Suzlon Energy Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Operational Beat **One-line:** The long-term thesis is significantly derisked as Suzlon fills the CFO leadership void and pivots toward a land-led EPC model to bypass India's grid bottlenecks, despite optics of a working capital-heavy quarter.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Q2 deliveries of 565 MW (+121% YoY) beat the seasonal trajectory; H1 at 1,009 MW.	□
Earnings Quality	Moderate	PAT (□1,279 Cr) is heavily inflated by □718 Cr non-cash DTA; PBT (□562 Cr) is the truer performance metric.	□
Guidance Confidence	Strong	Reaffirmed 60% YoY growth floor; H2 pipeline (1.8 GW) makes the 2.5 GW FY26 target highly probable.	□
Management Credibility	Strong	Successfully filled the CFO role (Rahul Jain) and provided granular transparency on site execution.	□
Business Quality Signal	Improving	Pivot to Land/EPC (targeting 50% mix by FY28) creates a competitive moat that pure WTG assemblers cannot match.	□
Key Q&A Exchange	Q# 10 - PSU terms	Mgmt admitted PSU contracts (50%+ of H1) delay cash till site receipt; explains the □5,046 Cr receivable spike.	□
The Street's Primary Anxiety	Execution Velocity	Concern over the 270 MW H1 commissioning vs 1,009 MW delivery; Mgmt cited 568 MW "erection completed" for Q3.	□
Capital Cycle Stage	Growth / Scale-up	Heavy investment in "Seed Capital" for land (□150 Cr) to unlock future EPC volumes.	□
Margin / Return Ratio Trajectory	Stable	WTG Contribution margins steady at 26.5% (H1); OMS EBITDA margin (36.9%) saw a one-off seasonal dip.	□
Pricing Power	Strong	ALMM/RLMM SOPs and REEIMS import monitoring effectively lock out low-cost Chinese component competition.	□
FCF Conversion & Quality	Weak	CFO-to-PAT is negative; □1,180 Cr absorbed in Trade Receivables and □992 Cr in Inventory QoQ.	□
Competitive Moat Signals	Widening	S144 dominance (90% of 6.2 GW book) and 23 GW land identification pipeline.	□
Balance Sheet Strength	Strong	Net Cash at □1,480 Cr; tied up □7,000 Cr in bank limits for execution ramp-up.	□
Working Capital Efficiency	Deteriorating	Inventory and Receivables up 30%+ and 30%+ respectively vs Mar'25 to buffer against site lags.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on order book growth (6.2 GW) and S144 rollout.	□
Key Vulnerability	Site/Grid Lag	Dependence on 33kV evacuation readiness by clients for non-EPC projects.	□
Management Tone	Confident	J.P. Chalasani was assertive on the Solar+BESS "myth" and the technical superiority of Wind in RTC power.	□

