March 2025

Initiating Coverage | Sector: Power Utilities

Suzlon Energy

Riding the winds of growth

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Riding the winds of growth

- We initiate coverage on Suzlon Energy (SUEL) with a BUY rating and a target price of INR70/share, implying 21% upside.
- SUEL is a global leader in wind energy with an installed capacity of ~20.9GW across 17 countries. It is India's top wind energy service provider with the highest installed capacity of ~15GW, operating with a vertically integrated structure, including in-house R&D and manufacturing facilities in India.
- SUEL's operations span wind turbine generator (WTG) sales, project execution, foundry and forging components, and operation and maintenance (O&M) services.

Suzlon Energy

BSE Sensex	S&P CNX
77,984	23,658

SUZLON
POWERING A GREENER TOMORROW

Stock Info

Bloomberg	SUEL IN
Equity Shares (m)	13648
M.Cap.(INRb)/(USDb)	790.4 / 9.2
52-Week Range (INR)	86 / 37
1, 6, 12 Rel. Per (%)	2/-22/48
12M Avg Val (INR M)	4370
Free float (%)	86.8

Financial Snapshot (INRb)

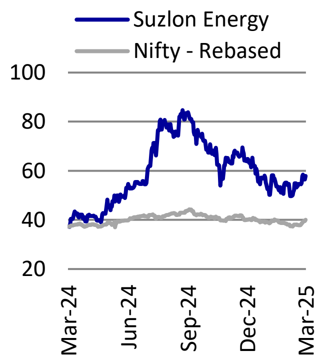
Y/E March	FY25E	FY26E	FY27E
Sales	114.5	169.4	225.1
Sales Gr. %	75.4	47.9	32.9
EBITDA	16.2	25.5	36.5
EBITDA margin %	14.1	15.0	16.2
Adj. PAT	12.7	20.5	31.3
EPS (INR)	0.9	1.5	2.3
EPS Gr. (%)	77.9	60.9	52.6
BV/Sh. (INR)	3.8	5.3	7.4
Ratios			
ND/Equity	-0.1	-0.2	-0.3
ND/EBITDA	-0.4	-0.6	-0.8
RoE (%)	27.9	32.9	36.0
RoIC (%)	8.7	11.3	13.2
Valuations			
P/E (x)	62.1	38.6	25.3
EV/EBITDA (x)	48.5	30.4	20.8

Shareholding pattern (%)

As on	Dec-24	Sep-24	Dec-23
Promoter	13.3	13.3	13.3
DII	9.3	9.0	6.2
FII	22.9	23.7	17.8
Others	54.6	54.0	62.7

Note: FII includes depository receipts

Stock's performance (one-year)



