

A photograph of a wind farm at sunset. Several white wind turbines with red-tipped blades are visible against a sky transitioning from orange to blue. In the upper left, several blue arrows of varying sizes point upwards and to the right, suggesting growth and progress.

SUZLON
POWERING A GREENER TOMORROW

THE FUTURE BECKONS

ANNUAL REPORT 2018-19



The Future Beckons

The future is bright for the Renewable Energy industry due to increasing demand and favourable policies. Suzlon, with its inherent strengths and indefatigable spirit is poised to make the best of it.

SUZLON VISION 2020

- To be the best Renewable Energy Company in the world
- To work towards sustainable, social, economical and ecological development
- To create a better life for future generations

■ Key markets

India

- Realise 'Make in India' vision of the government by developing our vertically integrated value chain in order to build India's position as a hub for renewable energy
- Aim to achieve, and surpass the annual wind energy target of 5,000 MW set by the government
- Be the number one renewable energy player in the Indian market

North America

- The regions of the USA, Mexico and Canada remain attractive for Suzlon
- Development of Technology, Research and Development (R&D) and Innovation

Other markets

- Australia to remain attractive for Suzlon
- Emerging markets to enhance Suzlon's growing footprint

■ Technology advancement for reduced cost of energy

- Innovate to develop the highest efficiency products to meet market requirements
- Establish new R&D facilities to further advance in technology and innovation
- Digitalisation of services and use of big data to increase efficiency and performance of wind turbines
- Aim to reduce the Levelised Cost of Energy (LCoE) and enable higher return on investment for customers

■ Global custodian of customer's assets

- Ensure profitable functioning of wind turbines across the world
- Ensure smooth functioning of products through long-term services
- Strengthen Operation and Maintenance Services (OMS) capabilities to develop solutions that enhance the life of Wind Turbine Generators (WTGs) and operational excellence to enable energy security and reliability
- Provide value-added products (VAPs) and services to meet the ever-growing customer needs

■ A talented workforce of brand ambassadors

- To sustain an environment where the global workforce of over 7,500 employees can work with increased transparency and measurable goals, aided by promoting employee initiatives
- Inspire a culture where employees are brand ambassadors of the organization
- Inculcate values where employees and the organization work in tandem to deliver optimum performance of the business

■ Company of choice for Renewable Energy

- Building utility scale, GW size viable projects as investment opportunities, with the aim of installing additional 15 GW in the next five years
- Develop innovative business models with the aim of offering repowering, wind-solar hybrid and off-shore solutions
- Improve technological strength, enhance successful project execution and best-in-class service to retain market leadership, with an aim to capitalize on the potential available under the government's new policy framework

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COMPANY INFORMATION

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CIN: L40100GJ1995PLC025447

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(DIN: 00002283)
Chairman & Managing Director

Mr. Vinod R. Tanti

(DIN: 00002266)
Wholetime Director &
Chief Operating Officer

Mr. Girish R. Tanti

(DIN: 00002603)
Non-Executive Director

Mrs. Pratima Ram

(DIN: 03518633)
A nominee of
State Bank of India
Non-Executive Director

Mr. Venkataraman Subramanian

(DIN: 00357727)
Non-Executive
Independent Director

Mr. Marc Desaedeleer

(DIN: 00508623)
Non-Executive
Independent Director

Mr. Ravi Uppal

(DIN: 00025970)
Non-Executive
Independent Director

Mr. Per Hornung Pedersen

(DIN: 07280323)
Non-Executive
Independent Director

Mrs. Vijaya Sampath

(DIN: 00641110)
Non-Executive
Independent Director

Mr. Biju George Kozhipattu

(DIN: 02405333)
A nominee of IDBI Bank Limited
Non-Executive Director
(Appointed as an additional
director w.e.f. November 29, 2018)

Mr. Brij Mohan Sharma

(DIN: 07193258)
A nominee of IDBI Bank Limited
Non-Executive Director
(ceased to be a Director w.e.f.
November 29, 2018)

Mr. Vaidhyanathan Raghuraman

(DIN: 00411489)
(ceased to be a Director
w.e.f. March 31, 2019)
Non-executive Independent Director

GROUP CHIEF
EXECUTIVE OFFICER

Mr. J. P. Chalasani

GROUP CHIEF
FINANCIAL OFFICER

Mr. Kirti J. Vagadia

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CHIEF FINANCIAL
OFFICER

Mr. Swapnil Jain

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COMPANY
SECRETARY

Mr. Hemal A. Kanuga

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STATUTORY AUDITOR

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Bank of Maharashtra | Central Bank of India | Corporation Bank |
Dena Bank | Export Import Bank of India | ICICI Bank Limited |
IDBI Bank Limited | Indian Overseas Bank | Life Insurance
Corporation of India | Oriental Bank of Commerce | Power Finance
Corporation Limited | Punjab National Bank | State Bank of India |
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BOARD OF DIRECTORS