Key Takeaways (Positives & Negatives): * **Positives:** Suzlon has solved its most critical "Key Man" risk by appointing Rahul Jain as CFO. The S144 turbine has reached absolute market dominance, making up 90% of the 6.2 GW order book. Management is aggressively "unlocking" land (7.5 GW underway) to shift toward an EPC-heavy model (50% target), which will grant them control over execution timelines and higher margins per MW. * **Negatives:** Working capital is the primary friction point; Trade Receivables reached ₹5,046 Cr (up from ₹3,866 Cr in Mar'25) as the delivery mix shifted toward PSUs, which have restrictive payment terms (no payment on dispatch, only on site-receipt). * **Street Concern:** Analysts are hyper-focused on the gap between "Deliveries" (revenue recognized) and "Commissioning" (cash/COD). Management responded by providing a granular Slide 23 pipeline: 568 MW is already "erection completed," providing a clear bridge to meet the FY26 volume guidance. * **Watchpoint:** The conversion of the 1,865 MW execution pipeline into commissioned capacity by Q4 FY26 to normalize the working capital cycle.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q2 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Deliveries (MW)	565	+121.0%	+27.3%	↑	Highest ever Q2; H1 total 1,009 MW (+90% YoY).
Revenue (Consol ₹ Cr)	3,866	+85.0%	+24.0%	↑	Driven by record volume; ASPs remain stable.
EBITDA (₹Cr)	721	+145.0%	+20.0%	↑	Scale benefits in WTG; SE Forge EBITDA up 243% in H1.
EBITDA Margin %	18.6%	+450 bps	-60 bps	↑	Expansion reflects WTG contribution of 26.5% (H1).
PAT (₹Cr)	1,279*	+538.0%	+294.0%	↑	*Includes ₹718 Cr DTA gain. PBT (₹562 Cr) is +179% YoY.
Order Book (GW)	6.2	+111.0%	+8.8%	↑	Highest ever; S144 constitutes 90% of mix.
Net Cash (₹Cr)	1,480	+150.0%	-8.6%	↑	Dropped from ₹1,620 Cr (Jun'25) due to WC build.
India OMS Base (GW)	15.4	+10.8%	+1.3%	→	Annuity model; 4-5% annual fee escalation.
Renom AUM (GW)	3.3	+32.0%	+3.1%	↑	Growth in multi-brand solar and wind.
Machine Availability	95.0%	Stable	Stable	→	Consistently high performance across the fleet.
Inventory (₹Cr)	4,226	+84.4%	+5.9%	↓	Built to support 1.8 GW H2 execution pipeline.
Trade Receivables (₹Cr)	5,046	+175.7%	+10.8%	↓	High PSU mix (300 MW to one PSU) with back-ended terms.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr - H1)	YoY Growth	EBITDA Margin	Trend	vs Co. Avg	Key Development
WTG (Wind)	5,740	+91.1%	11.6%	↑	Below	Contribution margin strong at 26.5%.
OMS (India)	1,928	+7.2%	36.9%	↓	Above	Q2 margin (34.5%) called a "one-off" dip.
SE Forge	496	+53.0%	19.5%	↑	In-line	50% non-Suzlon; margin jumped from 8.6% YoY.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	60% growth in FY26 deliveries (~2.5 GW).	Needs 1,471 MW in H2. Feasible with 1,865 MW execution pipeline.	Met (H1)	Low
Guidance	Industry	6 GW Industry COD in FY26; 8 GW in FY27.	H1 industry did 3 GW. Requires acceleration in Q4.	Met (H1)	Moderate
Strategy	Land / EPC	Target 50% EPC share by FY28.	7.5 GW land identified. Current share only 20%.	New Target	Moderate
Strategy	Leadership	CFO appointment effective Dec 15.	Rahul Jain (ex-leadership) to stabilize finance.	Delivered	Low
Macro	Hybrid/RTC	Wind essential for LCoE in RTC.	Management analysis: Solar+Wind+BESS (₹4.7) vs Solar+BESS (₹6.5).	Reliable	Low
Balance	Finance Cost	₹250 Cr net finance cost for FY26.	H1 was ~₹150 Cr. Needs ₹50 Cr/qtr in H2.	On track	Low
Balance	Working Cap	PSU receivable cycle normalization.	Depends on site-receipt of ~300-500 MW turbines.	Deteriorating	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Mohit Kumar, ICICI	Execution Pipeline	Business Overview	"Is the 1,865 MW in Slide 23 over and above the H1 deliveries and will it contribute to H2?"	Management clarified that the 1,865 MW is the forward pipeline as of Oct 1, with 568 MW already erected, ensuring H2 will be significantly higher than H1. This visibility confirms the 60% growth guidance is backed by physical progress on-site.	None	5.0	Clear and quantified
2	4.0	Sumit Kishore, Axis	LOA Cancellation	Management Outlook	"Does the 40 GW of LOA cancellations for solar projects where PPAs weren't signed impact wind backlog?"	Management confirmed zero impact on their 6.2 GW book, noting Suzlon doesn't book IPP orders until PPAs are firm. This derisks the order book from the recent DISCOM reluctance toward pure solar.	None	5.0	Clear and quantified
3	3.5	Sumit Kishore, Axis	Product Roadmap	Business Overview	"When is Suzlon graduating from 3.x MW to 4 MW or 5 MW models?"	Management stated that 3.15 MW is the "sweet spot" for LCoE, but higher models are in prototype or procurement stages with announcements expected shortly. This maintains technology parity without prematurely retiring a	Specific timelines	3.0	Vague but consistent

