Suzlon Energy Ltd — Jun 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** The thesis has evolved from "Financial Turnaround" to "Industrial Powerhouse," as Suzlon utilized its fortress balance sheet to double deliveries YoY and set a floor for 60% growth in FY26.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	FY25 deliveries (1,550 MW) grew 118% YoY; Q4 EBITDA (□693 Cr) beat estimates.	□
Earnings Quality	Low (Accounting driven)	FY25 PAT of □2,072 Cr includes a □638 Cr non-cash Deferred Tax Asset (DTA) recognition.	□
Guidance Confidence	Strong	Management explicitly guided for "minimum 60% growth" across all parameters in FY26.	□
Management Credibility	Strong	Successfully reached 4.5 GW capacity and expanded S144 order book to 5 GW as promised.	□
Business Quality Signal	Improving	WTG contribution margins hit 23.6% (vs 20% target) showing massive operating leverage.	□
Key Q&A Exchange	Q# 8 - Guidance	Mgmt confirmed 60% growth is the floor for FY26; implies ~2.5 GW+ deliveries.	□
The Street's Primary Anxiety	Land/Transmission	Execution pace vs. grid readiness; Mgmt countered with "pre-commissioned" inventory (370 MW).	□
Capital Cycle Stage	Growth / Scale	Transitioning from debt-cleanup to aggressive capacity utilization and R&D expansion.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins rose to 18.4% in Q4 (vs 16.8% in Q3) as fixed costs were diluted.	□
Pricing Power	Stable	Wind tariffs at □3.6-3.7/unit support OEM pricing; RLMM norms favor integrated players like Suzlon.	□
FCF Conversion & Quality	Distorted	Massive working capital absorption (Inventory/Receivables up □3k Cr) to support 5.6 GW backlog.	□
Competitive Moat Signals	Widening	RLMM policy creates a "level playing field" that penalizes non-integrated assemblers/importers.	□
Balance Sheet Strength	Strong	Net Cash surged to □1,943 Cr; CRISIL upgrade to A/Positive confirms financial health.	□
Working Capital Efficiency	Deteriorating	Inventory/Receivables tracking significantly ahead of revenue to buffer against supply chain lags.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on MW ramp and margin expansion over the last four quarters.	□
Key Vulnerability	Grid Lag	Industry-wide commissioning (4.2 GW) trailed supply (Suzlon alone delivered 1.55 GW).	□
Management Tone	Confident	Bullish on "multi-decade" growth and domestic policy tailwinds.	□

Key Takeaways: * **Positives:** Suzlon has achieved true operating leverage; while WTG revenue doubled, EBITDA quintupled. The 5.6 GW order book (91% S144) provides absolute visibility for 24 months. The fortress balance sheet (₹1,943 Cr net cash) and RLMM policy shift insulate Suzlon from the competitive pressures facing smaller, import-dependent peers. * **Negatives:** Earnings quality is technically "low" this quarter due to the ₹638 Cr DTA one-off inflating PAT. More critically, the gap between *deliveries* (revenue recognized) and *commissioning* (cash/COD) is widening due to industry-wide transmission bottlenecks; 370 MW of turbines are "ready but not commissioned." * **Street Concern:** Analysts are wary of the 60% growth target given the grid lag. Management neutralized this by pointing to NTPC orders (land-ready) and a shift toward proactive project development (EPC) to control timelines. * **Watchpoint:** Monitor the ₹900 Cr in contractual liabilities (Renom stake buyout and Pune HQ put/call) hitting the balance sheet in the next 12–18 months.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: All figures from PPT (Doc 989) unless noted. Trend vs Q3 FY25 (Prior Context).

Metric	Current Qtr (Q4)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol ₹Cr)	3,774	+73.2%	+27.1%	↑	Driven by record quarterly deliveries of 573 MW.
EBITDA (₹Cr)	693	+95.2%	+38.6%	↑	Operating leverage materialized as volumes scaled.
EBITDA Margin %	18.4%	+200 bps	+160 bps	↑	Expansion reflects WTG fixed cost dilution.
PAT (Core - ₹Cr)*	581	+204.2%	+49.7%	↑	Excl. ₹600 Cr DTA one-off. Strong core growth.
Order Book (GW)	5.6	+80.6%	+1.8%	↑	Highest ever; S144 model makes up 5 GW+.
Deliveries (MW)	573	+100.0%	+28.2%	↑	Record quarterly run-rate achieved.
Net Cash (₹Cr)	1,943	+264.7%	+75.3%	↑	Net cash rose by ₹836 Cr in Q4 alone.
WTG Contrib. Margin %	23.6% (FY)	+360 bps	N/A	↑	Surpassed initial 20% target due to S144 mix.
OMS Base (GW)	15.1	+2.7%	+2.7%	→	Annuity business; 4-5% annual price escalation.
Inventory (₹Cr)	3,234	+76.5%	+3.1%	□	High levels to support FY26 delivery ramp.
Trade Receivables (₹Cr)	3,866	+230.4%	+111.3%	□	Receivables surged alongside record deliveries.
**Core PAT = Reported PAT (1,181 Cr) minus DTA recognition (600 Cr).*					

