.

Praneeth Bommisetti: So as more curious, the 60 crore plan we have it's only till 45,000 metric tons. Right? So, for the 100,000 metric tons when are we planning on starting with it? I'm more curious when you'll start executing it, because with existing demand we might reach our capacity utilization of 80%, which we are likely going to do by 2026 itself. So, when we are going to start that 100,000 that's what I'm curious about?

V Srinivasa Reddy: See now, today we are in 24-25, 25-26, for sure I'm not doing anything. So, if everything goes fine, in 26-27, we are planning to initiate with the Greenfield process. This is our thought process.

Praneeth Bommisetti: With the substantial increase in margins, and we'll be returning a lot of cash flow. So what are we planning on doing with the excess cash flow? Either we, are we going to repay debt or are we going to go further into Capex?

V Srinivasa Reddy: No, that's what definitely my idea is to bring down the debt in the last year our debt equity is somewhere around 1.7 in spite of doing such a peak Capex, currently debt to equity further goes down to 1.54. Once my Capex cycle is completed, I will be comfortable to below one is to one debt equity, maybe 0.5 to 1 kind of the close of the numbers. Again, when I go for a new Greenfield Capex level. The debt may shoot back to 1.5, so it's always a push and pull cycle between the debt and capacity and all this, and this will continuously keep on balancing one after the other.

Praneeth Bommisetti: Got it. And one thing is that in the previous comment you indicated the increasing direct exports, part of our business to around 25% from around 11%. And we already export about 25% from OEM exports. So, are we expect these direct exports to cut into our OEM exports? Or is it going to be complementary to the existing 25%.

V Srinivasa Reddy: No, generally we get the schedule almost 18 months in advance, actually based on that we are giving guidance. So, we are going to get that the export to the forecast, what we are given on both on the OEM Export as well as the direct export.

Praneeth Bommisetti: So, the 25% is supposed to be a combination of both OEM plus direct export.

V Srinivasa Reddy: No, no, the direct export itself is 20% growth.

Praneeth Bommisetti: So we are expecting most of the revenues to be driven by exports, and not domestically to be a mediocre right?

V Srinivasa Reddy: No, no, it's not the thing. I'm not saying 25% of my revenue. We are saying 25% growth over the previous year. So when you look at my last year revenue it was, I think, 11 or 12 Crores, which may somewhere on 28.30 crores, which may go to 80 crores plus. So that is what we are given a growth of the absolute value growth. But if you want to look at absolute numbers, export revenues may be somewhere on 18-20% kind of the numbers something like that and OEM export will be on the similar lane. So around 35%- 40% business is coming from the global market.

Praneeth Bommisetti: Got it so, also curious about the margin profile with the gear box and non wind and wind segment. So, which is more profitable for the company?

V Srinivasa Reddy: So naturally. See, my strength is in the wind, because this infrastructure is very big. Gearbox we're doing because we want to be in that industry. At some point of time, we see it to create a

1 more vertical on the gearbox wherein we can build another 400 Crores. So that's another reason why we are keeping it muted is the 10-15%, so that it gives me industry exposure. I am one of the players, so it gives opportunity to overnight to add capacity when I have surplus cash flow in my hand.

Vishal D: Sir. We just want to understand what's the outlook for the windmill turbines or windmill products in India and globally? that's 1 thing, and the focus of the company to penetrate the more into Indian economy with the products?

V Srinivasa Reddy: Casting is such an industry. It's 1 of the 3 out of the basic manufacturing process. i.e. casting, forging, and the fabrication. These are the only 3 mechanical industries existence for any manufacturing. So wind contributes only one and a half percent of the global demand. Since we are significantly present in wind, we're doing it. But we are also trying simultaneously trying to into the other segments. Like, as I mentioned in the earlier participant, asked the question about how we are going to look at and all, we are present significantly into the Nonwind segment as well like apart from Gearbox, I'm talking about even mining plastic injection. Those businesses are also highly scalable. Now, if I try to call handle all the business together it will be difficult to handle, will not have resources. Today we need to reach certain decent levels in the wind industry. Then go on to the other sectors. There is a good opportunity to. Even I see something like green hydrogen, or even a lot of other segments in oil and gas. So there is enough business in this. Casting is such a huge ocean.

Vishal D: Okay, and what about the company's focus for the India as compared to the global markets?

V Srinivasa Reddy: As far as global casting demand is about 110 million, out of which India is doing about 11 – 12 million around 10-11% of the global demand is what India is producing. Again, the total 110 million is not addressable market for me. Out of each only 7, 8% is irrelevant because there are a lot of products which are into non-ferrous and other things which we are not present. The second, there are certain components, such as also we're not present. So if you purely look at the synergies presence into this global thing, maybe 8 to 10 million kind of the market is addressable market for synergy.

Faisal Hawa: Due to the various tariffs being put on China from almost all quarters, we could actually face some kind of a glut in the machining and CNC markets. Are we planning to do something other than wind also that could result in some kind of diversification for us, or some place where at least we would have a shelter to run, to? And I have always seen that wherever there is a large kind of an opportunity like we have in wind it always leads to a lot of players coming into the ecosystem. And once you are like 2, 3 years, 4 years into the cycle. It kind of then develops into a very big oversupply situation also. So have you given any thought to that? And do we have some kind of a counter strategy to that?

