

Suzlon Energy Ltd.

Sector: Capital Goods

21st August 2025

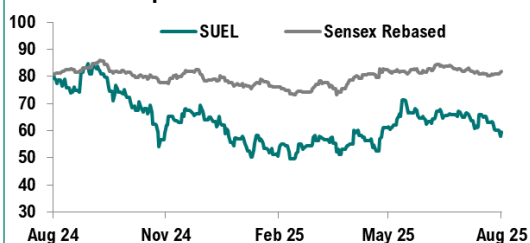
BUY

Key Changes		Target		Rating		Earnings		Target	Rs.75
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code		CMP	Rs.60
Mid Cap	SUEL:IN	81,858		SUZLON		532667		Return	+25%

Data as of: 20-08-2025 17:00hrs

Company Data			
Market cap. (Rs. Cr)	82.032		
52 Week High — Low (Rs.)	86-46		
Enterprise Value (Rs. cr)	81,044.5		
Outstanding Shares (cr)	1370		
Free Float (%)	81.6		
Dividend Yield (%)	0.0		
6m average volume (cr)	8.65		
Beta	1.3		
Face value (Rs)	2.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	44.1	44.1	44.1
FII's	17.9	16.0	14.4
MFs/Institutions	28.3	30.2	31.2
Public	9.7	9.7	10.3
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.8%	8.6%	-26.2%
Absolute Sensex	0.1%	7.8%	1.5%
Relative Return	-2.8%	0.8%	-27.7%

*over or under performance to benchmark index



Consolidated (Rs. cr)	FY25A	FY26E	FY27E
Sales	10,890	17,092	21,934
Growth (%)	67	57	28
EBITDA	1,857	3,051	3,997
EBITDA Margin (%)	17	18	18
PAT Adjusted	1,432	2,135	2,916
Growth (%)	101	49	37
Adjusted EPS	1.1	1.6	2.2
Growth (%)	102	49	37
P/E	38.9	37.8	27.7
P/B	13.2	10.3	7.5
EV/EBITDA	43.1	25.8	19.5
ROE (%)	23.5	27.2	27.1
D/E	0.0	0.0	0.0

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Higher Capacity Utilization Drives profitability Up...

Suzlon Energy is a vertically integrated wind turbine manufacturer and O&M service provider with over 20.9GW of installed capacity across the globe.

- Q1FY26 operating revenue surged 55% YoY to ₹3,131.7 cr, driven by strong performance in the Wind Turbine Generator (WTG) segment, which delivered 444 MW, marking a 62% YoY increase.
- OMS division posted a modest 10% YoY revenue growth for the quarter, while the Forging division surged 60% YoY to ₹146.49 cr. Suzlon's share in Forging rose from 40% to 62%, driven by strong order execution.
- Gross profit rose 58% YoY, even as raw material costs jumped 85%, driven by effective price pass-through strategies that helped maintain profitability.
- Higher capacity utilization in the WTG and forging business, led to stronger operating leverage. As a result, EBITDA reached ₹599.07 cr, with a margin expansion of 82.3 bps.
- Profit before tax (PBT) grew 52% YoY to ₹459.23 cr. However, a ₹134 cr deferred tax charge led to higher tax expenses, moderating the growth in profit after tax (PAT), which stood at ₹324.32 cr, up 7% YoY over a high base.

Outlook & Valuation

Suzlon began FY26 on a strong note, with higher capacity utilization driving improved margins in the wind turbine segment. Backed by a robust 5.7 GW order book, we project a 42% CAGR in revenue over FY25–27E, supported by management’s guidance and strong delivery momentum. Enhanced utilization is expected to unlock volume leverage, leading to a 117 bps margin expansion, primarily from the WTG and forging businesses. With earnings forecasted to grow at 43% CAGR and ROE rising to 27.1% by FY27E, the stock appears undervalued at 27.7x FY27 EPS. Suzlon’s ALMM compliance and backward integration offer a strong competitive moat, but sustaining margin discipline remains key to preserving pricing power. Factoring in execution risks, **we revise our valuation multiple to 35x (from 38x earlier) FY27E EPS of ₹2.2 to arrive at a target price of ₹75, upgrading our rating to a BUY recommendation.**

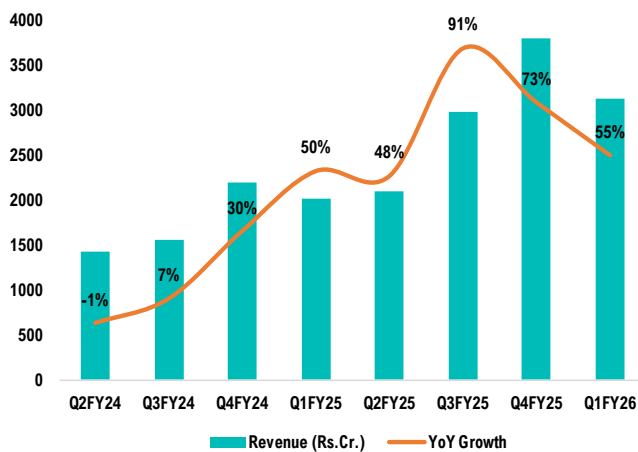
Quarterly Financials Consol.

