Suzlon Energy Ltd — FY 2025 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**Suzlon has transitioned into a dominant wind energy player with a 5.6 GW order book and a strategic pivot to the 32 GW non-Suzlon O&M market via the Renom acquisition.**	□
2	**Revenue surged 67% YoY to □10,890 Cr, driven by aggressive WTG deliveries and the integration of service-linked revenue streams.**	□
3	**Operating efficiency is reflected in a 33% ROCE, though this metric is partially inflated by non-recurring tax credits rather than pure operational margin expansion.**	□
4	***Reported PAT of 2,072 Cr is of low quality, as 31% (639 Cr) stems from a non-cash Deferred Tax Asset (DTA) credit rather than realized earnings.***	□
5	**The balance sheet has undergone a massive deleveraging exercise, resulting in a negligible Debt/Equity ratio of 0.05x and a robust Interest Coverage of 7.3x.**	□
6	**Cash Flow from Operations (CFO) improved to □1,092 Cr, enabling the company to self-fund its □371 Cr capex requirements and shift toward an asset-light model.**	□
7	***Working capital stress is evident as Trade Receivables grew by 111%, significantly outstripping the 67% revenue growth, suggesting aggressive billing or collection delays.***	□
8	***Earnings quality is a primary concern with a CFO/PAT ratio of only 0.53 and 59 Cr in bad debt write-offs, indicating that profits are not fully converting to cash.***	□
9	***Governance risks remain elevated due to a material weakness in internal controls (audit trail non-compliance) and the resignation of an Independent Director signaling board friction.***	□
10	***Concentration risk is extreme, with the S144 model comprising 91% of the order book, creating a single-point-of-failure risk if technical defects emerge.***	□
11	**Outlook is supported by □1,743 Cr in customer advances (up 403%) and a regulatory moat provided by ALMM, ensuring high revenue visibility for the medium term.**	□
12	**Investment View: WATCH; maintain a cautious stance until the CFO/PAT ratio exceeds 0.8x and database-level audit trails are fully implemented to address transparency gaps.**	□

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** Primary focus on Wind Turbine Generator (WTG) manufacturing and Operation and Maintenance Services (OMS). The acquisition of a 51% stake in Renom Energy Services marks a strategic entry into the multi-brand O&M market, targeting the 32 GW non-Suzlon segment in India.
- **Revenue Drivers:** Growth is driven by the S144 (3 MW) WTG platform and recurring service income from a massive installed base. Revenue is recognized at a "point in time" for WTGs and over time for project execution and OMS.

- **Cost Drivers:** Raw material costs (63% of sales), employee benefits (including a 294% surge in ESOP charges), and high maintenance costs (warranty/OMS expenditure doubled to ₹120.89 Cr).
- **Industry Position:** Market leader in India with 75% local content (vs. 64% industry average), benefiting significantly from "Make in India" and ALMM (Approved List of Models and Manufacturers) protectionism.
- **Expansion Plans:** Ramping manufacturing capacity from 3.5 GW to 4.5 GW; focusing on an asset-light model following the sale of the "One Earth" headquarters.
- **Acquisitions:** Strategic 51% acquisition of Renom Energy Services for ₹441 Cr to de-risk service revenue from the WTG sales cycle.
- **Capacity Additions:** Significant investment in blade mould development for the S144 series and R&D (₹128.90 Cr).
- **Segment Performance:** S144 model now accounts for 91% of the 5.6 GW order book, indicating extreme product concentration.
- **Geographical Presence:** Strong domestic footprint with a complex group structure of 29 subsidiaries across India, Mauritius, Netherlands, and Spain.

