Suzlon Energy Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Volume) / Weak Miss (Margins) **One-line:** The volume growth engine is firing at record levels (710 MW deliveries), but the "Suzlon 2.0" transition is proving more expensive than guided, with structural margin compression (14.8%) and a dip in realizations (□5.9 Cr/MW) testing investor patience.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	EBITDA margin (14.8%) missed the 17% normalized guidance; ASP dropped to □5.9 Cr/MW vs □6.3 Cr in Q1.	□
Earnings Quality	Low (Working Capital drag)	High receivables growth; PAT supported by non-cash DTA reversals; Net cash declined by □274 Cr.	□
Guidance Confidence	Neutral	Management lowered FY27 margin expectations to ~16% (15.1% H1 + 1% leverage) from "17%+".	□
Management Credibility	Neutral	Transparent about □50 Cr one-offs, but the Renom acquisition (□700 Cr for □4 Cr PAT) raises capital allocation eyebrows.	□
Business Quality Signal	Stable	Record Q2 deliveries and 1.3 GW "erected but not commissioned" pipeline show strong core demand.	□
Key Q&A Exchange	Q10: Execution inflection	Mgmt reorganized projects under 3 regional heads; 18-month window to sync deliveries and COD.	□
The Street's Primary Anxiety	Margin Erosion	Analysts pressed on 21.2% WTG contribution; Mgmt blamed West Asia crisis (50bps) and non-recurring opex (100bps).	□
Capital Cycle Stage	Investment	Expanding manufacturing for S175/S163 and scaling the DevCo/Renom engines.	□
Margin / Return Ratio Trajectory	Deteriorating	EBITDA margin compressed to 14.8% from 15.6% in Q1 and 18.6% YoY.	□
Pricing Power	Eroding (Mix-led)	ASP fell to □5.9 Cr/MW; management cited "project activity" and scope mix rather than pure price cuts.	□
FCF Conversion & Quality	Distorted	CFO/PAT < 1; Net cash decreased as working capital was deployed for H2 volume buildup.	□
Competitive Moat Signals	Widening	DevCo model (900 MW intake) and S175 (5 MW) proto-commissioning solidify the technological lead.	□
Balance Sheet Strength	Strong	Net Worth > □10,000 Cr; CRISIL upgrade to AA-/Stable; Net cash □2,048 Cr.	□
Working Capital Efficiency	Deteriorating	Inventory and Receivables both increased to support H2 target of 1.5x-1.65x of H1 volumes.	□
Mgmt Guidance Track Record	Mixed	Volume targets met, but margin and cost-pass-through agility were overestimated.	□
Key Vulnerability / Red Flag	Middle East Geopolitics	Commodity/FX volatility from West Asia crisis cited as a persistent 50 bps margin headwind.	□
Management Tone	Resilient	Focused on the 5-year "Suzlon 2.0" vision while defending current P&L volatility.	□

Sentiment: □Positive | □Negative | □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** Suzlon delivered its highest-ever Q2 India volumes (710 MW) and has a massive "coiled spring" of 1.3 GW erected turbines awaiting revenue recognition in H2. The DevCo engine is scaling rapidly, contributing 900 MW of new orders, which structurally de-risks future execution by securing land/connectivity in advance. Technological progress is visible with the commissioning of the S175 (5 MW) proto and subsequent first order. * **Negatives:** EBITDA margins collapsed to 14.8% as the company failed to pass through commodity/FX volatility (50 bps) and front-loaded □50 Cr in branding/travel costs. The Renom acquisition appears dilutive in the short term, with a □700-800 Cr price tag against negligible current profits. ASP has softened to □5.9 Cr/MW, and the net cash position is being consumed by a stretched working capital cycle (receivables). * **Street Concern:** Analysts focused heavily on why EBITDA didn't scale with record volumes. Management's revised guidance (15% + 1% leverage for FY27) suggests that the "normalized 17-18%" goal is now an FY28 story. * **Forward-looking Watchpoint:** The conversion of 1.3 GW erected inventory into cash in H2 FY27 and the first meaningful contribution from European "Blue Sky" export orders in FY28.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT not available — all numbers sourced from concall transcript.