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	3,132	2,022	55	3790	-17
EBITDA	599.1	370	62	693	-14
Margin (%)	19	18	82bps	18	83bps
EBIT	529	324	63	601	-12
PBT	459	302	52	551	-17
Rep. PAT	324	302	7	1181	-73
Adj PAT	324	302	7	580	-44
EPS (Rs)	0.2	0.2	9	0.4	-44

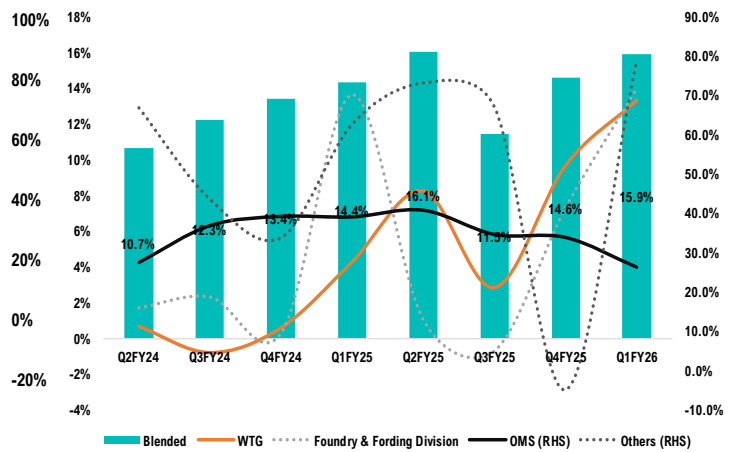
Key Highlights

- Suzlon's order book has exceeded 5.7 GW, reflecting 10 straight quarters of growth, fuelled by strong demand from Commercial & Industrial (C&I) and PSU segments. This ensures healthy visibility for the next 2–3 years, despite challenges like PPA delays and land acquisition.
- To address project execution delays, Suzlon is prioritizing land-ready projects and building a pipeline through advance land acquisition. This strategic shift is expected to enhance commissioning timelines starting in FY27.
- SE Forge Expansion & Export Outlook Backed by ALMM and BIS regulations, Suzlon plans to expand its SE Forge operations. Export opportunities in neighbouring countries, the Middle East, and Europe are expected to gain momentum later this year.
- Policy Alignment & Industry Support Management views the MNRE's Wind ALMM amendment as a transformative policy that boosts domestic manufacturing and supply chain resilience. Suzlon is fully compliant and well-positioned to benefit from this shift.

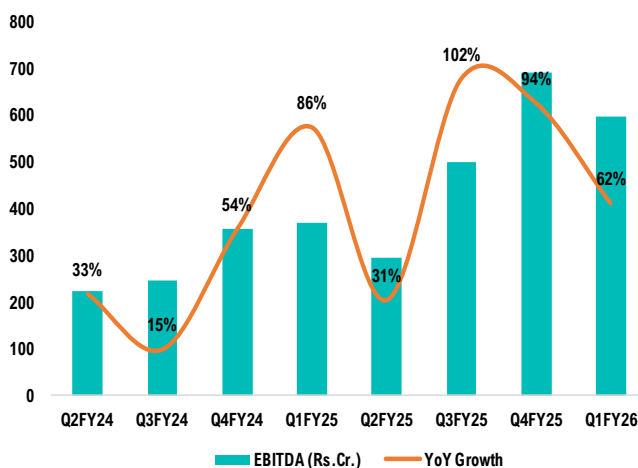
Revenue



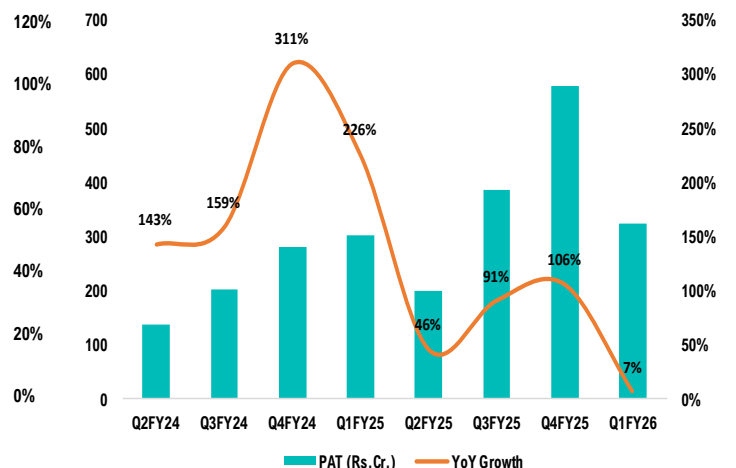
Segmental Margins



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	16,966	21,801	17,092	21,934	0.7	0.6
EBITDA	3,024	3,973	3,051	3,997	0.9	0.6
Margins (%)	17.8	18.2	17.9	18.2	5bps	2bps
Adj. PAT	1,995	2,726	2,135	2,916	7.0	7.0
EPS	1.5	2	1.6	2.2	5.1	7.7