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						profitable platform.			
4	4.0	Mahesh Patil, ICICI	EPC Strategy	Capex and Allocation	"You are targeting 50:50 EPC share by FY28. How will you identify and develop sites?"	Management explained they have identified 23 GW of potential sites and are acquiring land for 7.5 GW using □150 Cr seed capital. Re-establishing an EPC lead-model is a margin expansion lever and provides control over execution.	None	4.0	Directional with evidence
5	3.0	Mahesh Patil, ICICI	OMS Margins	Financials	"Why did O&M margins dip this quarter?"	Management dismissed the dip as a "one-off" due to conservative provisioning, reiterating the 39-40% EBITDA margin guidance for the segment. This protects the "annuity" valuation of the service business.	Specific cost break-up	3.0	Vague but consistent
6	4.5	Shiva, Purnartha	Receivables	Financials	"Receivables are surging; what is the payment schedule for 100 MW contracts?"	Management noted that PSU contracts (a large part of Q2) only pay 70% upon site-receipt rather than dispatch, stretching the cycle by 45+ days. This explains the working capital bloat as a function of	None	4.0	Directional with evidence

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						customer mix, not bad debts.			
7	3.5	Shiva, Purnartha	DTA Potential	Financials	"How much more DTA can be recognized given the ₹14,000 Cr carry-forward losses?"	Management noted they have recognized DTA on ₹6,000 Cr of losses so far, with potential for another ~₹2,000 Cr in DTA credits as profits sustain. This provides a ₹5,000 Cr profit shield, ensuring near-zero cash tax for years.	None	4.0	Clear and quantified
8	4.0	Abhishek Nigam, Motilal	ALMM/ Localization	Management Outlook	"What clarity do you have on the new SOPs for ALMM and import monitoring (REEIMS)?"	Management emphasized that REEIMS and ALMM SOPs now force all competitors to localize, removing the "cheap import" advantage of assemblers. This validates Suzlon's vertical integration (blades/towers/ casting) as a structural cost moat.	None	5.0	Clear and quantified
9	4.5	Amit Mahawar, UBS	EPC Risks	Capex and Allocation	"Why go the EPC route and take land/ROW risks when you have a diversified WTG/O&M model?"	Management argued that EPC is actually a "risk mitigation" tool because it prevents turbines from sitting idle at sites Suzlon doesn't control. Owning the land and	None	4.5	Follow-up forced clarity

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						pathways (ROW) much in advance is their key competitive differentiator.			

PATTERN FLAGS & SENTIMENT * **The "Land as a Moat" Pivot:** Multiple analysts questioned the return to EPC/Land development. Management's posture was aggressive—they view land as the ultimate bottleneck in India and intend to use their balance sheet to "unlock" it. This shifts Suzlon from a component vendor to a solution provider, potentially stabilizing the lumpy execution cycles seen in prior years. * **Working Capital Friction:** The receivable buildup is the "elephant in the room." Management successfully pinned this on PSU payment terms and the timing of site-receipts. While the explanation is logical, the market will remain skeptical until these receivables convert to cash in Q3/Q4. * **Solar vs. Wind Debate:** Management was uncharacteristically vocal about the "myth" of Solar+BESS. By citing specific LCoE figures (₹4.7 vs ₹6.5), they aimed to solidify the investor belief that Wind is non-negotiable for India's 500 GW renewable target.

Analyst Sentiment Verdict: Analysts are "Constructive but Vigilant." The record order book and EBITDA beat were well-received, but the "Commissioning vs. Delivery" gap remains the primary monitoring point. Management's transparency on the 1.8 GW pipeline and the appointment of a new CFO significantly bolstered credibility compared to the uncertainty of Q1.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **OMS Margins** | Consistent 40% EBITDA. | 34.5% in Q2. | **Gap:** Provisioning/cost one-offs hit the quarterly margin. | Low; seasonal. | | **Receivables** | Strong cash position. | ₹5,046 Cr Receivables. | **Gap:** PSU payment terms are significantly more restrictive than C&I. | Moderate; FCF drag. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY26)	This Quarter (Q2 FY26)	Direction
CFO Vacancy	Vacant (Himanshu Mody exited).	Rahul Jain appointed (starts Dec 15).	↑
Order Book	5.7 GW.	6.2 GW (Highest ever).	↑
Execution Pivot	Strategy mentioned.	7.5 GW land development initiated; 1.1 GW acquired.	↑
Net Cash	₹1,620 Cr.	₹1,480 Cr.	↓
Industry Outlook	7 GW industry target for FY27.	Revised upward to 8 GW for FY27.	↑
Tax Reporting	Initial DTA recognition.	Incremental ₹718 Cr DTA; total shield for ₹5k Cr profit.	↑
Trade Receivables	₹4,553 Cr.	₹5,046 Cr.	↓
SE Forge Performance	19% Utilization.	25% Utilization (H1); 243% EBITDA growth.	↑
GST Policy	12% GST on turbines.	Reduced to 5% (Effective lower CapEx for clients).	↑