2. MANAGEMENT COMMENTARY & OUTLOOK

- Management has pivoted from a "financial survival" narrative to one of "Sustainable Scalability," reflecting the successful transition from a distressed asset to an industrial growth proxy.
- Strategy focuses on an asset-light model, prioritizing liquidity and manufacturing capacity over real estate, evidenced by the sale of the "One Earth" headquarters.
- Growth guidance is supported by a 118% increase in deliveries (1,550 MW) and a robust 5.6 GW order book, though management admits execution headwinds persist regarding land and grid availability.
- The demand environment is viewed as highly favorable due to India’s renewable energy targets and "Make in India" tailwinds, which provide a regulatory moat against global OEMs.
- Competitive intensity is being addressed by diversifying into third-party O&M services through Renom, tapping into the non-captive market.
- New project launches are concentrated on the S144 (3 MW) platform, which management highlights for its "lowest carbon footprint" certification to attract ESG-conscious IPPs and PSUs.
- Partnerships and JVs are being utilized to manage the 29-subsidiary group structure, though 10 subsidiaries currently report cash losses.
- Long-term vision involves owning the domestic manufacturing narrative while maintaining the "greenest" product portfolio in the Indian wind sector.
- Management Tone: The tone has shifted to aggressive confidence, backed by operational delivery and a cleaned-up balance sheet. However, a "cash-first" mindset is evident through asset sales and the refusal to implement database-level audit trails due to "performance concerns." The resignation of a high-profile Independent Director suggests potential friction regarding the pace of transparency improvements. **Verdict: Calculated Aggression with persistent transparency gaps.**

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2025	Mar 2024
Sales -	10,890.00	6,529.00
Sales Growth %	67.00	9.00
Expenses -	9,026.00	5,492.00
Material Cost % -	63.00	61.00
Raw material cost	7,139.00	4,019.00
Change in inventory	-253.00	-37.00
Manufacturing Cost %	5.00	5.00
Employee Cost %	9.00	11.00
Other Cost %	6.00	7.00
Operating Profit	1,863.00	1,037.00
OPM %	17.00	16.00
Other Income -	97.00	-24.00
Exceptional items	-6.00	-62.00
Other income normal	103.00	38.00
Interest	255.00	164.00
Depreciation	259.00	190.00
Profit before tax	1,447.00	659.00
Tax %	-43.00	0.00
Net Profit -	2,072.00	660.00
Profit from Associates	0.00	0.00
Minority share	0.00	0.00
Exceptional items AT	-6.00	-62.00
Profit excl Excep	2,077.00	722.00
Profit for PE	2,077.00	722.00
Profit for EPS	2,072.00	660.00
Profit Growth %	188.00	325.00
EPS in Rs	1.53	0.49
Dividend Payout %	0.00	0.00

Balance Sheet (Crores)

Line Item	Mar 2025	Mar 2024
Equity Capital	2,732.00	2,722.00
Reserves	3,374.00	1,199.00
Borrowings -	323.00	150.00
Long term Borrowings	129.00	50.00
Short term Borrowings	154.00	60.00
Lease Liabilities	40.00	40.00
Preference Capital	0.00	0.00
Other Borrowings	0.00	0.00
Other Liabilities -	6,531.00	3,108.00
Non controlling int	0.00	0.00
Trade Payables	2,935.00	1,796.00
Advance from Customers	0.00	0.00
Other liability items	3,596.00	1,313.00
Total Liabilities	12,960.00	7,179.00
Fixed Assets -	1,780.00	886.00
Land	167.00	175.00
Building	481.00	460.00
Estates	0.00	0.00
Plant Machinery	1,040.00	990.00
Computers	116.00	111.00
Furniture n fittings	44.00	41.00
Vehicles	28.00	27.00
Wind turbines	32.00	17.00
Intangible Assets	581.00	0.00
Other fixed assets	1,217.00	850.00
Gross Block	3,707.00	2,672.00
Accumulated Depreciation	1,927.00	1,786.00
CWIP	105.00	20.00
Investments	43.00	8.00
Other Assets -	11,032.00	6,264.00
Inventories	3,234.00	2,292.00
Trade receivables -	3,866.00	1,830.00
Receivables over 6m	649.00	598.00
Receivables under 6m	3,257.00	1,251.00
Prov for Doubtful	-39.00	-20.00
Cash Equivalents	1,113.00	427.00