Metric	Current Qtr (Q2FY27)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	4,869	Not in Doc	+27.5%	↑	Driven by 710 MW deliveries (record Q2).
EBITDA (□Cr)	720	Not in Doc	+21.0%	↑	Absolute growth follows volume; margins lagged.
EBITDA Margin %	14.8%	↓ (from 18.6%)	↓ (from 15.6%)	↓	Hit by □50 Cr one-offs & FX/Commodity (50 bps).
PAT (□Cr)	394	Not in Doc	+29.2%	↑	Impacted by non-cash DTA reversals.
Net Cash / (Debt) (□ Cr)	2,048	Not in Doc	-11.8%	↓	Consumed by working capital (receivables/inventory).
Order Book (GW)	6.0	Not in Doc	→ (from 6.1)	→	1.5 GW added in H1; focus on quality orders.
Deliveries (MW)	710	Not in Doc	+40.3%	↑	Highest-ever Q2 deliveries.
Commissioning (MW)	454	+69.0%	+68.8%	↑	1.3 GW erected stock waiting for H2 COD.
Avg Selling Price (□Cr/ MW)	5.9	↑ (from 5.7)	↓ (from 6.3)	↓	Scope mix & "project activity" cited for QoQ dip.
Interest Cost (□Cr)	Not in Doc	↓ (Rate basis)	↑ (Abs. basis)	□	Absolute rise to fund WC for H2 growth.
Net Worth (□Cr)	10,277	Not in Doc	+4.9%	↑	Milestone achievement (crossed □10k Cr).

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
WTG Business	Not in Doc	Not in Doc	21.2%*	↓	Below	Contribution margin fell from 26.9% YoY.
OMS (Service)	Not in Doc	Not in Doc	40%+	→	Above	16.5 GW installed base; maintain 40%+ EBITDA.
Foundry & Forging	167 (Q2)	Not in Doc	30.0%	↑	Above	□50 Cr EBITDA; scaling via exports & domestic.
Renom (ISP)	Not in Doc	+5.0%	Low	↓	Below	178 MW added in H1; profit □3-4 Cr/yr.
DevCo	Not in Doc	New	N/A	↑	N/A	900 MW orders booked in H1 via this model.
**Refers to WTG Contribution Margin, not Segment EBITDA.*						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue/ Volume	H2 deliveries to be 1.5x to 1.65x of H1 (1,217 MW).	Implies ~1,825–2,000 MW in H2. Feasible given 1.3 GW erected stock.	Met (H1 growth)	Low
Guidance	Margins	FY27 EBITDA at 15.1% (H1) + 100 bps leverage in H2.	Needs ~17% EBITDA in H2 to hit ~16% FY avg. Down from 17% prior guide.	Miss (Q2 margin)	Moderate
Guidance	Volume (Long-term)	40% India market share by FY31.	Current H1 market share at 28-29%. Needs 10% gain over 4 years.	On Track	Moderate
Strategy	DevCo	Cap investment at □500 Cr (revolving).	Currently at □125-130 Cr net; well within the guardrail.	Met	Low
Strategy	Exports	"Blue Sky" 5MW/6.3MW orders from FY28.	Teams in certification phase; 3 GW order book target by FY31.	New Target	Moderate
Macro	ALMM Impact	Level playing field for Indian OEMs.	Suzlon has 80%+ local content; competitors must localize by Jan '27-29.	Reliable	Low
Balance	Working Capital	Optimization in H2.	Must convert receivables from 454 MW commissioning into cash.	Trending Down	Moderate

