Suzlon Energy Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Operational Beat **One-line:** The structural shift to "Suzlon 2.0" (land-led EPC) and the stabilization of the finance function under a new CFO significantly derisks the long-term thesis, even as back-ended PSU project cycles temporarily bloat the balance sheet.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Record 617 MW deliveries; 9M FY26 (1,625 MW) has already surpassed full-year FY25 (1,550 MW).	□
Earnings Quality	Moderate	PAT (□445 Cr) is stable, but 9M PAT (□2,049 Cr) remains heavily supported by non-cash DTA credits (□461 Cr).	□
Guidance Confidence	Strong	Reaffirmed 60% YoY growth guidance; requires 855 MW in Q4, which is mathematically feasible given historical Q4 peaks.	□
Management Credibility	Strong	Fulfilled promise of CFO appointment (Rahul Jain); delivered the highest quarterly volume in company history.	□
Business Quality Signal	Improving	Pivot to a "Development Company" (DevCo) model creates a proprietary land bank moat, insulating Suzlon from grid/ROW delays.	□
Key Q&A Exchange	Q# 2 — WTG Margins	Management admitted a 300 bps margin dip (13.7%) due to customer mix and higher EPC revenue, which has lower margins than pure supply.	□
The Street's Primary Anxiety	Execution Offtake	Analysts feared 617 MW was a "miss" vs expectations of 700+; Mgmt clarified that offtake, not manufacturing, is the constraint.	□
Capital Cycle Stage	Harvesting / Expansion	Scaling manufacturing capacity (4.5 GW) while investing seed capital in 25 GW+ land pipeline.	□
Margin / Return Ratio Trajectory	Stable	WTG contribution margins at 25.6% (9M); OMS EBITDA margins holding at 37.5% despite digital investments.	□
Pricing Power	Stable	Order book remains healthy at 6.4 GW despite "pause" in central bidding, driven by non-bidding C&I demand (51%).	□
FCF Conversion & Quality	Weak	CFO remains negative as Trade Receivables surged to □5,745 Cr (up □700 Cr QoQ) due to back-ended PSU payment terms.	□
Competitive Moat Signals	Widening	S144 model (90% of book) dominance and "first-mover" advantage in state-level land acquisition.	□
Balance Sheet Strength	Strong	Net Cash position improved to □1,556 Cr; □1,100 Cr tax shield remains for future profits.	□
Working Capital Efficiency	Deteriorating	Receivables and Inventory are ballooning to support the 2.3 GW execution pipeline; PSU mix is stretching cycles.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on volume growth and order book build (closing book > opening book for 7 quarters).	□
Key Vulnerability	ROW / Site Access	Right-of-Way (ROW) issues for 33kV lines remain the primary bottleneck for commissioning recognized revenue.	□
Management Tone	Assertive	J.P. Chalasani was dismissive of "slow offtake" concerns, labeling 617 MW a record and the 5 MW turbine "premature" for India.	□