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	EBITDA Margin	Trend	vs Co. Avg	Key Development
WTG (Wind)	8,481 (FY)	+101%	10.6% (FY)	↑	Below	EBITDA grew 392% YoY; operating leverage peak.
OMS (India)	1,928 (FY)	+8.1%	40.0% (FY)	→	Above	Consistent cash flow; 95%+ machine availability.
SE Forge	599 (FY)	+15.6%	15.1% (FY)	→	Below	Capacity unlocking for non-wind (Defense/Rail).
Renom	200+ (Est)	N/A	~20-25%	↑	Below	AUM hit 3.0 GW; 200+ multi-brand customers.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue/ PAT	60% growth in FY26.	Needs ~□17,300 Cr revenue. Feasible with 5.6 GW backlog.	Met (FY25)	Low
Guidance	Volume	60% delivery growth.	Needs ~2.5 GW deliveries in FY26. Matches capacity (4.5 GW).	Met	Moderate
Guidance	Margins	WTG Contrib. at 23%.	Sustainable if S144 pricing holds and steel stays stable.	Over-met	Low
Guidance	Capex	□400-450 Cr for FY26.	Standard sustenance + R&D.	Met	Low
Strategy	Land De-risking	Proactive land banking.	Critical for FY26 COD (Commissioning) targets.	Improving	High
Strategy	Multi-brand	Scale Renom AUM.	Targeting ISP (Independent Service Provider) leadership.	Met	Low
Macro	RLMM Norms	100% compliance.	Advantageous vs competitors using Chinese components.	Met	Low
Balance	Tax Liability	No cash tax for ~3 years.	Assessed losses of □2,500 Cr available to offset.	New	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Sumit Kishore, Axis	Inflows	Mgmt Outlook	"Your thoughts around order inflows, deliveries and contribution margin for FY26?"	Management indicated order inflows are accelerating across PSU and C&I segments with a target of 60% growth in deliveries. This provides a clear floor for FY26 revenue and confirms the 23% WTG margin is the new steady state.	None	5.0	Clear and quantified
2	4.0	Sumit Kishore, Axis	Strategy	Mgmt Outlook	"Progress of the land development mode... and groundwork for export opportunities?"	Management confirmed that land-banking in AP and Rajasthan is already converting to EPC contracts, while export preparedness is underway for a 18-24 month window. Solving the land bottleneck internally de-risks the execution of the 5.6 GW backlog.	Specific export MW targets	3.5	Directional with evidence
3	3.5	Puneet Gulati, HSBC	Products	Business Overview	"Where are you in the next leg of development for higher MW turbines?"	Management stated they are focusing on S144 variants for now as it meets current tariff points,	Next-gen model launch date	3.0	Vague but consistent

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						but are ready with next-gen designs for when the market requires them. Focus remains on LCoE (Levelized Cost of Energy) rather than just MW headline numbers.			
4	3.0	Puneet Gulati, HSBC	Wind Speed	Business Overview	"We keep on hearing lower wind speeds. What do you think is a solution?"	Management explained that for low-wind sites, rotor diameter and hub height are more critical than MW capacity. Proper 2-year wind data modeling is essential to mitigate the 7-year wind cycle variability.	None	4.0	Directional with evidence
5	3.5	Puneet Gulati, HSBC	Segment Mix	Mgmt Outlook	"Higher share of utility-scale projects or more C&I coming in?"	Management noted C&I is growing in absolute terms but PSU/Bids are growing faster as a percentage of the mix. This diversification reduces reliance on the fragmented C&I market and favors large-scale execution.	None	4.0	Clear and quantified

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6	4.0	Puneet Gulati, HSBC	Technology	Mgmt Outlook	"Movement towards solar plus BESS, does that worry you at all?"	Management argued that wind remains essential for evening peak loads and that solar+BESS cannot replace wind until battery costs drop significantly. Wind generates when solar doesn't, maintaining its critical role in the grid's load curve.	None	5.0	Clear and quantified
7	4.5	Mahesh Patil, ICICI	RLMM Policy	Mgmt Outlook	"How are these four products [RLMM mandated] being procured domestically?"	Management confirmed Suzlon is fully compliant with domestic manufacturing requirements for blades, nacelles, and towers, and gearboxes are sourced locally. RLMM creates a level playing field where Suzlon's vertical integration becomes a major competitive moat.	None	5.0	Specific timeline given
8	5.0	Deepak Gupta, JM Financial	Guidance	Mgmt Outlook	"Did I hear it correct that you're looking at 60% growth across all operating parameters?"	Management confirmed a minimum 60% growth target for Revenue, EBITDA, and normalized PAT for FY26. This is the	None	5.0	Clear and quantified