Line Item	Mar 2025	Mar 2024
Loans n Advances	141.00	53.00
Other asset items	2,678.00	1,663.00
Total Assets	12,960.00	7,179.00

Cash Flow Statement (Crores)

Line Item	Mar 2025	Mar 2024
Cash from Operating Activity -	1,092.00	80.00
Profit from operations	1,984.00	1,161.00
Receivables	-2,007.00	-677.00
Inventory	-819.00	-465.00
Payables	0.00	0.00
Loans Advances	0.00	0.00
Other WC items	1,935.00	81.00
Working capital changes	-890.00	-1,061.00
Direct taxes	-2.00	-20.00
Cash from Investing Activity -	-749.00	-152.00
Fixed assets purchased	-371.00	-227.00
Fixed assets sold	2.00	1.00
Investments purchased	-72.00	-40.00
Investments sold	38.00	31.00
Interest received	77.00	25.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Redemp n Canc of Shares	0.00	44.00
Acquisition of companies	-441.00	0.00
Inter corporate deposits	0.00	0.00
Other investing items	18.00	14.00
Cash from Financing Activity -	343.00	132.00
Proceeds from shares	22.00	2,065.00
Proceeds from debentures	0.00	0.00
Proceeds from borrowings	516.00	0.00
Repayment of borrowings	-67.00	-1,803.00
Interest paid fin	-100.00	-107.00
Dividends paid	0.00	0.00
Financial liabilities	-28.00	-23.00
Share application money	0.00	0.00
Application money refund	0.00	0.00
Other financing items	0.00	0.00
Net Cash Flow	686.00	60.00
Free Cash Flow	724.00	-147.00
CFO/OP	59.00	10.00

Key Ratios (₹Crores)

Line Item	Mar 2025	Mar 2024
Debtor Days	130.00	102.00
Inventory Days	171.00	210.00
Days Payable	156.00	165.00
Cash Conversion Cycle	145.00	148.00
Working Capital Days	73.00	103.00
ROCE %	33.00	25.00

3.2 Financial Analysis Summary

- **Revenue** grew by 67% to **₹10,890 Cr**, primarily driven by "point in time" recognition for WTGs and inorganic growth from the **₹441 Cr** Renom acquisition; however, **Trade Receivables** surged 111.32% to **₹3,866 Cr**, indicating revenue recognition is significantly outpacing cash collection.
- **Operating Profit** increased to **₹1,863 Cr** with **OPM %** improving to 17%, yet **PAT** of **₹2,072 Cr** was heavily inflated by a non-cash **Deferred Tax** credit of **₹639.42 Cr**; excluding this, operational **PAT** would be approximately **₹1,432 Cr**, signaling lower earnings quality.
- **Employee Cost %** decreased to 9% of **Sales**, but this masks a 294% surge in non-cash ESOP charges to **₹114.95 Cr**, while **Other Expenses** of **₹1,204 Cr** were pressured by **₹120.89 Cr** in warranty costs and a sharp **₹59.06 Cr** write-off of **Bad Debts**.
- **Finance Cost** rose 55% to **₹255 Cr** despite low explicit **Total Debt** of **₹323 Cr**, as the company utilized **₹411.21 Cr** in "financing arrangements" and recognized a liability for the Renom "put option" within **Other Financial Liabilities** which spiked to **₹1,028.81 Cr**.
- **Working Capital** remains a significant cash drag as **Inventory** grew 41% to **₹3,234 Cr** and **Trade Receivables** absorbed **₹2,007 Cr** of cash, partially offset by a 403% explosion in **Contract Liabilities** (Customer Advances) to **₹1,743.51 Cr**, acting as a primary funding source.
- **CFO** improved to **₹1,092 Cr** from **₹80 Cr**, but the **CFO/PAT** ratio of **0.53** remains weak, confirming that nearly half of the reported **Net Profit** is not backed by cash due to **Deferred Tax** recognition and aggressive revenue booking.
- **Fixed Assets** and **Gross Block** expanded following the **₹441 Cr** acquisition and **₹371 Cr** in organic **Capex**, with **Intangible Assets** jumping to **₹581 Cr** due to capitalized customer contracts from the Renom deal, which will increase future **Depreciation** and amortization.
- **ROCE** improved to 33% and **ROE** to 33.9%, but these metrics are artificially buoyed by the one-time **Deferred Tax** credit and a balance sheet increasingly funded by customer advances rather than **Net Worth**.
- **Total Assets** nearly doubled to **₹12,960 Cr**, yet the Auditor raised concerns regarding the recoverability of **₹41.12 Cr** in Power Evacuation receivables and noted that 10 subsidiaries incurred cash losses, suggesting a "hollow" consolidated structure.
- Other assets are impacted by **Other Non-current Financial Assets** of **₹1,103.50 Cr** (security deposits/ margin money), while other liabilities are dominated by the **₹1,743.51 Cr** in **Contract Liabilities**, which provides visibility but increases execution pressure.
- Other expenses were driven by a **₹59.06 Cr** bad debt write-off and doubled warranty costs, suggesting that historical revenue may have been over-recognized and the aging installed base is becoming costlier to maintain.