Key Takeaways (Positives & Negatives): * **Positives:** Suzlon has transitioned from a turnaround story to an execution powerhouse, delivering a record 617 MW in Q3. The order book (6.4 GW) is increasingly dominated by the high-yield S144 turbine (90% mix) and the high-margin C&I segment (51%). The appointment of Rahul Jain as CFO and Paulo Soares (Europe) addresses critical leadership gaps. * **Negatives:** Working capital is the primary friction point. Trade Receivables (□5,745 Cr) and Inventory (□4,574 Cr) are absorbing all operating cash, primarily because PSU contracts do not pay upon dispatch, but only upon site receipt—a process plagued by ROW and grid readiness delays. * **Street Concern:** Analysts are hyper-fixated on the "Commissioning vs. Delivery" gap. Management's response is a structural shift to EPC (27% now, 50% target), where Suzlon controls the land and pathways, theoretically shortening the cash cycle in future years. * **Watchpoint:** The normalization of the PSU receivable cycle in Q4 and the rollout of the 5 MW turbine prototype to keep pace with Chinese OEMs.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q3 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Deliveries (MW)	617	+66.0% (9M)	+9.2%	↑	Highest ever quarterly delivery in India; 9M FY26 (1,625 MW) beats full FY25.
Revenue (Consol □Cr)	4,228	+42.4%	+9.4%	↑	Driven by record volumes; partially offset by lower ASP in specific customer mixes.
EBITDA (□Cr)	739	+48.1%	+2.5%	↑	9M EBITDA up 77% YoY; operating leverage kicking in as volumes scale.
EBITDA Margin %	17.5%	+70 bps	-110 bps	□	Q3 dip due to higher EPC revenue mix and lower realization from specific customers.
PAT (□Cr)	445	-13.0%*	-65.2%	□	*YoY comparison distorted by tax adjustments. PBT (□567 Cr) is the core indicator (+45% YoY).
Order Book (GW)	6.4	+100%+	+3.2%	↑	Record high; closing order book has exceeded opening book for 7 consecutive quarters.
Net Cash (□Cr)	1,556	+150%+	+5.1%	↑	Maintained strong liquidity despite WC build; supports execution ramp-up.
India OMS Base (GW)	15.5	+2.7%	+0.6%	→	Annuity business; machine availability consistently above 95%.
SE Forge Utilization (%)	31.0	+1000 bps	+600 bps	↑	9M revenue up 33%; EBITDA doubled to □88 Cr (20.5% margin).
Trade Receivables (□ Cr)	5,745	+48.6%	+13.9%	↓	Surge driven by PSU contracts; payments linked to site receipt, not dispatch.
Inventory (□Cr)	4,574	+41.4%	+8.2%	↓	Built to support 2.4 GW execution pipeline in H2.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (9M)	Trend	vs Co. Avg	Key Development
WTG (Turbines)	3,563	+52.6%	13.5%	↑	Below	2.9 GW of S144 delivered; 5.4 GW of S144 in firm orders.
OMS (India)	629	+8.4%	37.5%	→	Above	Stabilized after Q2 dip; AI-enabled "predictive maintenance" pilot initiated.
Foundry & Forging	161	+10.4%	20.5%	↑	In-line	Non-wind exports to US expected to rebound post-trade deal.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	60% YoY growth in deliveries (~2.5 GW for FY26).	Needs 855 MW in Q4. Historically, Q4 is the peak execution quarter; feasibility is high.	Met (9M)	Low
Guidance	Margins	Maintain OMS EBITDA margins at 37-40%.	Current 9M at 37.5%. Requires stable costs in Q4.	Met	Low
Strategy	Land / EPC	Reach 50% EPC mix by 2028.	Currently at 27% (up from 20% in Q2). Trending ahead of schedule.	Improved	Moderate
Strategy	Product	5 MW prototype to be launched "at appropriate time."	No firm timeline; mgmt prioritizes 3.x MW LCoE.	Delayed	Moderate
Macro	Industry	India wind installations to surpass 10 GW in 2 years.	Current run-rate ~6.3 GW. Requires 25%+ CAGR.	Reliable	Moderate
Balance	Tax Shield	Zero cash tax on next □4,400 Cr profit.	DTA of □1,100 Cr and carry-forward losses of □8,000 Cr.	Reliable	Low
Balance	Working Cap	Normalize receivables as site-receipts occur.	Depends on task force (MNRE/MoP) resolving grid/ROW issues.	Missed	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Sumit Kishore, Axis	Execution Pipeline	Business Overview	"How much of the 2,354 MW pipeline is pre-FY25 (aged)?"	Management clarified only 50-60 MW (one project in Karnataka) is aged/stuck, with the rest being current execution. This confirms the order book is "fresh" and unlikely to face mass cancellations.	None	4.5	Clear and quantified
2	4.5	Sumit Kishore, Axis	WTG Margins	Financials	"Why did WTG EBITDA margins dip to 13.7% in Q3?"	Management attributed the dip to a 190 bps impact from customer mix (lower realizations) and increased project/EPC revenue which carries lower margins than pure supply. This volatility is a function of quarterly delivery mix rather than structural pricing erosion.	None	4.0	Directional with evidence
3	4.0	Sumit Kishore, Axis	Suzlon 2.0 / DevCo	Strategy	"What is the balance sheet commitment for the DevCo stand-alone vertical?"	Management stated DevCo uses only "seed capital" to unlock land early and will not be balance-sheet intensive. Early land control is the key to achieving the 50% EPC target and higher project control.	None	4.0	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
4	3.5	Deepesh Agarwal, UTI	Order Flow	Management Outlook	"Renewable tenders have been weak; how will you grow the order book?"	Management noted that 51% of the book is C&I/Captive (non-bidding) and standalone wind bids are still 3x oversubscribed (SECI-19). Order intake remains ahead of execution capacity, derisking growth.	None	4.5	Clear and quantified
6	4.0	Deepesh Agarwal, UTI	5 MW Platform	Business Overview	"Chinese peers are 10% cheaper on 5 MW; how far is Suzlon from launching?"	Management indicated 5 MW is in the "proto stage" but argued that 5 MW land footprints are a "headache" (multiple farmers per site), making 3.x MW more executable. This suggests a tactical delay to milk the 3.x MW platform's profitability.	Specific launch date	3.0	Vague but consistent
7	3.5	Shiva, Purnartha	SE Forge	Business Overview	"Why is non-Suzlon revenue flat in Forging?"	Management explained that casting prototypes for non-wind (e.g., injection molds) take a long time to approve, but revenue will jump in FY27. This provides a secondary growth lever outside the	None	3.5	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						core turbine cycle.			
8	4.5	Shiva, Purnartha	Execution Lags	Business Overview	"Deliveries are high but installations are only at 36% of deliveries; why the struggle?"	Management blamed ROW issues and 33kV evacuation system readiness, which are often in the client's scope for non-EPC projects. This confirms that the transition to an EPC-dominant model is a prerequisite for cash-flow stability.	None	4.0	Directional with evidence
11	4.0	Sudhanshu, JM	Working Capital	Financials	"Why is working capital requirement increasing?"	Management linked the surge to PSU projects where payments are only triggered by "site-receipt" rather than factory "dispatch." High PSU mix (13% of book) will keep working capital elevated in the near term.	Specific DSO target	3.0	Vague but consistent
12	4.5	Harish Singh, Subh Labh	Delivery Expectation	Management Outlook	"Deliveries went down (vs expectation) and slow offtake is being mentioned for the first time?"	Management corrected the premise, noting Q3 (617 MW) was the highest ever, but expectations of 700+ MW were based on "arithmetic calculation" not site readiness.	None	4.5	Clear and quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						Offtake is an industry-wide OEM issue, not a Suzlon-specific failure.			
13	4.0	Harish Singh, Subh Labh	Task Force	Management Outlook	"What is the status of the MNRE/MoP Task Force for ROW issues?"	Management confirmed the Task Force was formally announced 2-3 weeks ago but cautioned that ROW/land issues will not resolve "overnight." This is a positive policy signal but doesn't offer a quick fix for Q4 execution.	Specific timelines	3.0	Vague but consistent
15	4.0	Nikhil, Kizuna	Tax / DTA	Financials	"How much more DTA can you recognize?"	Management stated they have □1,100 Cr DTA "in the bank" and □8,000 Cr of carry-forward losses, with another DTA recognition likely in March. This ensures Suzlon remains a "zero cash tax" entity for the foreseeable future.	None	5.0	Clear and quantified
16	3.0	Akash Mehta, Canara	AI / Digital OMS	Strategy	"How will AI enable wind turbines/ OMS?"	Management explained AI will drive "predictive maintenance" to move availability from 96% to 98% and protect/expand the 40%	None	3.0	Directional with evidence

