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10th December, 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 which was held on December 06, 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 December 04, 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 December 07, 2024.

In terms of the subject referred regulations, please find attached the transcript of the Conference Call held on December 06, 2024 with Analysts / Investors.

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: 2024.12.10 18:12:59 +05'30'
Nilesh M. Mankar
Company Secretary & Compliance Officer
Memb.No.A39928

SYNERGY GREEN INDUSTRIES LTD. KAGAL KOLHAPUR

“SYENRGY GREEN INDUSTRIES LIMITED GROUP ANALYST CALL”
DECEMBER 06, 2024

E&OE – This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on December 07, 2024 will prevail.

MANAGEMENT: MR. V.S. REDDY – EXECUTIVE DIRECTOR, SYNERGY GREEN INDUSTRIES LIMITED

MR. NILESH MANKAR, COMPANY SECRETARY & COMPLIANCE OFFICER

V Srinivasa Reddy: Good afternoon all of you. First of all, may I request all of you to mute your mics please? So I'll just quickly run through our company profile, and then I'll be opening for a questions.

Myself Mr. V. S. Reddy, I'm an executive director of this organization. This is our disclaimer that all the information provided here are based upon the present business conditions and are subjected to change based on the market conditions.

One of the bases for our industry is the climate change. Renewables are not just in a business, it is a industry for a human cause. Hence every policymaker is putting lot of efforts to make this global warming under control through this renewable industry. It is expected that I'm just like quickly running through this presentation, because this presentation is already on a website. So, whosoever new is there just to familiarize, I am running through this presentation. If you have any specific questions, I can take the call questions individually. By 2030, it is expected that 25% of the energy is going to be supplied through renewables, and it is estimated to go up to 70% by 2050 actually. So, renewables, part from lighting, climate change, it is a competitive energy solution as well, and this produces energy without depleting any natural resources. Particularly when you take country like India. It also avoids lot of foreign exchange outflow by avoiding the Import of the oil and coal. Always one question comes to all of his mind, that is a wind and solar. Actually, wind has got some advantage and disadvantage. Solar has got certain advantage and disadvantage. We always consider wind and solar as a competing technology rather than

complementing technologies than competing. Pros of the wind is very high, compared to solar is almost 35% starts from, and it goes up to 60% in case of offshore technology. So, this is the only energy can replace the base load like coal and crude oil because the absence factor is quite high. This is the only technology which generates energy in the evening and nights as well, wherein solar can generate only in the daytime and a very low land requirement. Also, there is a resale value, because this is empty built with the steed material. Even after 20 years there will be some recoverable value out of this top line. Now cons are, it needs lot of moving parts and the optimization cost is a quite challenging thing. Second thing is, its generation is skewed towards the initial 6 months during the wind season, that is the disadvantage of the wind technology. When I look at the solar there is no moving parts. So that's the reason why, if you see last 4 or 5 years, the kind of price drop happened in solar is very significant, and then the generation is more or less uniform across the year for a country like 365 days sunny country like India. The general selection on daytime and recycling can be challenging, going forward, and also it requires large pieces of land. Now coming back, if you look at this chart, wherein it shows that from 2010 Solar energy cost used to be around ₹18-20. It has dropped now almost at par with wind. It's about 3 and a half or 4 kind of the numbers. But still we believe both the technologies are going to coexist because of the nature of the timing the way both the energies generates the electricity.

Today, Wind and solar, having a more or less similar level as cost of energy. That is, end cost, we can say wind cost of per megawatt cost may be higher, but since its efficiency is higher, so per unit level, both wind and solar costs are going to be remain same. Actually, now, there are alternate thing to achieve the round the clock energy is, we require battery, because wind and solar alone cannot fulfill the complete energy requirement. So, the battery is almost 3 times expensive than both, and wind solar. So, for us now, today, every technologist is trying to maximize the energy from the wind and solar then left over thing, they are trying to look for a battery operation to achieve the round the clock energy. So as a whole, we see wind and solar ultimately, rather than competition, I call it as a complementing technology to each other.