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						most aggressive guidance in a decade, signaling total confidence in the 4.5 GW capacity utilization.			
9	4.0	Deepak Gupta, JM Financial	Tax	Financials	"What is the current deferred tax asset on the balance sheet?"	Management noted ₹638 Cr DTA created against ₹2,500 Cr of assessed losses, meaning no cash tax outflow for the near future. While non-cash, this significantly boosts the reported Net Worth and simplifies future dividend paths.	None	4.0	Clear and quantified
10	3.5	Deepak Gupta, JM Financial	Margins	Financials	"How do you see EBITDA margin shaping up on a full year basis?"	Management expects to maintain a 17% consolidated EBITDA margin despite the higher mix of lower-margin WTG business. This implies massive volume growth in WTG is being offset by cost efficiencies and high-margin OMS stability.	None	4.0	Directional with evidence

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11	3.0	Shweta Dikshit, Systematix	Long-term	Mgmt Outlook	"What could be the growth beyond FY '26... towards FY '30?"	Management refused specific numbers but pointed to the 100 GW national target implying ~7 GW industry adds per year. Suzlon expects to grow at or above the industry average through 2030.	Specific MW/ Revenue targets	2.5	Vague but consistent
12	3.5	Shweta Dikshit, Systematix	Repowering	Business Overview	"What is happening or could be expected in the replacement/ repowering market?"	Management identifies a 25.4 GW potential; they are developing a "blade/nacelle swap" product to start tapping this by end of FY26. This creates a secondary growth engine beyond greenfield sites.	Mega-wattage potential for FY26	3.0	Directional with evidence
13	4.0	Ashish Aggarwal, Sundaram	EBITDA Logic	Financials	"Theoretically your EBITDA should be growing faster [than 60%] given fixed costs?"	Management agreed that 60% is a "minimum" and that operating leverage could drive EBITDA growth higher as volume increases. This suggests internal "beat-and-raise"	None	4.0	Follow-up forced clarity

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						potential for FY26.			
14	3.5	Ashish Aggarwal, Sundaram	OMS Margins	Financials	"Segmental margins in O&M has declined from 38% to 26%?"	Management clarified that consolidation of Renom and International O&M dilutes the percentage, but India O&M remains a 40% EBITDA margin business. Investors should monitor India-only OMS for true cash flow health.	None	4.0	Clear and quantified
15	4.5	Ashish Aggarwal, Sundaram	Liabilities	Financials	"Sharp increase in contract liabilities [□900 Cr]?"	Management identified □400 Cr for Renom put-options and □400 Cr for the Pune 'One Earth' headquarters put-option kicking in 12-18 months. These are known cash outflows that investors must factor into the FY26/27 liquidity profile.	None	5.0	Specific timeline given
16	3.5	Arun, Geojit	Cost/GP	Financials	"Why has the gross profit margin come down in this particular quarter?"	Management attributed the consol GP margin dip to the higher mix of WTG (lower	None	4.0	Directional with evidence

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						margin) vs OMS (high margin). As Suzlon scales WTG, consol percentages will compress even as absolute EBITDA and PAT grow.			
17	4.0	Arun, Geojit	Grid Risk	Mgmt Outlook	"Spot prices reached 0... green energy surplus risk... curtailment?"	Management countered that surplus only exists in solar-hours; wind-hours still command □4.5-5.0 on exchanges. They argue wind's generation profile is a natural hedge against solar's midday glut.	None	5.0	Specific timeline given
18	3.5	Arun, Geojit	Industry MW	Mgmt Outlook	"Expectations for capacity additions for the next 3 to 4 years?"	Management expects industry adds to hit 6 GW in FY26 and 8-9 GW by FY27. This provides a growing "pie" for Suzlon to maintain its 30%+ market share.	None	4.0	Clear and quantified
19	4.0	P. Choudhary, JM Financial	BESS vs Wind	Mgmt Outlook	"Solar plus battery... automatically solve for solar plus wind?"	Management stated solar+wind hybrid is ~□3.4/unit while solar+battery is currently □6.5-8.0. Batteries	None	5.0	Clear and quantified

