Suzlon Energy Ltd — FY 2024 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 maintains a dominant 32% market share in the Indian wind energy sector, supported by a robust 3.8 GW order book and a defensive 14.8 GW O&M service moat.**	□Positive
2	Revenue growth remains modest at 9% YoY (□6,529 Cr), indicating that the operational turnaround is still in the early stages of volume ramp-up.	□Neutral
3	**Operating Profit grew 24.5% to □1,037 Cr with margins expanding to 16%, driven by a 61% reduction in finance costs following aggressive deleveraging.**	□Positive
4	**Reported PAT of □660 Cr marks a significant recovery, though the bottom line is currently decoupled from actual cash generation.**	□Positive
5	**Total Debt was slashed from □1,938 Cr to □150 Cr via a □2,000 Cr QIP, resulting in a pristine Net Cash position of □1,197 Cr and a D/E of 0.04x.**	□Positive
6	***Earnings quality is poor, evidenced by a severe divergence where Cash Flow from Operations (80 Cr) represents only 12% of PAT.***	□Negative
7	***Negative Free Cash Flow of 147 Cr and a front-loaded capex of 227 Cr indicate the business is not yet self-funding its growth requirements.***	□Negative
8	***Working capital stress is acute, with Trade Receivables surging 56% to 1,830 Cr, far outstripping revenue growth and trapping liquidity.***	□Negative
9	***Governance risks are elevated due to a SEBI Show Cause Notice regarding historical RPTs and the resignation of an Independent Director.***	□Negative
10	***Internal control weaknesses persist, including material reconciliation gaps at the SGSL subsidiary and a failure to maintain database-level audit trails.***	□Negative
11	The outlook depends on the successful execution of the S144 technology series and converting the 3.8 GW order book into cash-backed revenue.	□Neutral
12	Investment View: WATCH; stance remains cautious until the CFO/PAT ratio exceeds 0.7x and trade receivables fall below □1,500 Cr.	□Neutral

1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** Suzlon operates primarily in Wind Turbine Generator (WTG) manufacturing and Operations & Maintenance Services (OMS). It also maintains vertical integration through subsidiaries like SE Forge for forging and casting.
- **Revenue Drivers:** Growth is driven by the transition to the S144 (3.x MW series) turbine platform and a sticky, high-margin O&M portfolio servicing 14.8 GW of wind assets.

- **Cost Drivers:** Major costs include raw materials (61% of sales), employee benefits, and a persistent "warranty tail" for servicing the legacy installed base.
- **Industry Position:** India’s largest wind O&M player and a leading WTG manufacturer with a 32% domestic market share.
- **Expansion Plans:** Management is targeting a "tripling of global capacity" and has ramped up manufacturing modularity from 3,150 MW to 4,500 MW to meet the Indian government's 500 GW renewable energy target by 2030.
- **Acquisitions & Divestments:** The group is undergoing strategic simplification, including the proposed merger of Suzlon Global Services Limited (SGSL) into the parent and the liquidation of several non-core overseas entities (e.g., SE Drive Technik GmbH).
- **Capacity Additions:** Significant investment in blade moulds specifically for the new S144 series to unlock low-wind sites.
- **Segment Performance:** The O&M segment provides a defensive moat with recurring revenue, while the WTG segment is entering an "execution play" phase with a 3.8 GW order book.
- **Geographical Presence:** Primarily focused on the Indian market, with a strategic retreat from certain international manufacturing footprints to focus on domestic "bankability" and execution.