4. ANALYST Q&A

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.5	Sumit Kishore / Axis	Margins	Financials	"Elaborate on your comments around the depressed contribution margin of 21.2% in Q2."	Management attributed 50 bps to West Asia/FX and 100 bps to one-off Suzlon 2.0 opex (branding/ travel). Implies structural WTG margins are under pressure, requiring higher H2 volumes to recover via operating leverage.	None	4.0	Normalized margin walk
2	4.0	Sumit Kishore / Axis	Costs	Financials	"In what time will the higher fixed expenses in WTG business continue... What should be your normalized [operating leverage]?"	Management noted the ₹50 Cr one-off will phase down in H2, expecting a 100 bps leverage gain as H2 volumes scale to 1.6x of H1. This signals that H2 profitability is heavily dependent on execution timing, not just order intake.	None	3.5	Leverage dependent on H2
3	4.0	Sumit Kishore / Axis	Pass-through	Macro	"There is no pass-through provision in contracts for commodity FX. These you have to bear."	Management confirmed steel is a pass-through, but copper, aluminum, and carbon are absorbed by Suzlon. This exposes the P&L to commodity spikes, making cost-optimization programs	None	4.0	RM risk identified

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						critical to maintaining the 15-16% margin floor.			
4	3.5	Sumit Kishore / Axis	DevCo / FDRE	Strategy	"How much capital have you committed to your DevCo business... What is the progress on FDRE/Solar?"	Management has utilized □125-130 Cr of a □500 Cr revolving cap; Solar/BESS teams are being built under an asset-light model. The asset-light approach protects the balance sheet from the heavy capex typical of integrated developers.	None	4.5	Capital discipline
5	3.0	Shakuntala / Ind.	Competition	Business Overview	"Adani and JSW have also entered... how competitively we are getting impacted?"	Management noted H1 market share is at 28-29% despite new entrants, emphasizing that many competitors use capacity for captive consumption. Suzlon's incumbency in O&M (22 GW) remains the primary defensive moat against new manufacturing-only entrants.	None	4.0	Captive vs Open market
6	4.5	Shakuntala / Ind.	Cash	Financials	"How much [cash] is encumbered and how much is non-encumbered?"	Management estimated encumbrance at 40-50% (of □2,300 Cr gross cash) but deferred to a	Exact non-encumbered value	2.5	Evasive on liquidity

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						more detailed internal review. High encumbrance limits immediate liquidity for opportunistic capex or acquisitions, a point for long-term monitoring.			
7	4.0	Shakuntala / Ind.	M&A	Capex & Allocation	"Renom... top line has increased only by 5%, profits have halved... we have paid around □700 crores."	Management defended the acquisition as a long-term play for the multi-GW ISP market, citing 178 MW H1 additions. The massive valuation-to-profit gap suggests Suzlon is paying for a future market-share land grab, which is currently dilutive.	None	3.0	Long-term bet vs current P&L
8	4.5	Raj Shah / Enam	Margins	Financials	"Guidance... 17%... despite that, we have only reported 14.8% margins... why did this happen?"	Management lowered the FY27 expectation to 15.1% (H1 base) plus leverage, citing customer/ scope mix shifts (150-180 bps impact). This guidance walk-back suggests that the "Suzlon 2.0" transition is more margin-dilutive in the near	None	3.5	Guidance walk-back

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						term than initially communicated.			
9	4.0	Raj Shah / Enam	Debt	Financials	"Finance cost... guide was ₹300 Cr... H1 itself crossed ₹250 Cr. Where will this number go?"	Management linked higher interest to the 24% revenue growth and working capital needs for H2. While absolute debt costs are rising, the CRISIL upgrade suggests the rate of interest is improving, even if the total expense is up.	Full year absolute finance cost	3.0	WC-linked expense
10	4.0	Sweta Jain / Anand Rathi	Realization	Financials	"Why there is a realization dip on a Q-o-Q basis... slipped below ₹6 crores?"	Management cited a drop to ₹5.9 Cr/MW due to "project activity" and scope mix (e.g., turbine supply vs full BoP). A falling ASP during a volume surge suggests Suzlon is trading realization for volume or site-specific execution speed.	None	3.5	Mix-driven ASP dip
11	3.5	Abhishek / Motilal	Localization	Macro	"Updates on localization... how is that playing out?"	Management confirmed 80% + local content, benefiting from ALMM which requires local nacelles/ blades. Suzlon is a primary beneficiary of "Made in India" mandates,	None	4.5	ALMM tailwinds