Mr. Tulsi R. Tanti
Chairman & Managing Director



Mrs. Vijaya Sampath
Independent Director



Mrs. Pratima Ram
Nominee Director of SBI



Marc Desaedeleer
Independent Director



Mr. Per Hornung Pederson
Independent Director



Mr. Ravi Uppal
Independent Director



Mr. Venkataraman Subramanian
Independent Director



Mr. Girish R. Tanti
Non-Executive Director



Mr. Vinod R. Tanti
Wholetime Director & COO



Mr. Biju George K
Nominee Director of IDBI



CHAIRMAN'S LETTER

Dear Stakeholders,

The Global Renewable Energy sector is on the threshold of a revolution. It is expected that the next decade will be the one, that shall help renewable energy to grow to its full potential. Over the last decade, a larger number of countries have made significant changes in their regulatory framework and policy structure that are aimed to support renewable energy sector. Moreover, today clean energy is also amongst the most affordable energy, which shall benefit the sector at large and certainly pitches renewable energy to be a mainstream energy source.

The Indian Renewable Energy sector has been reeling under tremendous pressure due to a shift to competitive bidding mechanism, falling tariffs and other policy related changes that have slowed the industry's growth. However, in these trying market conditions, Suzlon has successfully maintained its leadership with 39% market share by commissioning 582 MW in Financial Year 2018-19 (FY19). This includes India's first wind project of the bidding regime in Tamil Nadu under Solar Energy Corporation of India (SECI) first tender. Suzlon's performance in these challenging times speaks volume of our strong technical and project execution capabilities built over two decades of experience in the Indian market. Moreover, with a healthy order book of 1,320 MW and strong volume visibility from already announced auctions, our focus is to ramp up execution, cost-optimization, attaining capital efficiency and debt reduction in FY20.

Renewables – Global outlook

Global wind energy capacity addition crossed 50 GW for the third consecutive year; however, the global wind energy installations in Calendar Year 2018 (CY18) stood at 51.3 GW which is four per cent lower than the previous year. The cumulative global installations have reached 591 GW at the end of CY18. The reduced capacity addition in CY18 was due to a significant dip in installations in Germany, UK and India vis-à-vis CY17. This drop is attributed to the sector being in the transition phase, while global market saw wind energy players revising their business models and strategies, increased traction in corporate sourcing and development of new solutions to focus on value.

GWEC's Global Wind Report estimates 300 GW of new capacity will be added in the next five years, taking the global installed capacity to 900 GW by 2024. Over the next few years, both developing markets and the offshore wind segment are expected to constitute a larger share in the overall market. Besides, price pressure is expected to continue and to stabilize in the ensuing years. However, technological advancement is expected to counter such pricing pressure.

Renewables – India outlook

During the last five years, the wind energy capacity in India has grown at compound annual growth rate (CAGR) of 11% whereas the overall renewable capacity grew at CAGR of 16%. Although in the last



Tulsi Tanti
Chairman &
Managing Director

two years, the industry witnessed a drop in wind capacity addition primarily due to the transitioning from Feed-in-Tariff (FiT) regime to competitive bidding regime. However, the SECI and State level auctions have helped players build a healthy order pipeline which shall get executed FY20 onwards.

Wind energy accounts for ~10% of the overall installed power capacity in India and ~47% of renewable energy capacity in the country. The ever-increasing demand for energy in India, can no longer be met through traditional energy sources alone. Renewable energy must be a major part of the solution because it can meet the demand in a cost-effective and sustainable manner, while at the same time achieving broader socio-economic objectives and manage climate change concerns.

With policy stability, availability of land and grid infrastructure and timely payments by utilities, government's target of 175 GW of renewable energy by 2022 can be achieved. There should be enabling policies to ensure utilization of ~10 GW wind turbine manufacturing capacity available in the country today, which will lead to job creation and overall socio-economic development in a sustainable way.

Globally, there is approximately 23 GW of installed offshore wind energy capacity, making up around four per cent of the total cumulative installations. The Indian government's commitment to invest in offshore wind energy is evidenced in the announcement of 5 GW offshore wind capacity by 2022 and long-term installation target of 30 GW offshore wind projects by 2030. This will put India in the same league as other countries harnessing offshore wind energy.

Currently, India's renewable-based power capacity stands at 78 GW, and the government plans to cross the 175 GW target by 2022 through initiatives like wind-solar hybrid, onshore and offshore wind, floating solar, will help the government over-achieve the current target. The clean energy sector is already contributing ~22% of India's total installed power capacity which is mainly driven by over 35 GW of wind power. India has the potential and capability to lead the global transition to renewable energy sources and become the renewable energy technology hub to the world.