- The dominant financial theme of the year is a transition to high-growth scalability funded by customer advances, though the quality of record profits is significantly diluted by non-cash tax credits and a widening gap between accounting earnings and cash flow.

3.3 Contingent Liabilities & Commitments

- **Pending Litigations:** Disclosed in Note 40; involves various legal proceedings with potential cash outflows.
- **Tax Disputes:** Auditor flagged subjectivity in Expected Credit Loss (ECL) estimates and recovery of infrastructure dues totaling **□41.12 Cr**.
- **Subsidiary Support:** 10 subsidiaries (including SE Forge and Gale Green Urja) reported cash losses, creating a risk that the parent must continually infuse capital to maintain solvency.
- **Capital Commitments:** Significant future outflows committed for the "put option" related to the remaining 24% stake in Renom Energy Services.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; □2,072 Cr PAT vs □1,092 Cr CFO indicates low quality.	□	PAT □2,072 Cr, CFO □1,092 Cr; Accrual ratio 0.52.	CFO/PAT gap driven by □639 Cr non-cash tax credit and working capital drag.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — channel stuffing risk; receivables + inventory grew 73% vs sales 67% growth.	□	Receivables □3,866 Cr (+111%), Inventory □3,234 Cr (+41%), Sales □10,890 Cr (+67%).	Receivables growth nearly double revenue growth; Auditor KAM on PE infrastructure recovery.
3	Revenue timing (advances)	Revenue ↑ — high visibility; customer advances surged 403% providing future execution cushion.	□	Contract Liabilities (Advances) □1,743.51 Cr vs □346.25 Cr YoY.	Note 2.4(f): WTG revenue recognized at point of delivery; erection at completion.
4	Revenue from related parties %	Neutral — governance risk; 29 subsidiaries with 19 not audited by lead auditor.	□	Group consists of 29 subsidiaries; 19 not audited by primary firm.	Note 49: Management representation against round-tripping; high complexity in group structure.
5	Inventory vs revenue growth	Profit ↑ — efficiency gain; inventory grew 41% while sales grew 67% improving turns.	□	Inventory □3,234 Cr (FY25) vs □2,292 Cr (FY24); Sales □10,890 Cr.	Inventory days improved from 210 to 171 days despite absolute value increase.
6	Inventory valuation method change	Neutral — consistency maintained; no policy change reported in the annual report notes.	□	Material cost % stable at 63% vs 61% YoY.	Standard cost method used for valuation as per accounting policy notes.
7	Exceptional items in operating profit	Profit ↓ — recurring losses; □6 Cr exceptional loss persists after □62 Cr prior year.	□	Exceptional items: -□6 Cr (FY25) and -□62 Cr (FY24).	Persistent exceptional charges suggest operational restructuring or legacy asset write-downs.
8	Depreciation rate vs useful life policy	Profit ↑ — non-cash boost; depreciation □259 Cr on gross block □3,707 Cr (7% rate).	□	Depreciation □259 Cr; Gross Block □3,707 Cr; Accum. Dep. □1,927 Cr.	Intangibles from Renom acquisition (□451 Cr) amortized over 5 years per Note 48.1.
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain; □28 Cr liquidated damages reversal boosts operating profit.	□	Liquidated Damages reversal of □28.11 Cr in Other Expenses.	Reversal suggests successful penalty negotiations but provides a one-time profit boost.
10	Tax rate consistency	Profit ↑ — accounting boost; -43% effective tax rate vs 0% prior year.	□	P&L Tax: -□639 Cr (Credit); Cash Tax Paid: □2 Cr.	Massive divergence between P&L tax credit and actual cash tax outflow.
11	CWIP age and stalling projects	Neutral — expansion signal; CWIP increased to □105 Cr from □20 Cr YoY.	□	CWIP □105 Cr (FY25) vs □20 Cr (FY24).	Increase in CWIP aligns with inorganic growth and Renom integration activities.
12	Deferred tax asset recognition adequacy	Profit ↑ — inflated PAT; □639 Cr DTA credit accounts for 31% of Net Profit.	□	DTA recognized: □644.55 Cr vs □3.77 Cr in FY24.	Auditor KAM: DTA requires "convincing evidence" of future profits; high management judgment.
13	RPT quantum and trend	Neutral — oversight risk; 10 subsidiaries reported cash	□	Auditor Report (p.341) identifies 10 loss-making subsidiaries.	Risk of value leakage or capital infusion to keep "hollow" subsidiaries afloat.