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						EBITDA margin. Digital transformation is the primary margin lever for the service segment.			

PATTERN FLAGS & SENTIMENT * **The "Execution vs. Arithmetic" Tension:** Analysts repeatedly challenged the 617 MW delivery as a "miss" against the implied run-rate for the 60% growth guidance. Management's posture was defensive but factually grounded—pointing out that this was the highest quarter in 30 years and that factory capacity (4.5 GW) is not the bottleneck; rather, site-level ROW and evacuation (controlled by clients in 73% of cases) are the constraints. * **The PSU Receivable Trap:** A recurring theme was the ballooning working capital. Management successfully pinned this on the shift toward PSU contracts, which have back-ended payment milestones. This reveals a "quality of growth" trade-off: higher volumes via PSUs/Bids come at the cost of significantly higher DSO and negative FCF. * **The 5 MW Technological Pivot:** Questions regarding 5 MW turbines suggest a rising fear of obsolescence versus Chinese peers. Management's counter-argument—that 3.x MW is more "executable" in fragmented Indian land holdings—is a high-stakes bet on local site expertise over pure machine power.

Analyst Sentiment Verdict: The sentiment was "Skeptical but Respectful." Analysts were clearly frustrated by the working capital buildup and the "lower-than-modeled" 617 MW volume, yet they were comforted by the appointment of a heavyweight CFO and the record order book. Management's credibility remains intact because they are hitting their own guidance (60% growth), even if they aren't hitting the Street's "whisper numbers." The greatest unresolved risk is whether the MNRE Task Force can actually clear the ROW backlog in Q4.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
WTG Margins	Maintaining strong profitability.	13.7% in Q3 vs 16%+ in Q2.	**Gap:** 300 bps contraction due to realization mix and EPC share.	Moderate; margin volatility.
Execution Velocity	2.4 GW in active execution.	Only 36% installation-to-delivery ratio.	**Gap:** Site-readiness (ROW) is lagging significantly behind factory deliveries.	High; FCF/WC drag.
Offtake	Highest-ever deliveries.	"It pains me to stop at 617 MW; we could have done 750 MW."	**Gap:** Internal capacity exists for 1.1 GW/qtr, but project readiness restricts it.	Low (demand is there).

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2 FY26)	This Quarter (Q3 FY26)	Direction
CFO Leadership	Vacant / Interim.	Rahul Jain (ex-SRF/Jubilant) onboarded.	↑
Volume Benchmark	565 MW (Q2).	617 MW (Record Quarter).	↑
Order Book	6.2 GW.	6.4 GW (Record High).	↑
EPC Mix	20% of Order Book.	27% of Order Book (Pivot to control site-readiness).	↑
Working Capital	₹5,046 Cr Receivables.	₹5,745 Cr Receivables (PSU payment terms friction).	↓
WTG Margins	16.0% (Q2).	13.7% (Q3) (Customer realization/mix impact).	↓
Policy Environment	General MNRE support.	Formal Task Force (MNRE/MoP) formed for ROW/Land issues.	↑
Strategy (Suzlon 2.0)	Strategic Intent.	Formal Launch of DevCo and AI-led OMS digitization.	↑
SE Forge Utilization	25% Utilization.	31% Utilization (Turning profitable at 20%+ EBITDA).	↑
Net Cash	₹1,480 Cr.	₹1,556 Cr.	↑