Technology and Innovation: Setting the standard

At Suzlon, we have always stressed the importance of technology and innovation in the renewable energy sector. We firmly believe that technology and innovation will remain the catalyst that will drive renewable energy growth. Subsequently, Research and Development (R&D) remains the cornerstone of Suzlon's success in its pursuit of harnessing energy through renewable sources. We reinforce and build on our ability to deliver on our mission with continuous innovation and periodic transformation of our business.

Suzlon continues to believe that better products and technological advancements are critical for the growth of the organization. We continuously strive to

innovate with a focus on reducing the Levelised Cost of Energy (LCoE) year-on-year. In FY19, Suzlon introduced three new products / product variants:

1. S111 variant with 140 meters (m) hybrid tubular-lattice tower structure, which is the tallest Wind Turbine Generator (WTG) in India so far with an improved generation of 5-6% over its 120m hub height variant
2. Suzlon installed and commissioned S128, which is the largest WTG in India. It also consists of the country's largest rotor blade measuring 63m and has a rotor diameter of 128m. The first prototype of S128 has been commissioned at the Sankaneri site in Tamil Nadu. The S128 WTG is available in 2.6 MW to 2.8 MW variants and offers hub heights up to 140 meters. S128 uses carbon fibre blades which are very light and stiff enabling better energy generation and longer durability compared to all previous models. The prototype of the S128 is delivering close to conventional fuel competitive Plant Load Factor (PLF). We are leveraging the S128 technology to further grow our portfolio to bring offshore size technology onshore to India and other developing markets
3. We installed our new turbine S120, which is designed specifically keeping in the latest trends in tariff in the Indian wind market. This product comes with different tower variants of 105m and 120m of steel tubular tower and 140m hybrid concrete-steel tubular tower structure

Moreover, to meet the growing demands of digitalization, Suzlon has developed a number of value-added services such as Supervisory Control and Data Acquisition (SCADA) system, Condition Monitoring System (CMS), Preventive Maintenance (PM) mobile app, that enable us to maximize turbine efficiency and availability by leveraging big data technologies.

Wind turbine manufacturers are continuously working to come up with innovative and cost-effective solutions in order to cope with the increasing price pressure due to the transition from FiT regime to competitive bidding regime. The Group has been working consistently towards cost reduction across components and bring in efficiency in the overall project lifecycle. Along with a current portfolio of diverse turbines with different hub-heights, the Group is continuously focusing on developing high capacity turbines to optimize overall energy output even in low-wind sites.

For Suzlon innovation isn't just about growth, it is also about driving efficiency. Our world-class technology and rich experience in the wind sector enables us to have a very strong and diverse customer base making us the preferred partner of choice. We are committed to investing continuously in various R&D technologies not limited to onshore technologies but also on offshore, wind-solar hybrid solutions, control system technologies for better wind park management and grid stability.

Suzlon Corporate Social Responsibility (CSR)

It remains an integral component of our strategy to give back to the communities where we live and operate through dedicated sustainable practices. We believe in balancing growth in all aspects of business within the context of building a sustainable business, and a sustainable world at large. Through Suzlon Foundation, Suzlon's CSR arm, we have reached over 800 villages and touched 13,00,000 lives by various initiatives such as providing clean drinking water, medical care, child education programs and self-help groups. This year, the Foundation supported 650 pregnant women and over 3,000 children (under age 5) through its Zero Malnutrition Program and has worked tirelessly on several initiatives including livelihood support schemes and programs for conservation of biodiversity. The Foundation also collaborated with government, NGOs and corporate CSR institutions to converge resources. It is heartening to know that ~7,000 Suzlonians and associates as socially and environmentally responsible citizens clocked ~50,000 hours of CSR volunteering for several programs initiated by the Foundation. We are proud of what we have been able to accomplish as we strive to develop resources responsibly and create lasting value for communities.

The future is bright

Suzlon continues its journey amidst increased competition, policy changes and the new bidding regime that have definitely led to a series of disruptions. However, amidst these trying times Suzlon has continued to be a market leader.

Suzlon is ideally positioned to cater to the volume growth with end-to-end solutions, innovative technology and products and best in class service. The tariffs are also stabilizing and there is an immense opportunity for the long-term sustainable growth of the wind sector.


Our focus for FY20 remains, to maintain our leadership position in India and further our position in the international markets, focusing on emerging markets. I am convinced that our vast experience in renewables, technological prowess, and competitive competencies will enable us to consolidate our market leadership.

On this note, I would like to thank all our stakeholders for their continued trust and unparalleled support. We are together in this as a team and remain committed to creating a greener tomorrow!

Best wishes,

Tulsi R. Tanti

Chairman & Managing Director

An aerial photograph of a large wind turbine, specifically a Suzlon S120-140m Hybrid Concrete-steel Tower, situated in a vast green field. The turbine's massive concrete tower and steel blades are visible, extending into the sky. The surrounding landscape is a mix of green grass and some trees, with a small body of water visible in the distance.

S120-140m

Hybrid Concrete-steel
Tower