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						cannot compete with wind for storage until their cost drops below □1.25/unit.			
20	3.0	Mayank, AMC	Supply Chain	Business Overview	"What components currently do you import... backward integration?"	Management confirmed 80% domestic content and no immediate need for further backward integration as gearboxes/ generators are sourced locally. RLMM policy creates a natural barrier against competitors who rely on imports.	None	4.0	Directional with evidence
21	3.0	Mayank, AMC	R&D	Financials	"R&D expenditure for this year?"	Management spent □150 Cr in FY25 and guided for □225 Cr in FY26. Increased R&D is necessary to maintain the technological edge of the S144 platform.	None	4.0	Clear and quantified
22	4.0	Sunil Jain	Debt/Depr.	Financials	"Why the interest rate and depreciation both have increased sharply?"	Management cited Renom consolidation, IT asset one-offs, and working capital debt for SE Forge. Interest cost is guided to	None	4.0	Clear and quantified

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						rise to ₹250 Cr in FY26 to support massive volume scaling.			
23	3.5	Sumit Kishore, Axis	SE Forge	Business Overview	"Acceleration in top line in SE Forge in FY '26?"	Management expects Q4's momentum to continue as SE Forge scales for non-wind sectors and 3.8 MW internal requirements. Higher utilization will finally turn the forging unit into a meaningful profit contributor.	Specific non-wind revenue targets	3.0	Vague but consistent
24	3.5	Sumit Kishore, Axis	Capex	Capex and Allocation	"Are you still going to have more than ₹4 billion of capex in '26?"	Management confirmed a base case capex of ₹400-450 Cr for FY26. This is primarily for capacity augmentation and R&D, well-covered by internal cash flows.	None	4.0	Clear and quantified
25	4.0	Sumit Kishore, Axis	Tax Rate	Financials	"Tax rate for FY '26... where you move to a normal tax rate?"	Management guided for a 25% P&L tax rate starting Q1 FY26, though it will be non-cash (DTA absorption). This marks the end of "tax-free"	None	4.0	Clear and quantified

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						earnings reporting.			

PATTERN FLAGS & SENTIMENT * **The "60% Threshold":** Multiple analysts pressed on the feasibility of the 60% growth target given industry-wide grid and land lags. Management was extremely assertive, using the record Q4 delivery (573 MW) as proof of concept and citing their 1.1 GW "EPC-ready" land bank as a differentiator. * **Grid Anxiety vs. Portfolio Value:** There is recurring friction regarding "zero-cost" solar power on exchanges. Management successfully pivoted this into a "wind is the savior of the evening peak" narrative, convincing analysts that wind's generation profile is structurally safer than solar in a surplus environment. * **Earnings Normalization:** Analysts were focused on the transition to "normal" corporate status—specifically DTA recognition and the move to a 25% tax rate. Management's transparency regarding the ₹900 Cr in contractual liabilities (One Earth/Renom) was seen as a credibility booster, clearing the "hidden baggage" hurdle.

Analyst Sentiment Verdict: Analysts are highly constructive but "execution-vigilant." The tone has shifted from questioning Suzlon's survival to questioning its *speed* limit. Management's credibility is currently at its highest point in a decade, bolstered by the "60% growth floor" guidance and the fortress balance sheet. The primary friction remains the industry-wide commissioning lag, which Suzlon is attempting to decouple from through its land-banking strategy.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Industry Adds** | Optimistic growth. | Industry missed FY25 targets (4.2 GW vs expected). | **Miss:** Macro land/transmission delays are real. | Moderate; affects cash conversion. | | **OMS Margins** | 40%+ EBITDA. | Consolidation of Renom will dilute the *reported* percentage. | **Gap:** Reporting complexity may mask India OMS strength. | Low; optical only. | | **Finance Cost** | Balance sheet cleanup. | Guided interest to *rise* to ₹250 Cr in FY26. | **Inconsistency:** Reflects massive working capital debt. | Low; necessary for 60% growth. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY25)	This Quarter (Q4 FY25)	Direction
Revenue (Qtr)	□2,969 Cr	□3,774 Cr	↑
EBITDA Margin	16.8%	18.4%	↑
Deliveries (Qtr)	447 MW	573 MW	↑
Order Book	5.5 GW	5.6 GW	↑
Net Cash	□1,107 Cr	□1,943 Cr	↑
WTG Margin (FY)	22.7% (9M)	23.6% (FY)	↑
Guidance (FY26)	Vague/High Growth	**Explicit: 60% Minimum Growth**	↑
Tax Status	No tax charge	**□638 Cr DTA Gain recognized**	↑
Liabilities	Not specified	**□900 Cr Put-options identified**	□
RLMM Compliance	Preparing	**Fully Compliant / Policy Enacted**	↑
Receivables	□1,830 Cr	□3,866 Cr	□
Credit Rating	A- / Positive	**A / Positive (Upgraded)**	↑
Tone	Recovering	**Exponential Scaling**	↑