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						providing a pricing cushion against Chinese imports.			
12	4.0	Parth / Ambit	Competition	Business Overview	"Adani won multiple orders... Aditya Birla... NTPC... all were Suzlon customers."	Management asserted they continue to get repeat orders from these marquee names and that the market is large enough for multiple players. Competition for "Tier 1" customers is intensifying, which may explain the recent dip in Suzlon's ASP.	Margin impact of bidding	3.5	Competitive resilience
13	4.5	Satpal / Ishaan	Execution	Business Overview	"Megawatts... pending to be installed... which have been delivered?"	Management identified 1,300 MW as "erected stock," which provides high visibility for H2 commissioning. This stock acts as a revenue/ cash catalyst for the next two quarters, reducing the pressure to win "instant" new orders for FY27.	None	5.0	High visibility on COD
14	4.0	Satpal / Ishaan	Accounting	Financials	"When are we planning to recognize more deferred tax assets?"	Recognition will be an annual exercise in March '27 based on future profitability projections.	None	4.0	Conservative accounting shift

Q#	Rel.	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						Delaying DTA recognition to an annual basis suggests a move toward more conservative accounting after the Q1 volatility.			

PATTERN FLAGS & SENTIMENT * **Margin Anxiety:** The dominant theme was the disconnect between record volumes and shrinking margins. Analysts were visibly skeptical of the "one-off" and "West Asia crisis" explanations, repeatedly asking for a bridge from 14.8% back to 17%. Management's posture was defensive but realistic, shifting the goalpost to an "H2 leverage recovery" rather than a structural margin expansion. * **Renom and Capital Allocation:** The Renom acquisition is a sticking point. Analysts questioned the high multiple paid for a currently low-profit entity. Management’s response—that Renom is a "multi-gigawatt opportunity"—indicates a fundamental belief in the Independent Service Provider (ISP) market that the Street has yet to price in. * **Execution Timing:** The "coiled spring" of 1.3 GW erected stock was the most effective management defense. It successfully pivoted the conversation from "why is cash low?" to "when will this inventory turn into revenue?" (Expected in H2).

Analyst Sentiment Verdict: Analysts were largely unconvinced by the margin narrative but were pacified by the strong volume execution. The credibility of the 25% CAGR remains intact, but management’s ability to manage commodity risk was questioned. The greatest risk remains a failure to realize the 100 bps operating leverage in H2, which would confirm a structural down-rating of the company’s margin profile.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY27)	This Quarter (Q2 FY27)	Direction
EBITDA Margin	15.6%	14.8%	↓
WTG Contrib. Margin	~26% (implied)	21.2%	↓
Avg Selling Price (ASP)	□6.3 Cr/MW	□5.9 Cr/MW	↓
Net Cash	□2,322 Cr	□2,048 Cr	↓
Commissioning Growth	269 MW (Q1)	454 MW (Q2)	↑
Order Book	6.1 GW	6.0 GW	→
Credit Rating	A- / Stable	AA- / Stable	↑
Margin Guidance	"17% plus/minus"	"15.1% + 1% leverage" (~16%)	↓
One-off Opex	□40-50 Cr	□50 Cr (branding/travel/Suzlon 2.0)	→
Accounting Policy	DTA recognized half-yearly.	DTA shift to annual exercise (March).	□
Project Management	Centralized CPO.	3 Regional Chief Project Officers.	↑

- **Forensic Flag:** The CFO-to-PAT ratio is significantly below 1.0 this quarter. The divergence is driven by a □274 Cr drop in net cash despite □394 Cr PAT, primarily due to an increase in receivables linked to the 454 MW commissioning that has not yet converted to cash. This is a seasonal/execution-timing lever, but it creates a short-term liquidity pinch.
- **Guidance Gap:** Management walked back the 17% EBITDA margin target to a more conservative ~16% for FY27, acknowledging that scope mix and commodity volatility are stickier than anticipated.

STOP HERE.