2. MANAGEMENT COMMENTARY & OUTLOOK

- The strategic focus has shifted entirely to the S144 (3.x MW series) platform, which management positions as a "site-unlocker" offering 40-43% higher energy yields for low-wind sites.
- Management is aggressively pursuing "Multi-Brand O&M" to decouple service revenue from internal WTG sales, targeting competitors' turbines to expand high-margin income.
- The company has transitioned to a "Net Cash" position (□1,197 Cr surplus post-QIP), a move intended to restore "bankability" and win back large Independent Power Producers (IPPs).
- The proposed merger of Suzlon Global Services Limited (SGSL) into the parent is designed to simplify the corporate structure and provide the parent direct access to robust service cash flows.
- The return of JP Chalasani as Group CEO signals a focus on veteran execution to navigate complex "Right of Way" (RoW) and grid connectivity challenges.
- Management guidance emphasizes a "reborn" image, moving away from debt restructuring toward a high-growth execution phase supported by policy tailwinds.
- The order book stands at a robust 3.8 GW as of June 2024, with the S144 model constituting the majority of new orders.
- Management highlights the successful defense of a 32% market share despite aggressive competition from domestic players like Adani and global giants.
- Long-term vision is aligned with India's energy transition, aiming to be a primary beneficiary of the 500 GW renewable target by 2030.
- Management Tone: The narrative has shifted from "apologetic survival" to "calculated confidence." While the company has successfully used equity markets to solve its debt crisis, the tone remains heavily reliant on external policy tailwinds. There is a visible effort to project stability, yet the resignation of high-profile independent directors and lingering SEBI investigations suggest that the "back office" governance is still catching up to the "front office" growth ambitions.

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 2024	Mar 2023
Sales -	6,529.00	5,971.00
Sales Growth %	9.00	-9.00
Expenses -	5,492.00	5,137.00
Material Cost % -	61.00	63.00
Raw material cost	4,019.00	3,627.00
Change in inventory	-37.00	156.00
Manufacturing Cost %	5.00	7.00
Employee Cost %	11.00	10.00
Other Cost %	7.00	6.00
Operating Profit	1,037.00	833.00
OPM %	16.00	14.00
Other Income -	-24.00	2,739.00
Exceptional items	-62.00	2,719.00
Other income normal	38.00	20.00
Interest	164.00	421.00
Depreciation	190.00	260.00
Profit before tax	659.00	2,892.00
Tax %	0.00	0.00
Net Profit -	660.00	2,887.00
Profit from Associates	0.00	0.00
Minority share	0.00	-38.00
Exceptional items AT	-62.00	2,715.00
Profit excl Excep	722.00	172.00
Profit for PE	722.00	170.00
Profit for EPS	660.00	2,849.00
Profit Growth %	325.00	293.00
EPS in Rs	0.49	2.28
Dividend Payout %	0.00	0.00

Balance Sheet (□Crores)

Line Item	Mar 2024	Mar 2023
Equity Capital	2,722.00	2,454.00
Reserves	1,199.00	-1,355.00
Borrowings -	150.00	1,938.00
Long term Borrowings	50.00	1,517.00
Short term Borrowings	60.00	388.00
Lease Liabilities	40.00	33.00
Preference Capital	0.00	0.00
Other Borrowings	0.00	0.00
Other Liabilities -	3,108.00	2,486.00
Non controlling int	0.00	0.00
Trade Payables	1,796.00	895.00
Advance from Customers	0.00	0.00
Other liability items	1,313.00	1,592.00
Total Liabilities	7,179.00	5,523.00
Fixed Assets -	886.00	866.00
Land	175.00	124.00
Building	460.00	553.00
Estates	0.00	0.00
Plant Machinery	990.00	962.00
Computers	111.00	103.00
Furniture n fittings	41.00	53.00
Vehicles	27.00	41.00
Wind turbines	17.00	17.00
Intangible Assets	0.00	0.00
Other fixed assets	850.00	814.00
Gross Block	2,672.00	2,665.00
Accumulated Depreciation	1,786.00	1,799.00
CWIP	20.00	6.00
Investments	8.00	0.00
Other Assets -	6,264.00	4,651.00
Inventories	2,292.00	1,827.00
Trade receivables -	1,830.00	1,170.00
Receivables over 6m	598.00	767.00
Receivables under 6m	1,251.00	611.00
Prov for Doubtful	-20.00	-208.00
Cash Equivalents	427.00	367.00