These are the Indian wind installations. Last year there was around a 50% increase in uh the installation. But the good part is the global thing it's very consistent. Company like synergy, we're not just dependent on the domestic market. In spite of last 5, 6 years, that is the 2017-18 to 2022 wind Industry has not done great in India. Still, synergy revenues have gone up almost fourfold. It is mainly because our dependency is on the total global market, not just dependent upon the Indian market.

Synergy is not just depended on the wind industry. We are also simple casting manufacturers. Of course, today we are specialized into producing the wind turbine castings. The total global casting is almost 110 million, out of which 48 million comes from the China and we are the second largest, with 11.49 million tons. So, the global demand is around a 155 billion. It is being estimated that during next 10 years average CAGR growth is going to be 378 and India will be faster than the global average. So today, wind industry contributes just 1.5% of the global demand. But it is expected to grow going forward with the wind industry, taking affectional. But total addressable market for synergy, we roughly estimate somewhere under 7% of the total global, the single 110 million kind of a demand. That is about 7-8 million kind of a casting demand where synergy can produce.

The management side, we are part of a Shirgaokar group which is more than 100 years old Company with group turnover of 2,700 Crores. Mr. Sachin Shirgaokar is our chairman, and he has done a migrant Mba in U.S.A. and he is having 35 years of working experience with the family business. Then Sohan is the manager managing director, he's with the family business for almost more than 19 years and myself, I'm basically a foundry expert. I've done masters in foundry technology. And also later, I've done management from, IIM, Bangalore, having 30 years of experience in this industry, including initial part of 15-16 years I spent in the corporates like L&T. Then we started this business in 2011 from synergy.

We have state of the art facilities. We have all kind of certification. We are one of the most reputed supplier in the country not only for domestic equipment, but a global demand. Our business portfolio consists of 3 segments one is the wind. The second is the gearbox. But again, we consider a separate segment where client base is different and the 3rd thing is the nonwind. We are almost present in all major big casting industry like mining, plastic injection and pumps. Actually, today, only 15% of the revenue coming from nonwind. Otherwise. Synergy's biggest strength is a client base, we are almost operating 3 largest customers in the world, that is, Vestas, ZF and Siemens Gamesa. In fact, Nordex is already under development. Yesterday only we signed a contract with envision which we today we already made it public, that is, we have, signed a long term purchase agreement contact for supply of casting to envision as well.

o on the right hand side, apart from Vistas and Siemens Gamesa, we also supply uh local OEM's, like Adani and Senvion and we also cater to Major Gearbox, manufacturers like Siemens and the nonwind front. We are serving to Terex, Millacron and Matther and Patt. One thing if you notice in this whole thing, we always try to pick up a customer, one who is a leader in that particular. So, we are very successful in doing that. So, all our customer base is coming from the individual segments.

So, our strength is to produce large castings and we are having client base with all the top global OEM's. In fact, we have grown uh 11 years out of the last 12 years. So, we are a very consistent organization. On the weakness point, we have a very limited capacity compared to our peers in China. Generally, they operate around 300,000 to 400,000 tons, some kind of capacity, but we are having only 30,000 to 45,000 tons, but we are in the process of continuously increasing our capacity. Once the domestic market grows, we are planning to add our capacities. Today, we are 100% outsourcing or machining which is costing us almost 12 to 15% of our bottom line. But now, recently, we raise funds to make the expansion in the missing facilities which the project is going on with that gradually will be taking mission also in house. On the opportunity front, as I discussed renewable is one of the fastest growing countries and with a very high entry barrier for the foundry industry. Today. If you look at, there are 12 to 15 OEM's are there, but there are only 3 counties producing in India for the OEM section. Under threat side, our major revenues are coming from the wind, but as I mentioned these facilities can be used uh to any other product without any barrier and the another risk factor with our company can be a commodity prices so highly volatile. But this is partially hedged on base steel material and other things. We are having a back to back contracts from the customers. If at all any unidirectional moment is there in a commodity, it may impact our revenues for a profitability for a quarter or 2, but finally it will get adjusted.