#	Check	Impact	Status	Evidence	Notes Detail
		losses requiring parent support.			
14	Dividend paid vs FCF adequacy	Neutral — liquidity preservation; zero dividends despite ₹724 Cr FCF and ₹2,072 Cr PAT.	□	Dividend Payout 0%; Free Cash Flow ₹724 Cr.	Management prioritizing deleveraging and working capital over shareholder payouts.
15	Audit Trail Compliance	Neutral — integrity risk; database-level edit logs not enabled for Holding Co and 2 subsidiaries.	□	Auditor Emphasis of Matter (p.342).	Limits ability to verify direct data changes; significant internal control weakness.
16	Receivable Quality	Profit ↓ — asset impairment; ₹59.06 Cr bad debt write-off in FY25.	□	Other Expenses (p.353).	Sharp increase from prior year; suggests historical revenue over-recognition.
17	Subsidiary Audit Coverage	Neutral — coordination risk; 19 of 29 subsidiaries not audited by lead auditor.	□	Auditor's Report (p.345).	Lead auditor relied on other auditors for ₹750.19 Cr in assets.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified. * **KAM 1: Deferred Tax Assets (DTA):** Auditor flagged recognition of **₹644.55 Cr** in DTA. Concern centers on the reliability of management's future profit forecasts required to justify this non-cash credit, which significantly inflated PAT. * **KAM 2: Trade & Power Evacuation (PE) Receivables:** Auditor noted high subjectivity in Expected Credit Loss (ECL) estimates and the recovery of infrastructure dues totaling **₹41.12 Cr**. * **KAM 3: Renom Acquisition:** Auditor highlighted risks regarding the fair valuation of Intangible Assets (**₹451.92 Cr**) and the "Put/Call" option valuation for the remaining stake. * **KAM 4: ESOP Valuation:** Complexity in Black-Scholes model and performance estimates used for the **₹114.95 Cr** charge. * **Emphasis of Matter:** The Company and its domestic subsidiaries failed to enable the audit trail (edit log) feature at the database level. * **Material Weaknesses:** Auditor explicitly noted that the lack of database-level audit trails for the Holding Company and two subsidiaries limits the ability to verify direct data changes.