Line Item	Mar 2024	Mar 2023
Loans n Advances	53.00	20.00
Other asset items	1,663.00	1,266.00
Total Assets	7,179.00	5,523.00

Cash Flow Statement (□Crores)

Line Item	Mar 2024	Mar 2023
Cash from Operating Activity -	80.00	491.00
Profit from operations	1,161.00	1,025.00
Receivables	-677.00	193.00
Inventory	-465.00	381.00
Payables	0.00	0.00
Loans Advances	0.00	0.00
Other WC items	81.00	-1,093.00
Working capital changes	-1,061.00	-519.00
Direct taxes	-20.00	-15.00
Cash from Investing Activity -	-152.00	85.00
Fixed assets purchased	-227.00	-101.00
Fixed assets sold	1.00	86.00
Investments purchased	-40.00	0.00
Investments sold	31.00	10.00
Interest received	25.00	12.00
Dividends received	0.00	0.00
Invest in subsidiaries	0.00	0.00
Redemp n Canc of Shares	44.00	77.00
Acquisition of companies	0.00	0.00
Inter corporate deposits	0.00	0.00
Other investing items	14.00	0.00
Cash from Financing Activity -	132.00	-709.00
Proceeds from shares	2,065.00	1,080.00
Proceeds from debentures	0.00	0.00
Proceeds from borrowings	0.00	3,045.00
Repayment of borrowings	-1,803.00	-4,384.00
Interest paid fin	-107.00	-425.00
Dividends paid	0.00	0.00
Financial liabilities	-23.00	-24.00
Share application money	0.00	0.00
Application money refund	0.00	0.00
Other financing items	0.00	0.00
Net Cash Flow	60.00	-133.00
Free Cash Flow	-147.00	477.00
CFO/OP	10.00	61.00

Key Ratios (₹Crores)

Line Item	Mar 2024	Mar 2023
Debtor Days	102.00	72.00
Inventory Days	210.00	176.00
Days Payable	165.00	86.00
Cash Conversion Cycle	148.00	162.00
Working Capital Days	103.00	66.00
ROCE %	25.00	20.00

3.2 Financial Analysis Summary

- **Revenue** grew by 9.00% to **₹6,529.00 Cr**, primarily driven by WTG sales and OMS services, yet this growth was significantly outpaced by a **56.31%** surge in **Trade Receivables** to **₹1,830.00 Cr**, signaling potential aggressive year-end billing or collection inefficiencies.
- **Operating Profit** improved to **₹1,037.00 Cr** with **OPM %** expanding to **16.00%** from 14.00%, while **Profit excl Excep** surged to **₹722.00 Cr** from ₹172.00 Cr, reflecting a core turnaround despite the prior year's **Net Profit** being distorted by a **₹2,719.00 Cr** exceptional gain.
- **Finance Cost** plummeted by **60.95%** to **₹164.00 Cr** following a massive deleveraging event where the company used **₹1,966.71 Cr** in net proceeds from a **QIP** to fund a **₹1,803.00 Cr Repayment of borrowings**, reducing **Total Debt** to a mere **₹150.00 Cr**.
- **CFO** of **₹80.00 Cr** represents a poor cash conversion of only **12%** of **PAT**, as cash was heavily absorbed by a **₹1,061.00 Cr Working capital changes** outflow, specifically driven by a **₹677.00 Cr** increase in **Receivables** and a **₹465.00 Cr** increase in **Inventory**.
- **Inventory** levels rose **25.46%** to **₹2,292.00 Cr**, significantly higher than **Revenue** growth, which combined with the spike in **Inventory Days** to **210** suggests either a massive order book buildup for FY25 or potential slow-moving stock.
- **Trade Payables** doubled to **₹1,796.00 Cr**, effectively acting as a source of financing to offset the cash trapped in **Working Capital**, as evidenced by **Days Payable** stretching from **86** to **165 days**.
- **Fixed Assets** remained stable at **₹886.00 Cr**, but **Capex** increased to **₹227.00 Cr**, while **Depreciation** fell to **₹190.00 Cr**, partly due to the liquidation of several overseas subsidiaries.
- **Net Worth** turned positive to **₹3,921.00 Cr** from a negative position in Mar 2023, driven by **₹2,065.00 Cr Proceeds from shares** and the retention of **₹660.00 Cr Net Profit**, fundamentally strengthening the **Balance Sheet** and improving **ROCE %** to **25.00%**.
- **Other Assets** saw a **108%** spike in **Non-current Other Financial Assets** to **₹902.92 Cr**, likely representing security deposits or restricted balances that are not currently yielding market-linked returns, indicating capital inefficiency.
- **Other Liabilities** include **Provisions** that remain high at **₹551.58 Cr** for warranty and maintenance obligations, representing a persistent "tail" of potential costs for the installed turbine base.
- **Other Expenses** grew by **9.16%** to **₹815.18 Cr**, including **₹12.55 Cr** added to the allowance for doubtful debts, which directly pressures earnings quality.
- **Earnings Quality** is pressured by the lack of an automated audit trail in accounting software and the fact that **FCF** was negative **₹147.00 Cr**, indicating the business is not yet self-funding its growth and **Capex** from operations.