So if you look at the client, base synergy is the only neutral company wherein supplying to all the leading OEM's. Another part is the synergy is the only company operating in, not just in wind, gearbox, and non window as well. So, it brings a lot of diversity for the organization compared to our peers.

We do expect going forward the similar kind of the journey the current year. We have given a forecast of 370 crores and the next year should go up to 450 crores is the present orderbook we have. But if we're able to complete the envision development quick, then we can increase this 450. There is a possibility of taking on the upside depending on the order flow. Presently, last year we did about 12% kind of the thing. But the current year we are almost going around 15% kind of thing. So, we have given a guidance of around 200 basis point increase. But it seems the margins can be slightly higher because we are having a favorable Uh orderbook and also the stable raw material conditions.

This is a quick wrap on one of our performance, last year revenues were grown by 13% and gross contribution by 4% and EBDITA margins 9%. Because of the commodity issues. We had a problem in the last year and last before last previous 2 years. But last year it has become back to normal because data commodity has reached a stability. Roc has also doubled because of the good profitability. Last year Roc was 23%, and asset turn also is good maintaining around 1.73, and debt to equity ratio has come down from 2.37 to 1.71. In spite of we have taken up 1.57 growth project expansion. This year we are expecting this debt equity ratio to go down further below 1.5 is mainly because the funding element.

This is our cost structure. Wherein, we spend around 8% of the power and 10% of the manpower under 12 and a half percent is the marches. This is how the present start cost structure is uh based out. Right now, we are doing 60 gross expansion for the foundry, another 65 gross of the inhouse machining and 32 gross for the solar. So, this uh helps us in expanding our margin uh the 1st line. The foundry will help us in increasing the top line because we are increasing capacity from 30 to 45,000 tons.

This is the project phase. We already completed the rights issue process under the Brownfield expansion we are expecting to complete by March. The solar will also expect it to be complete by March and the inhouse machining facility may shoot up to September because of the long lead time for the big machines. Actually, no. So, this is the distribution of the funding source for our 1 57 course project. So out of each uh 26, coming from the internal equivalent and another 37 plus coming from the equity infusion, and the balance is coming from the debt tax. So, on the sustainability front. That is the triple bottom line. Our major focus is onto the green production. So we wish to be 50% green production by 2030 through the renewable energy. The second thing is, we have focus a lot on waste management, because at the end of the day. It also preserves the nature, and it improves our bottom line. Actually, no, a simple packing improvement itself will change the bottom line by 1%, 2%. So always this initiative of nature and this thing, you know, improvement goes hand in hand with the economy. So this helps us in preserving the nature and also improve our bottom line. And we are also focusing a lot on our process automation and digitization because we feel going forward. The manpower can be a big challenge, particularly foundry

industry is a very this thing, you know. Getting the skilled manpower is a big challenge. So we are trying to see, wherever possible, try to reduce the dependency of the manpower through automation and digitization. And we are also focusing a lot on energy optimization. Recently, we have connected with a dedicated feeder with a 14 megawatt. With all these kind of initiatives, we are able to reduce our energy consumption. In the last 4 years, almost 20% kind of energy consumption we could able to reduce. So, if we have given a forecast of earlier 200 basis point increase from a toll and a half, that is a 4 and a half percent EBDITA margins for the current year. But we may likely to cross 15 plus because we clock 15 closer in the last quarter this year quarter. Also we have a good amount of exports, so we expect. With this we should be able to maintain a better than what the guidance we have given here. Coming back to the capacity right now we are on the journey to take up the capacity from 30,000 to 45,000 tons. But we see an opportunity going forward uh next to 2 to 3 years, to build another Greenfield project, to take the total capacity of 200,000 tons. So accordingly, we are already working with the various OEM's like we have added, we are continuously adding new OEM's. We added a new product from Senvion. Now, yesterday we signed a contract with Envision and we have already successfully developed a product for the Nordex, which is a 5 megawatt apart from vistas and Gamesa whatever we have now. So we are trying to focus on top 7 OEM's in the world. The order book can be very strong. So we see the demand. Relation up to 100,000 should not be a problem in the next 2 uh 3 years kind of timeline. Actually, of course, we need to build another Greenfield project to cater to this kind of demand.