B. Related Party Transactions | Party | Relationship | Nature | Amount (₹Cr) | Concern | |:---|:---|:---|---:|:---| | ***SE Forge Limited*** | Subsidiary | Max Outstanding | 118.97 Cr | Material intra-group exposure; subsidiary reported cash losses. | | ***Suzlon Renewable Development Ltd*** | Subsidiary | Max Outstanding | 298.00 Cr | Significant fluctuation in intra-group funding. | | ***Renom Energy Services Pvt Ltd*** | Subsidiary | Outstanding | 20.09 Cr | New exposure following 51% stake acquisition. | | ***Suzlon Shared Services Limited*** | Subsidiary | Outstanding | 2.37 Cr | Operational support funding. |

RPT Verdict: Monitor □While RPTs are only 1.63% of revenue, they represent 16.25% of CFO. The financial fragility of 10 subsidiaries reporting cash losses and the lack of database-level audit trails create a "hollow" consolidated structure risk.

C. Shareholding * **Promoters:** 13.25% (Mar 2025) vs 13.28% (Mar 2024). * **FIIs:** 23.74% (Mar 2025) vs 19.57% (Mar 2024) — Significant increase. * **DIIs:** 9.17% (Mar 2025) vs 6.30% (Mar 2024). * **Public:** 53.84% (Mar 2025) vs 60.85% (Mar 2024). * **Pledged Shares:** No explicit pledge disclosed.

D. Board Composition + KMP Compensation * **Total Directors:** 7 | **Independent %:** 57.14% | **Women Directors:** 1. * **Family Presence:** The **Tanti family** (Vinod, Girish, and Pranav) maintains 43% of board seats despite a low 13.25% equity stake. * **Compensation:** Aggregate Employee Benefit Expenses rose 33.95% to **₹941.53 Cr**. Share-based payment costs surged 294% to **₹114.95 Cr**, masking cash-based pay trends. Specific

KMP cash remuneration was not fully disclosed in the snippet, but Vinod R. Tanti received □5.00 Cr in the prior year.

F. Capital Allocation & Capex | Action | FY Current (□Cr) | FY Prior (□Cr) | % of CFO | Signal | |:---|---:|---:|---:|:---| | ***Acquisitions*** | 441.00 Cr | 0.00 Cr | 40.38% | □| | **Capex (Fixed Assets Purchased)** | 371.00 Cr | 227.00 Cr | 33.97% | □| | ***Working Capital Investment*** | 890.00 Cr | 1,061.00 Cr | 81.50% | □| | ***Interest Payments*** | 100.00 Cr | 107.00 Cr | 9.16% | □|

CAPEX Analytical Notes: * **CFO Coverage:** CFO (**□1,092.00 Cr**) is sufficient to self-fund Capex (**□371.00 Cr**) with a ratio of 2.94x. * **Nature of Capex:** Primarily growth-oriented, focusing on **blade mould development** for the S144 series and R&D (**□128.90 Cr**). * **Deployment Efficiency:** Revenue grew 67% while Capex grew 63%, indicating a tight correlation between capacity expansion and topline realization. * **Takeaway:** The company has pivoted to **CFO-funded growth**, though the **□441.00 Cr** acquisition and **□890.00 Cr** working capital absorption remain heavy cash drains.

H. Risks * ***Audit Trail Deficiency:*** No database-level edit log. **Impact:** Integrity of financial records cannot be fully verified; risk of undetected data changes (High Severity). * ***Receivable Quality:*** Receivables grew 111% vs 67% Sales; **□59.06 Cr** bad debt write-off. **Impact:** Future provisions could wipe out paper profits (High Severity). * ***DTA Reversal Risk:*** **□644.55 Cr** DTA recognized on future estimates. **Impact:** Missing growth targets would necessitate massive non-cash impairment losses (High Severity). * ***Subsidiary Solvency:*** 10 subsidiaries reporting cash losses. **Impact:** Parent must divert cash to keep "hollow" entities afloat (Medium Severity). * ***Technology Risk:*** 91% concentration in S144 series. **Impact:** Any field failure would be catastrophic with no "Plan B" (Medium Severity).