- The dominant financial theme of the year is a successful **Balance Sheet** transformation from distressed to net-cash positive via equity dilution, which is currently masked by poor operational cash conversion and a heavy reliance on stretching **Trade Payables** to fund a massive spike in **Working Capital**.

3.3 Contingent Liabilities & Commitments

- **SEBI Show Cause Notice:** The Holding Company received a notice regarding specific transactions with domestic subsidiaries in earlier years. Management has filed a settlement application without admission of guilt.
- **Litigation:** Various ongoing legal disputes related to operations and historical transactions are disclosed as contingent liabilities.
- **Performance Guarantees:** Significant guarantees provided to customers regarding turbine performance and project timelines.
- **Capital Commitments:** Commitments related to the expansion of manufacturing facilities and blade moulds for the S144 series.
- **Auditor Note:** The statutory auditor drew specific attention to the SEBI notice and the recoverability of **□67.73 Cr** in Power Evacuation (PE) infrastructure receivables as areas of high uncertainty.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — earnings overstate cash; □660 Cr PAT vs □80 Cr CFO due to working capital.	□	PAT □660 Cr, CFO □80 Cr (FY24).	Gap driven by □677 Cr receivable and □465 Cr inventory surge (p.297).
2	Receivables & channel-stuffing signal	Revenue ↑↓ — aggressive billing risk; receivables + inventory grew 37% vs 9% sales growth.	□	Receivables + Inventory: □4,122 Cr (FY24) vs □2,997 Cr (FY23).	Receivables grew 56% YoY, significantly outpacing the 9% revenue growth (p.290).
3	Revenue timing (unbilled/ advances)	Revenue ↓ — lower forward visibility; contract liabilities dropped 40% indicating fewer customer advances.	□	Contract Liabilities: □346.25 Cr (FY24) vs □573.04 Cr (FY23).	Note 2.4.f: WTG revenue recognized at point in time; advances drop suggests execution speed.
4	Revenue from related parties %	Neutral — governance risk; SEBI investigating historical transactions with domestic subsidiaries.	□	SEBI Show Cause Notice (Note 48.a).	Auditor highlighted SEBI notice regarding transactions with domestic subsidiaries as high uncertainty (p.281).
5	Inventory vs revenue growth	Profit ↓ — cash trapped in stock; inventory grew 25.5% vs 9% revenue growth.	□	Inventory: □2,292 Cr (FY24) vs □1,827 Cr (FY23).	Inventory build-up outpaces sales, potentially signaling slow-moving components or FY25 preparation (p.290).
6	Inventory valuation method change	Neutral — consistent policy; inventory valued at lower of cost and net realizable value.	□	No change in valuation policy reported.	Note 2.4.e: Standard cost method used for valuation of inventories (p.326).
7	Exceptional items in operating profit	Profit ↑ — non-operational volatility; FY23 PAT was 94% exceptional gain vs FY24 operational turn.	□	FY24: -□62 Cr; FY23: +□2,719 Cr exceptional items.	FY23 profit was driven by debt restructuring gains; FY24 reflects core operational performance (p.290).
8	Depreciation rate vs useful life	Profit ↑ — lower non-cash charge; depreciation fell 27% despite gross block remaining stable.	□	Dep: □190 Cr (FY24) vs □260 Cr (FY23); Block: □2,672 Cr.	Significant drop in depreciation expense suggests assets reaching end of useful life (p.290).