V Srinivasa Reddy: Okay to answer your 1st question about the diversification. It is always uh, we need to strike a balance between diversification versus focus. Because focus brings efficiency. Diversification distracts the efficiency actually, but it brings the stability. Now we feel we try to balance it in simultaneously both. That's the reason why, even though wind segment business is contributing 70%, we are also keeping our hand on the diversified products, like the gearbox, or even mining plastic injection and pumps. Actually, if I end up in doing too much of diversification with one plant, I'll have a lot of challenge in competing. My efficiency goes down. That's the reason why. We are not taking up, but at the same time we are keeping our eyes open onto these segments. Once our capacities go up. If you ideally ask me next 10 years down, how we would like to look at this plan. So maybe one plant may be running for the completely for the non wind, one for the completely gearbox, maybe 2, 3 plants running for the wind. This is the kind of the vision, what we have actually, no. But today we are watching this. As long as we can manage this, I don't see any problem. As for today. Managing with the right kind of diversity. In fact, if you compare with my competitors one who's in India, there are only 2 players. They are 100% wind focus. Many times, we ask ourselves, are we too much diversified? But of course, whatever the way we choose, because if you look at next 5, 7 years long. Probably we may be well balanced in the diversification point of view. Also, focus point of view means we are focused as well and equally diverse. Then the second part of your question about the ecosystem, the too many players coming into the game and becoming a competitive space, and all. One of the biggest strengths of this business percentage is the high entry barrier. It's not that the other players are not entered. Say, I'm in this industry for more than 30 years. Way back in the year 2000, at least 15 to 20 founders in India tried to enter into the business. All of them burned their fingers and got out of this business section, you know, even the other players, one who is operating also unless you don't have a very good expertise, it's always challenging to survive in this business. So, the competition point of view, it's not an easy job to someone to work, enter overnight and go ahead and compete with us. Second thing, if you look at the customer perspective for them. It's only 3 and a half percent of the spend for their turbine. But the risk level is 100%. That's another reason. Customers just for 1%, 2% here and there pricing they don't jump onto the different suppliers overnight. It’s a long journey. Even someone like global leader like Vestas, US, to take synergy on board, he took 3 - 4 years, in spite of having such a big experience. In fact, I have an expertise in producing almost more than 90% of the turbines Western turbines running in India. I've only done it actually. But still they took, because they say synergy is a new company. So, this is how the kind of Barrier exist in this industry. So I don't see that kind of a challenge as far as this competition is concerned.

Faisal Hawa: What is the participation that our Board of directors are having, particularly with regard to the personnel that you appoint at various position in your organization? And also, as to how you are allocating capital particularly the capital which is going towards the future growth? Is the board raising relevant questions to you? I would like to really understand what goes on in your board meetings?

V Srinivasa Reddy: Yeah, I understand this is not a 1 man show organization. It's a very professional organization with the Board of Directors, very experienced independent directors from outside one who was an ex-chairman of a RBL bank. So, we have a very strong board. Whatever I tell, nobody's going to listen unless I give you the justification and all those things that's 1. And at the end of the day, see, we are having 70% stake in this organization. One wrong mistake and take the Organization anywhere, so it undergoes, through rigorous process any proposal we do, even when I took an initiative for the raising the funds to rights issue. It went through rigorous discussion for 6 months.

Faisal Hawa: At least 3 or 4 questions that were raised. And what was the specific 2 - 3 debates that went on. I'm not questioning the rigorousness of the Board?

V Srinivasa Reddy: See, like the way you are asking. They ask the similar questions such as what are the risks from China? If this customer buying what is going to happen, so these kind of questions they ask, if you don't achieve what is the projected, the margin expansion level, how you are going to do. Or if global market, if something happens. So these are the risk factor questions related question they keep asking me.

Faisal Hawa: And about personnel? Are there questions as to whom you're appointing? Why, you're appointing?

V Srinivasa Reddy: The appointing means. We're talking about the organizational appointment?

Faisal Hawa: Organization appointments. Yes, at various levels.

V Srinivasa Reddy: Actually, myself and our MD Sachin Shirgaokar both of us have the freedom on the company. So, Board doesn't get involved into the operational point of view. So, we together collectively discuss and make the decision in the best interest of the organization.

Praneeth Bommisetti: I have one last question regarding the Capex. So, from 45,000 to 100,000, what could be the incremental Capex we might need to put?

V Srinivasa Reddy: See, the foundry can be may be around 250-300 crores kind of thing, and the machining will be maybe another 150 crores kind of thing means 400 -500 Crores is what, roughly, again, we need to see on, because in that 30, 40% of the imported competitor, how the currency is going to play out in 26 what we're talking about the dollar or anything. So, this is the rough indicative number just to spell out, actually.

Praneeth Bommisetti: And in terms of margins also, we are already on the track to go to 18% very easily, without much difference and without changing basic plans? Can we push it beyond that also?

V Srinivasa Reddy: Actually, this is a low risk activity, as far as margin expansion is concerned, because I need not go to the customer to ask for a price to increase my margins. I'm only trying to reorganize myself. Whatever I am spending on the machining and the energy through this renewable solar we're trying to tap into our bottom line. Today, China is 25% cheaper than me. But when those castings comes to India, 12% goes in the logistic cost, another 8% of the basic customer. Still, there is a 4, 5% gap between me and China. So that I want to knock out. If you want to have a good sustainable demand, you should be competitive, so I believe, 18-20% margin and still I will be very competitive. This is how we are targeting to push in ourself. And second thing is, when I get into the shop, I see so many opportunities which still we are not tapped. Something like this generation automation process, improvement. Getting 1% from the shop floor is quite cheap rather than going and pushing the customer about that another 1%. There are so many improvement opportunities down the line.

Praneeth Bommisetti: Got it. Thank you so much for your time for explaining it through detailed.

Moderator: Thank you, Reddy sir and Shreya madam for answering the questions on behalf of entire Synergy Green management team. I would like to thank all the investors and analyst community for joining us today. Thank you once again.