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	↑	5.6 GW order book; 91% S144 concentration; Renom acquisition.	Strong market position and order visibility, but high product concentration risk.
Financial Health	4	↑	D/E 0.05x; Interest Coverage 7.3x; CFO □1,092 Cr.	Massive deleveraging and shift to self-funding, though WC remains a drag.
Earnings Quality	2	↓	CFO/PAT 0.53; □639 Cr DTA credit; □59 Cr bad debt write-off.	Profits are heavily inflated by non-cash tax credits and aggressive revenue timing.
Management & Governance	2	↓	Audit trail non-compliance; ID resignation; 13% promoter stake.	Persistent internal control weaknesses and transparency concerns offset operational gains.
Capital Allocation & Visibility	4	↑	ROCE 33%; □1,743 Cr customer advances; CFO-funded capex.	Efficient capex deployment and high revenue visibility from advances.

BUSINESS POSITIVES (for this company this year) * □**Revenue Growth:** Topline surged 67% to **□10,890 Cr**, driven by strong WTG deliveries and Renom integration. * □**Deleveraging: Debt/Equity** ratio maintained at a negligible **0.05x**, with interest coverage improving to **7.3x**. * □**Order Visibility: Contract Liabilities (Customer Advances)** exploded 403% to **□1,743.51 Cr**, signaling a robust pipeline. * □**Operational Cash Flow: CFO** improved significantly to **□1,092 Cr**, allowing the company to self-fund **□371 Cr** in capex. * □**Strategic Diversification:** Acquisition of **Renom** opens the **32 GW** non-Suzlon O&M market, de-risking equipment sales cycles.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Earnings Quality: 31% of Net Profit** (□**639.42 Cr**) is a non-cash Deferred Tax credit, not operational income. * □**Receivable Stress: Trade Receivables** grew **111.32%**, nearly double the revenue growth rate, indicating aggressive billing. * □ **Governance Red Flag:** Failure to enable **database-level audit trails** for the second year, cited as a material weakness by auditors. * □**Asset Quality:** □**59.06 Cr** in bad debts written off in FY25, highlighting historical collection issues. * □**Subsidiary Burden: 10 subsidiaries** reported cash losses, requiring ongoing financial support from the parent.

OVERALL SCORECARD SUMMARY Suzlon has achieved a remarkable operational turnaround, transitioning from a distressed entity to a debt-free industrial growth proxy with a massive order book and high ROCE. However, the quality of its record □2,072 Cr profit is poor, as nearly half is not backed by cash and a third stems from a non-cash tax credit. Governance remains the primary concern, with persistent audit trail deficiencies and the resignation of an Independent Director suggesting that internal controls have not kept pace with financial recovery. The business is on a stable-to-improving operational trajectory but remains on a deteriorating governance trajectory.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.122).
2	Promoter pledge = 0?	□	No pledge disclosed in FY25 data.
3	KMP pay < 5% of PAT?	□	Aggregate employee cost is 8.6% of revenue; KMP pay not fully disclosed but likely <5% of □2,072 Cr PAT.
4	RPT quantum < 5% of revenue?	□	RPTs at 1.63% of revenue.
5	Board > 50% independent?	□	57.14% (4 out of 7 directors).
6	At least 1 woman director?	□	Seemantinee Khot (p.9).
7	No statutory dues outstanding?	□	No major defaults reported.
8	No fraud reported?	□	Management representation (p.342).
9	Audit trail enabled?	□	Not enabled at database level (p.342).
10	Frequent Auditor change	□	M/s. Walker Chandiok & Co LLP since FY23.
Total: 9/10 □— Governance Rating: 2 (Due to severity of Audit Trail and ID resignation)			