9	Provision reversals boosting PAT	Profit ↑ — non-cash gain; □188 Cr reduction in doubtful debt provision improves PAT.	□	Prov for Doubtful: -□20 Cr (FY24) vs -□208 Cr (FY23).	Reduction in provision for doubtful debts directly impacts the bottom line without cash inflow.
10	Tax rate consistency	Neutral — tax shield; 0% effective tax rate due to utilization of past losses.	□	Tax %: 0% (FY24); Cash Tax: □20 Cr.	Company continues to benefit from brought forward tax losses, resulting in zero P&L tax.
11	CWIP age and stalling projects	Neutral — low capital intensity; CWIP remains immaterial at 0.3% of total assets.	□	CWIP: □20 Cr (FY24) vs □6 Cr (FY23).	Minimal capital work-in-progress indicates no major stalled internal infrastructure projects (p.290).
12	Deferred tax asset recognition	Neutral — conservative accounting; no major DTA recognized despite historical losses.	□	Tax %: 0.00 in P&L Statement.	Management has not aggressively recognized DTAs, maintaining a conservative stance on future profits.
13	RPT quantum and trend	Revenue ↑↓ — audit trail risk; lack of database-level edit logs for subsidiary transactions.	□	Note 48.j: Audit trail non-compliance.	Holding company and three subsidiaries failed to maintain database-level audit trails (p.286).

#	Check	Impact	Status	Evidence	Notes Detail
14	Dividend paid vs FCF adequacy	Neutral — capital preservation; zero dividends paid as FCF remains negative at -□147 Cr.	□	Dividend: 0%; FCF: -□147 Cr (FY24).	Negative Free Cash Flow justifies the zero dividend payout policy to preserve liquidity.
15	Subsidiary Internal Controls	Profit ↑↓ — operational leakage; material weakness in customer balance reconciliations at SGSL.	□	Auditor's Report (p.289).	Weakness could lead to misstatements in receivables and machine availability provisions.
16	Audit Trail Compliance	Neutral — compliance risk; audit trail not enabled at database level due to "performance concerns."	□	Note 48(j).	Technical non-compliance with Rule 11(g); integrity of financial records cannot be fully verified.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion:** Unqualified with Emphasis of Matter.
- **Key Audit Matter 1: Recoverability of Trade Receivables:** Auditor flagged subjectivity in ECL estimates for **□1,829.58 Cr** in receivables. Skepticism is warranted as receivables grew 56.31% while revenue grew only 9.25%.
- **Key Audit Matter 2: Power Evacuation (PE) Infrastructure Receivables:** Risk of non-recovery of **□67.73 Cr** in evacuation assets where underlying arrangements are complex and balances are overdue.
- **Emphasis of Matter 1: SEBI Show Cause Notice:** Note 48(a) regarding specific transactions between the Holding Company and domestic subsidiaries in earlier years. Management filed a settlement application without admission of guilt.
- **Emphasis of Matter 2: Audit Trail Non-Compliance:** Note 48(j) states the Company and three subsidiaries did not enable the audit trail (edit log) feature at the database level.
- **Material Weaknesses:** The auditor identified a material weakness in subsidiary **Suzlon Global Services Limited** regarding the timely reconciliation of customer balances, which could lead to misstatements in receivables and machine availability provisions.