So the I've done a quick wrap of it. So thank you for your presentation. I've gone very fast just because this information is already available in public domain. So I don't want it to repeat the things. But for any newcomers, just for your information, I just quickly run through. Yes, I request Mr. Nitin Dharmavath to unmute yourself.

Niteen S Dharmawat: Yeah, so what is the yearly revenue that we are expecting from the order that we announced today?

V Srinivasa Reddy: See, I have given a this thing out to guidance around 10,000 tons is the what we have signed a contract maximum annually. So if I take depending on the particular period, so pricing, it may be, 130,140 crores per year. Recurring orders we should get. Of course, after mature, it may take 2, 3 years time to reach those kind of numbers.

Niteen S Dharmawat: What is the Consolidated debt that we'll be having after this expansion is completed?

V Srinivasa Reddy: See even though last year the closing date of March 2024 balance sheet was closer to 80 crores, out of which 45 crores was the long term debt. 35 crores were the short term working capital. This we are expecting. Long term rate may go up to maximum 110 crores, 120 crores, because, even though we are borrowing 95 crores plus. But some repayment will also be keep happening, and we'll also

be, what do you call um? Utilizing our internal accruals through profits also. So we have taken a sanction for 95 crores. I don't see there is a necessity for using the complete. The sanctioned bank limits from the bank. So to answer your question precisely, we don't expect the total debt level peak should happen current year 160-170 crores, including working capital of 60-70 crores, and the next year it may taper down to 150 crores. What we are estimating actually, no debt levels.

Niteen S Dharmawat: 150 crore, including working capital. You're saying?

V Srinivasa Reddy: You are right, for the next year, but current year may go, little Peak, because we'll be at the peak of a Capex cycle. So next year it may go down actually.

Niteen S Dharmawat: And how is the Capex going on currently which we are undertaking? Is it on time now, or is there any delay? Because we took some time in acquiring the land earlier?

V Srinivasa Reddy: Yes, you're right. We were expecting this rights issue to get completed by September, but it went on by a month extra. It went up to October, so we don't see any significant delay. May be 4 weeks, 6 weeks kind of the timeline the foundry is um may go to March or April, and solar is also almost intact. Machining only there is a lead. Time is a little longer because of chips and controller availability, but still we're trying to expect. We are fortunate to get. So we are trying to initiate by before even June or itself with partial machining. So progressively, more or less it will be in line with what the work schedule we are given.

Niteen S Dharmawat: No, you see, we almost took, you know, 5 years in completing this project from 30,000 to 45,000 now. So what makes us confident that we'll be able to achieve 100,000 in next 5 years period?

V Srinivasa Reddy: We are not done the project because we did not add a land. I will tell you one thing. It's about 3 years. You are right. 3, 4 years back we acquired a land where in that land went into trouble it could not get transferred to our this thing, because the owners land went into NCLT. Actually, no, since we did not have a land then, we did not go ahead with later. Then there was other 2 challenges came in Covid. And then this commodity cycle. So both the things hit us. Then we went softer. We did not complete. But today we are almost 95% of the ordering has been done, actually, in fact, with the advance payments and everything. I don't see any reason there should be any delay now.