Part C: Investor Verdict

THESIS: Suzlon is a high-beta play on India's wind energy cycle, offering strong volume growth and a cleaned balance sheet, but requires a significant governance discount. **OVERALL STANCE:** WATCH **RATIONALE:** Operational strength is currently overshadowed by poor earnings quality (DTA-led) and persistent internal control weaknesses. **RE-EVALUATE WHEN:** CFO/PAT ratio exceeds 0.8x AND database-level audit trails are fully implemented. **BULL CASE:** S144 platform achieves flawless execution and Renom acquisition drives O&M

margins to >25%, leading to FCF > ₹1,500 Cr. **BEAR CASE:** A serial defect in the S144 model (91% of orders) or a massive DTA reversal leads to a >₹500 Cr non-cash loss. **KEY MONITORABLE:** Trade Receivable Growth vs Sales Growth: Current 111% → Watch Threshold < 70%.

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7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status (FY24)	Summary B Status (FY25)	Forensic Takeaway
Capital Allocation	Equity-funded growth; CFO (₹80 Cr) insufficient to cover Capex (₹227 Cr).	Self-funded growth; CFO (₹1,092 Cr) covers Capex and inorganic acquisition (Renom).	The company has successfully transitioned from relying on capital markets to generating sufficient internal cash for expansion.
Margin Trajectory	OPM at 16%; PAT (₹660 Cr) driven by operational recovery and debt reduction.	OPM at 17%; PAT (₹2,072 Cr) significantly boosted by a ₹639 Cr non-cash tax credit.	Reported profitability has shifted from operational turnaround gains to being heavily influenced by aggressive accounting estimates.
Working Capital	Receivables grew 56% vs 9% Revenue; CFO/PAT ratio at a low 0.12x.	Receivables grew 111% vs 67% Revenue; Customer advances surged 403% to ₹1,743 Cr.	The business is increasingly using customer advances to mask a deteriorating collection cycle where billing significantly outpaces cash realization.
Management Tone	"Calculated confidence" focused on a "reborn" growth proxy narrative.	"Calculated Aggression" focused on "Sustainable Scalability" and multi-brand O&M.	Management has adopted a more aggressive expansionist stance, prioritizing market share and inorganic growth over transparency improvements.
Governance Risk	Focus on historical SEBI Show Cause Notices and legacy RPT issues.	Focus on active internal control failures and high-profile Independent Director resignation.	Governance concerns have evolved from historical baggage to current structural friction and persistent transparency gaps.
Asset Strategy	Focus on manufacturing capacity for the new S144 (3 MW) series.	Shift to "Asset-Light" model via sale of "One Earth" HQ and entry into third-party O&M.	The company is aggressively liquidating non-core assets to fund a high-stakes concentration in a single product platform.

7.2 Persistent Patterns

- **Audit Trail Non-Compliance:** Management continues to refuse enabling database-level edit logs, citing "performance concerns," which prevents full verification of financial record integrity.
- **Poor Cash Conversion: CFO consistently and significantly lags behind reported PAT**, indicating that a substantial portion of earnings remains trapped in paper gains or accounting credits.
- **Zero Tax Leakage:** The company continues to utilize massive brought-forward losses to avoid cash tax outflows, now extending to the aggressive recognition of Deferred Tax Assets.
- **O&M Defensive Moat:** The high-margin Operations & Maintenance portfolio remains the structural bedrock of the company’s valuation and provides a recurring revenue safety net.
- **Low Promoter Skin-in-the-Game: The Tanti family maintains tight management control and high compensation growth despite a dangerously low equity stake (~13%)**.

- **Stale Receivable Risk:** Auditors consistently flag high subjectivity and risk regarding the recoverability of long-overdue trade and power evacuation receivables.
- **Hollow Subsidiary Structure: A significant number of subsidiaries (10+) continue to report cash losses**, requiring the parent company to perpetually divert capital to maintain group solvency.
- **Product Concentration Risk:** The business remains heavily over-indexed on a single technology platform (S144), creating a massive single-point-of-failure risk for the entire order book.

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