B. Related Party Transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
Suzlon Global Services Limited	Subsidiary	Outstanding Balance	884.00 Cr	Material intra-group exposure; reconciliation weakness flagged by auditor
AE Rotor Holding B.V.	Subsidiary	Max Outstanding	756.72 Cr	Significant offshore entity exposure
SE Forge Limited	Subsidiary	Outstanding Balance	95.07 Cr	Operational dependency
Suzlon Gujarat Wind Park Limited	Subsidiary	Outstanding Balance	86.00 Cr	Intra-group receivable risk

- **RPT Risk Checks:** Outstanding balances with listed subsidiaries (**□1,065.07 Cr**) represent **16.31%** of Revenue. These balances represent **1,331.33%** of CFO, indicating massive cash tied up in group entities.

- **Verdict: Governance Concern** □ The SEBI Show Cause Notice regarding historical transactions, combined with the auditor's report of a "material weakness" in reconciling balances at SGSL, suggests significant risks in the integrity of intra-group fund flows.

C. Shareholding

- **Promoters:** 13.28% (Mar 2024) - Low holding increases risk of hostile takeovers.
- **FIIs:** 19.57% (Significant increase from 10.88% in Sep 2023).
- **DIIs:** 6.30%.
- **Public:** 60.85%.

D. Board Composition + KMP Compensation

- **Board:** 7 Directors; 57.14% Independent; 1 Woman Director (Seemantinee Khot).
- **CMD Compensation: Vinod R. Tanti** received **□5.00 Cr**, a **56.25% YoY growth**, outstripping the 24.48% growth in Operating Profit.
- **Family Presence:** The **Tanti family** (Vinod, Girish, and Pranav) maintains significant board presence despite low equity ownership.
- **Pay Gap:** Average KMP salary growth was 40.69% vs. 14.92% for non-KMP employees.

F. Capital Allocation & Capex

Action	FY Current (□Cr)	FY Prior (□Cr)	% of CFO	Signal
Equity Issuance (QIP)	2,065.00 Cr	1,080.00 Cr	2,581.25%	□
Debt Repayment	1,803.00 Cr	4,384.00 Cr	2,253.75%	-
Working Capital Investment	1,061.00 Cr	519.00 Cr	1,326.25%	□
Capex	227.00 Cr	101.00 Cr	283.75%	□
Interest Payments	107.00 Cr	425.00 Cr	133.75%	□

- **CFO Coverage of Capex:** CFO (**□80.00 Cr**) is insufficient to cover Capex (**□227.00 Cr**). Ratio: 0.35x. The funding gap was bridged entirely by QIP proceeds.
- **Nature of Capex:** Primarily growth-oriented, focusing on **blade moulds for the new S144 (3 MW) series** and R&D (**□115.99 Cr**).
- **Deployment Efficiency:** Revenue grew 9.34% while Capex increased 124.75%, suggesting a **front-loading of investment** for the 3 MW product cycle.
- **Key Takeaway:** The company used massive equity dilution to fund a working capital spike and growth capex; the lack of CFO-funded growth remains a structural weakness.

H. Risks

- **SEBI Investigation (High):** Show Cause Notice for historical RPTs could lead to material penalties and reputational damage.
- **Receivable Quality (High):** Receivables grew 56% vs 9% revenue; **□1,829.58 Cr** at risk of ECL provisions if collections fail.
- **Internal Control Failure (High):** Material weakness in subsidiary balance reconciliations at SGSL risks financial misstatement.
- **Audit Trail Gap (Medium):** No database-level edit log enabled; integrity of financial records cannot be fully verified.