Niteen S Dharmawat: Now, my next question is, do we see any risk due to Trump's focus on traditional energy sources, then on renewables?

V Srinivasa Reddy: I see positive for synergy with Trump's coming into the picture, because he is thinking, forecasting to add another 10% tariff on China. That helps us getting more business from the Us. Market. That is one. Yes, trump is not in favor of offshore. The offshore project may go a little slow but offshore. We are not focusing at all, if at all. We go enter into offshore. Today offshore is a what you call it's a cash, burning kind of thing. It is not all competitive with onshore. Onshore is a very matured industry. So we don't see any big problem at the end of the day uh, the industry operates based on the demand supply. So there is not much of a subsidy. Our policies are in involved in the onshore activity, but still in offshore there is a lot of sub policy. Support is required. So I don't see any problem because of the term coming up right now.

Niteen S Dharmawat: This 18% EBDTIA margin guidance that you're talking about by when we are expecting this?

V Srinivasa Reddy: After FY 27 means next year we're expecting to complete the complete project. So with that we should be able to do FY 27 we should be able to post close to 18%.

Kunal - Sunidhi: First of all, congrats on the uh disclosure today. Announcement today on the envision supply agreement. So, with that which are the other orders in pipeline?

V Srinivasa Reddy: Okay, the 1st part is synergy. Always build capacities only after securing the orders. So, the new capacity, this 30,000 to 45,000 tons expansion. What we're doing, it's more or less. We have a backup of order book. The second, now, what we are working is for the next level from 45,000 ton to 100,000 tons. Kind of thing, what We're trying to build a base. So, this new capacity customers coming in like Amazon, are not. Development is going on. So I don't see any problem in taking the order book to the next Greenfield project.

Kunal - Sunidhi: I just saw that the promoter holding, I think, has been reduced by about 4 to 5%. So any reason?

V Srinivasa Reddy: You should look otherwise. Number of shares with the promoters have gone up. We have done a 10 number of shares with the promoters have gone up in the last 2, 3 months. You should read this as if we have raised the funds by diluting 10% out of each promoters 5%, 5% has gone to the market. It is not a promoter sale. On the contrary, promoters participated out of 10 fundraising 5%. We have participated in.

Kunal - Sunidhi: Okay, so how much was total raised?

V Srinivasa Reddy: We raised around 46 Crores through rights issue with ratio 1 is to 10.

Khush Gosrani: Sir, I wanted to understand. Once your machining portion comes in. What percentage of your revenue would be at Peak, coming from machining and casting?

V Srinivasa Reddy: See, our top line will remain same. Machining is only a backward integration. But, since we are doing the foundry expansion peak revenues between 550 to 600 crores is what we're estimating.

Khush Gosrani: Sure and in terms of what once the backward integration happens, what kind of margin improvements we could see because of machining?

V Srinivasa Reddy: Yeah, that I've already spelled out. It's so close. 18% is what we're targeting with the completion of the all expansion.

Khush Gosrani: In terms of the commodity risks, how do you hedge it?

V Srinivasa Reddy: See commodity, we don't hedge it. The commodity, we have a contract agreement with the customers every 3 quarters. Average of the commodity prices will be given in the upcoming quarter.

Khush Gosrani: What would be a direct export right now, as a percentage of total top line?

V Srinivasa Reddy: Direct exports last year were 11.00 Crores. But this year has gone up significantly. 25% actually current year.

Khush Gosrani: What would be the gross margin, differential between domestic and export orders.

V Srinivasa Reddy: See, generally we get a better contribution from the exports because of the incentive, and we want to price neck to neck to the currency, because I have seen historically, always dollar against INR, INR gets depreciated. So these are the benefits that we get.

Pritesh Jain Investburg: So my question is related to non wind segment, approximate 25 to 30% come from, non wind segment. So what exactly we try to manufacture there and what are the margin profiles of those Non wind segment products?