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	5,971	6,529	10,890	17,092	21,934
% change	(9)	9	67	57	28
EBITDA	832	1,029	1,857	3,051	3,997
% change	(6)	24	81	64	31
Depreciation	260	190	259	305	369
EBIT	572	839	1,598	2,747	3,628
Interest	421	164	255	283	306
Other Income	20	38	103	206	323
PBT	2,892	659	1,447	2,669	3,644
% change	7,22,828	(77)	119	84	37
Tax	4	(1)	(625)	534	729
Tax Rate (%)	0	(0)	(43)	20	20
Reported PAT	2,887	660	2,072	2,135	2,916
Adj. *	(2,721)	54	0	0	0
Adj. PAT	128	714	1,432	2,135	2,916
% change	145	456	101	49	37
No. of shares (cr)	1,078	1,363	1,354	1,354	1,354
Adj EPS (Rs)	0.1	0.5	1.1	1.6	2.2
% change	139	340	102	49	37
DPS (Rs)	0	0	0	0	0

Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	753	945	1,703	2,419	3,222
Non-cash adj.	256	195	279	305	369
Changes in W.C	-543	-1,061	-890	-782	-988
C.F – Operation	467	80	1,092	1,941	2,603
Capital exp.	-101	-227	-371	-444	-461
Change in inv.	163	76	41	29	-1,045
Other invest.CF	22	-0	20	0	0
C.F – Investment	85	-152	-752	-415	-1,506
Issue of equity	1,080	2,065	0	0	0
Issue/repay debt	-1,339	-1,827	10	-43	-36
Dividends paid	0	0	0	0	0
Other finance.CF	-425	-107	-70	-283	-306
C.F – Finance	-684	132	343	-326	-342
Chg. in cash	-133	60	683	1,200	755
Closing cash	367	427	1,113	2,313	3,067

Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	367	427	1,113	2,313	3,067
Accounts Receivable	1,170	1,830	3,866	4,470	5,736
Inventories	1,827	2,292	3,234	4,252	5,457
Other Cur. Assets	813	731	996	808	818
Investments	0	8	42	237	1,535
Gross Fixed Assets	2,665	2,875	3,150	3,594	4,055
Net Fixed Assets	808	837	848	945	1,040
CWIP	3	16	89	42	54
Intangible Assets	62	53	948	586	585
Def. Tax (Net)	0	4	645	645	645
Other Assets	473	981	1,179	1,695	2,175
Total Assets	5,523	7,179	12,960	15,993	21,113
Current Liabilities	1,744	2,397	5,197	5,973	7,665
Provisions	737	717	719	1,388	1,781
Debt Funds	1,905	110	283	241	204
Other Liabilities	38	35	655	548	703
Equity Capital	2,454	2,722	2,732	2,732	2,732
Reserves & Surplus	(1,355)	1,199	3,374	5,111	8,027
Non-Controlling Interest	0	0	0	0	0
Shareholder's Fund	1,099	3,920	6,106	7,843	10,759
Total Liabilities	5,523	7,179	12,960	15,993	21,113
BVPS (Rs.)	1.0	2.9	4.5	5.8	7.9

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.9	15.8	17.1	17.9	18.2
EBIT margin (%)	9.6	12.9	14.7	16.1	16.5
Net profit mgn.(%)	2.2	10.9	13.2	12.5	13.3
ROE (%)	11.7	18.2	23.5	27.2	27.1
ROCE (%)	19.6	21.8	36.4	29.9	29.4
W.C & Liquidity					
Receivables (days)	77.9	83.9	95.5	89.0	84.9
Inventory (days)	194.7	188.8	146.5	128.9	130.3
Payables (days)	132.0	123.3	125.4	113.2	111.5
Current ratio (x)	1.5	1.8	1.6	1.7	1.8
Quick ratio (x)	0.9	1.0	1.0	1.1	1.2
Turnover & Leverage					
Gross asset T.O (x)	2.0	2.4	3.6	5.1	5.7
Total asset T.O (x)	1.1	0.9	0.8	1.1	1.0
Int. coverage ratio (x)	1.4	5.1	6.3	9.7	11.9
Net debt/equity (x)	1.7	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	7.1	12.4	7.4	4.6	3.6
EV/EBITDA (x)	51.3	78.8	43.1	25.8	19.5
P/E (x)	14.2	123.0	38.9	37.8	27.7
P/BV (x)	37.4	20.7	13.2	10.3	7.5



Recommendation Summary (last 3 years)



Dates	Rating	Target
25.Jul.24	BUY	73
18.Nov.24	BUY	68
24.Mar.25	BUY	71
09.June.25	Accumulate	77
21.Aug.25	BUY	75

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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