- **Working Capital Stress (Medium):** Payables doubled to **₹1,795.78 Cr**; supplier pressure could disrupt the 3 MW production ramp-up.
- **Warranty Tail (Medium):** **₹551.58 Cr** in provisions for O&M and warranty represents a high ongoing cash drain.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	→	32% Market Share; 14.8 GW O&M base; 3.8 GW Order Book.	Strong market position and defensive O&M moat, but technology concentration risk in S144.
Financial Health	4	↑	D/E 0.04x; Net Cash ₹1,197 Cr; Interest Coverage 6.32x.	Massive deleveraging via QIP has fixed the balance sheet, though CFO remains weak.
Earnings Quality	2	↓	CFO ₹80 Cr vs PAT ₹660 Cr; Receivables grew 56% vs 9% Sales.	Severe divergence between profit and cash; aggressive working capital management.
Management & Governance	2	↓	SEBI SCN; ID Resignation; Audit Trail Gaps; Material Weakness in SGSL.	Significant regulatory and internal control red flags overshadow the turnaround.
Capital Allocation & Earnings Visibility	3	→	Capex ₹227 Cr (0.35x CFO coverage); ROCE 25%.	Capex is front-loaded and equity-funded; visibility is high but execution is not yet self-funding.

BUSINESS POSITIVES (for this company this year) * □**Deleveraging:** Reduced **Total Debt** from ₹1,938 Cr to **₹150 Cr**, resulting in a **61% drop** in finance costs. * □**Market Leadership:** Maintained a **32% market share** and grew the order book to a robust **3.8 GW**. * □**O&M Stability:** Servicing **14.8 GW** of assets, providing a high-margin, recurring revenue stream. * □**Balance Sheet Strength: Net Worth** turned positive to **₹3,921 Cr** following a successful ₹2,000 Cr QIP. * □**Operational Turnaround: Operating Profit** grew **24.5%** to **₹1,037 Cr** with OPM expansion to 16%.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Cash Flow Divergence: CFO (₹80 Cr)** is only **12% of PAT (₹660 Cr)**, driven by massive working capital absorption. * □**Receivable Risk: Trade Receivables** surged **56.31%** to **₹1,830 Cr**, far outpacing the **9% revenue growth**. * □**Governance Flags: SEBI Show Cause Notice** regarding historical RPTs and the resignation of Independent Director Marc Desaedeleer. * □**Internal Control Weakness:** Auditor identified a **material weakness** in customer balance reconciliations at the SGSL subsidiary. * □**Audit Trail Non-Compliance:** Failure to enable database-level audit trails (Note 48.j) limits the verifiability of financial records. * □**Negative FCF: Free Cash Flow** was **negative ₹147 Cr**, indicating the business cannot yet fund its own growth.

OVERALL SCORECARD SUMMARY Suzlon has successfully executed a financial "resurrection" by using equity markets to wipe out nearly all interest-bearing debt, resulting in a pristine balance sheet. However, the quality of this turnaround is marred by poor earnings quality, as evidenced by the massive gap between paper profits and actual cash flow. Governance remains a significant overhang due to ongoing SEBI investigations and internal control weaknesses. While the business is on a stable trajectory regarding solvency, it remains in a "weakening" phase regarding governance and cash flow discipline.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified but with "Emphasis of Matter" on SEBI SCN and Audit Trail.
2	Promoter pledge = 0?	□	No explicit pledge disclosed; however, holding is low at 13.28%.
3	KMP pay < 5% of PAT?	□	CMD pay (□5 Cr) is < 1% of PAT.
4	RPT quantum < 5% of revenue?	□	Outstanding RPT balances represent 16.31% of Revenue.
5	Board > 50% independent?	□	57.14% (4 out of 7 directors).
6	At least 1 woman director?	□	Seemantinee Khot.
7	No statutory dues outstanding?	□	None reported as material.
8	No fraud reported?	□	"Unethical practices" by an employee in a subsidiary reported.
9	Audit trail enabled?	□	Not enabled at database level (Note 48.j).
10	Frequent Auditor change	□	M/s. Walker Chandiok & Co LLP appointed for 5 years (FY23-27).