V Srinivasa Reddy: In Non-wind we do something like a plastic injection, mining and pump industry. Margin, we don't compare one to one, because wind industry brings a big volume and a very competitive pricing, but in non-wind it is a moderate or lower volumes, but brings a good contribution, actually means better margins. Blending of volume and blending of a high margin, things from the coming from non-wind as well.

Pritesh Jain Investburg: Next question is related to the promoter, so are there any other line of businesses they are involved in apart from this synergy green business?

V Srinivasa Reddy: No, me. Personally, I'm fully dedicated for the synergy. I'm basically a professional and becoming co-founder from the beginning. But as far as management is concerned we are into sugar. We are more than 100 years old Company. Our biggest revenue comes from the sugar, and we do have one it company, that is, another foundry as well, mainly catered to the sugar industry. Then hospitality and other industries. Actually there are diversified businesses with our promoting.

Kunal - Sunidhi: The working capital the receivable days right now are pretty good, if you see. So the payment terms are really good from the customers abroad. So can we extrapolate this and see that this is going to continue? And we are going to have a healthy agreement with the suppliers also so our payable day will also be in the similar range, so we have a good working capital benefit ahead?

V Srinivasa Reddy: Yes, this equation is not going to get changed. On the contrary, we may improve further because of the uh in-house missioning facility will reduce my lead time. My inventories may go down. So we are targeting to improve further from whatever the numbers we have actually.

Vinit Bolinjkar: I would like to know what is your average realization per ton that you get?

V Srinivasa Reddy: Current year, maybe around ₹140 per kg, that is the average of wind and Non wind.

Vinit Bolinjkar: So why will the realization go down if you are making cost improvement?

V Srinivasa Reddy: No, if I make a cost improvement, I need to pass on something to the customer right? See if you are to get more business you cannot get more business with a higher price. That is the market principles right?

Vinit Bolinjkar: So, then the margins will remain relatively stable?

V Srinivasa Reddy: No, the after factoring in the discounts to the customer. We have given you the guidance.

Vinit Bolinjkar: And over the period of 5 years like you said you went to 100,000. What kind of average capacity utilization you're looking at?

V Srinivasa Reddy: See right now, since we are having a limited capacity going right now, we are running 90 plus 92, 93% kind of thing is going on. But 80% is a good utilization. 80, 85% should be achievable thing, you know, if the business is in a reasonably good condition.

Prem Luniya: I wanted some clarity. Is this understanding correct, that around 12 metric ton or 13 metric ton is the average um casting required for one megawatt?

V Srinivasa Reddy: You are right.

Prem Luniya: Right. So the 10,000 what we are expecting from Envison, so we are expecting that around 800 mega, 850 megawatt, they will give it to us?

V Srinivasa Reddy: You are right. You're right. You are right.

Prem Luniya: The percentage contribution out of that complete order book how much are we going to give?

V Srinivasa Reddy: Uh, I'll put slightly differently. Actually, no, because it's a complex customer to customer. Somebody is like someone like West House. He's buying from more than 10-15 companies. Actually, no,

he's doing 24 gigawatt there, 20 plus gigawatt. Even envision also does more than 20 gigawatt per year. So now we do till yesterday around 2 gigawatt is the supply for the casting. For example, the entire India do does about 4 gigawatt 50% of the India's consumption. What we produce. Again, 50% doesn't go to domestic. Partially, we are doing exports as well. Some of the turbines built in India, but it is exported. So if I have to see it's almost equal. One third for the domestic consumption under one third for the Turbine is built in India, but it is used in Europe or us. One third thing is directly we exporting to international market. This is how the ratio is split.

V Srinivasa Reddy: I hope I answered your question. Nilesh, shall we conclude this call?

Nilesh Mankar: Yes, sir.

V Srinivasa Reddy: Yeah, once again. Thank you all for joining this call. We hope, you could able to get clarified on the points. Thanks a lot.