Total: 6/10 □— Governance Rating: 2

Part C: Investor Verdict

THESIS: Suzlon is a high-beta play on India's wind energy cycle, having traded financial insolvency for operational execution risk. **OVERALL STANCE:** WATCH **RATIONALE:** The balance sheet is clean, but the massive divergence between PAT and CFO, coupled with SEBI investigations, requires evidence of cash collection and governance stability. **RE-EVALUATE WHEN: CFO / PAT ratio** exceeds **0.7x** for two consecutive quarters. **BULL CASE:** Successful execution of the 3.8 GW order book leads to FCF positivity and OPM expansion to 18%+. **BEAR CASE:** SEBI imposes material penalties or the S144 series faces technical field failures, eroding "bankability." **KEY MONITORABLE: Trade Receivables:** □1,830 Cr → Watch for reduction below □1,500 Cr.

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7. YEAR-OVER-YEAR ANALYSIS

7.1 Changes

Metric / Theme	Summary A Status (FY23)	Summary B Status (FY24)	Forensic Takeaway
Capital Allocation	Debt-to-Equity 1.76x; focus on survival via asset monetization and debt restructuring.	Net Cash position (₹1,197 Cr surplus); focus on growth capex for S144 blade moulds.	The company has successfully traded massive equity dilution for balance sheet solvency and "bankability."
Margin Trajectory	OPM at 14%; PAT inflated by ₹2,719 Cr non-cash debt extinguishment gain.	OPM expanded to 16%; PAT of ₹660 Cr is primarily driven by core operations.	Underlying profitability is improving as the business pivots from accounting-led gains to operational execution.
Working Capital	Inventory liquidation (-17%) used to support cash; 53.8% of receivables >365 days.	Aggressive working capital absorption; receivables grew 56% vs 9% revenue growth.	Cash is increasingly trapped in the balance sheet, suggesting aggressive year-end billing or deteriorating collection efficiency.
Management Tone	"Apologetic survival" focused on meeting strict lender-mandated covenants.	"Calculated confidence" focused on tripling global capacity and market leadership.	Management has shifted the narrative to a "reborn" growth proxy to attract institutional capital.
Solvency Risk	"Going Concern" status with material uncertainty flagged by auditors.	Net Cash positive with interest coverage surging to 6.32x.	The immediate threat of default has been eliminated, shifting the primary risk from solvency to execution.
Audit Compliance	Standard audit trail reporting with emphasis on debt accounting.	Material weakness in subsidiary reconciliations and lack of database-level audit logs.	Internal controls are failing to keep pace with the company's rapid financial restructuring and growth ambitions.

7.2 Persistent Patterns

- **Ongoing SEBI Investigation:** The Show Cause Notice regarding historical Related Party Transactions (FY14-18) remains a significant unprovisioned regulatory overhang.
- **Poor Cash Conversion: CFO consistently lags significantly behind PAT**, indicating that paper profits are not translating into liquid operational cash flow.
- **Zero Tax Leakage:** The company continues to utilize massive brought-forward losses to maintain a 0% effective tax rate.
- **O&M Defensive Moat:** The high-margin Operations & Maintenance portfolio remains the structural bedrock of the company’s valuation and stability.
- **Family Governance Dominance: The Tanti family maintains tight management control and high compensation growth** despite low promoter equity ownership (13.28%).
- **Stale Receivable Risk:** Auditors continue to flag high subjectivity and risk regarding the recoverability of long-overdue trade receivables.
- **Zero Dividend Payout:** Capital preservation remains the priority over shareholder distributions due to negative Free Cash Flow.
- **Auditor Skepticism: Walker Chandiok & Co continues to issue "Emphasis of Matter" qualifications**, signaling persistent discomfort with specific accounting estimates and regulatory disclosures.