CMP: INR58 | TP: INR70 (+21%) | Buy

Riding the winds of growth

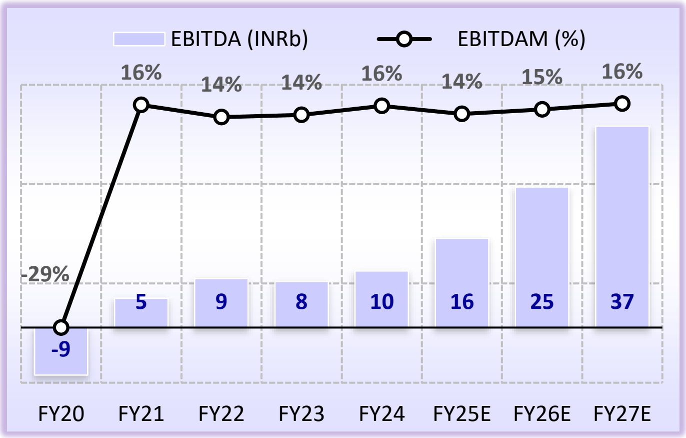
- **Initiate with BUY and SOTP-based TP of INR70:** We initiate coverage on Suzlon Energy (SUEL) with a BUY rating and a target price of INR70/share, implying 21% upside. SUEL is a global leader in wind energy with an installed capacity of ~20.9GW across 17 countries. It is India's top wind energy service provider with the highest installed capacity of ~15GW, operating with a vertically integrated structure, including in-house R&D and manufacturing facilities in India. SUEL's operations span wind turbine generator (WTG) sales, project execution, foundry and forging components, and operation and maintenance (O&M) services.
- **Wind energy's critical role in India's renewable future:** By 2030, wind energy is expected to account for ~20% of India's renewable energy (RE) mix vs. 39% in the US and Germany, 33% in China, and 42% in the UK, highlighting the need for more focus on wind energy development. India's relatively lower wind energy penetration offers significant room for growth. Though there are concerns that a combination of solar energy and storage solutions may replace wind energy, ReNew, a leading RE firm in India, estimates that adding wind energy to solar and storage solutions can reduce the levelized cost of energy (LCoE) by INR0.2-0.3/kWh and lead to ~1% higher project IRR. Given these advantages, Firm and Dispatchable Renewable Energy (FDRE), which strategically integrates solar, wind, and battery storage, is expected to become the preferred procurement model, which will drive increased investments in wind energy.
- **SUEL is a bellwether play on India's wind energy potential:** India's wind energy sector offers substantial growth potential, as the country aims to increase its installed wind capacity to 100GW by 2030 from 48GW currently (Dec'24). SUEL projects India's new wind energy installations to reach ~4GW in FY25, 6GW in FY26, and 7-8GW annually from FY27 onward. This opportunity positions SUEL's EPC and OMS businesses for strong growth. With ~15GW of installed capacity, SUEL towers over competitors like Siemens Gamesa (8.9GW), Vestas (3.4GW), and INOX (3.1GW). The company's strong leadership in the O&M segment further strengthens its competitive edge. The acquisition of Renom Energy Services, a leading O&M company, expands SUEL's service capabilities further, allowing it to cater to turbines from other OEMs.
- **Domestic players well placed if NITI Aayog pushes for local content:** In Mar'24, NITI Aayog, in its report, suggested granting approval to a revised list of models and manufacturers (RLMM) only if major components—such as nacelle (including gearboxes and generators), blades, towers, hubs, and controllers—are manufactured domestically. It also proposed introducing a mandatory requirement of sourcing at least 60% of content by value from India. This policy shift, if implemented, will present significant growth opportunities for Indian OEMs.
- **Competition is rising but pie is big enough:** Given the strong outlook, competitors are investing in the Indian wind equipment market, e.g., Envision Energy India's 1GW partnership with Juniper Green Energy and SANY India's 1.6GW contracts with JSW Group (1.3GW) and Sembcorp (0.3GW). Western

players like GE, Gamesa and Vestas, despite their EPC capabilities, are avoiding the EPC segment due to low margins, while Chinese manufacturers are inactive in India's EPC market. This creates a favorable environment for domestic manufacturers, particularly SUEL, to capitalize on the growing demand in the Indian wind energy sector due to its presence across the value chain. Assuming 8GW wind installation in India (in FY27), we estimate SUEL's order book execution (or deliveries) to be 3.2GW in FY27. Assuming Inox Wind contributes an estimated 2GW in FY27 (FY24: 0.4GW), this still leaves an additional 2.8GW for other players, demonstrating the scale of opportunities in the sector.

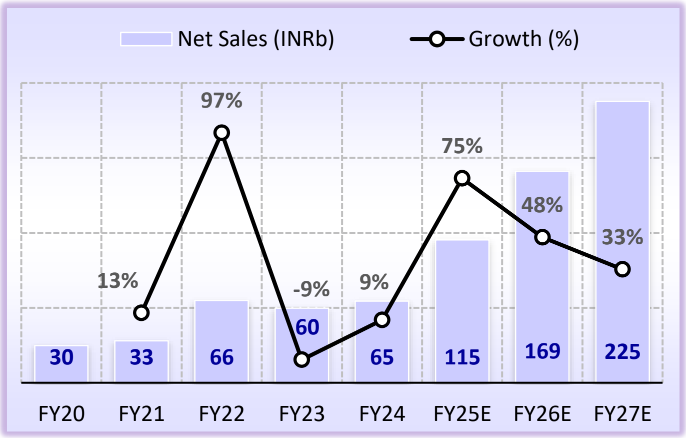
- **Economies of scale to drive adj. PAT CAGR of 63% over FY24-27:** The WTG segment currently has fixed costs of ~INR7b, breaking even at 700MW of deliveries. With an expanded order book, execution is set to scale from 710MW in FY24 to 1.5GW/2.3GW/3.2GW in FY25/FY26/FY27, reducing per-unit fixed costs and supporting margins. We expect WTG gross margins to increase from ~19.5% in FY24 to 22% in FY27, aided by the economies of scale. We estimate a CAGR of 51%/52%/63% in revenue/EBITDA/adjusted PAT over FY24-27.
- **EBITDA margin healthy; tax shield benefits until FY27:** We estimate consol. EBITDA margins to remain healthy at ~14-16% in FY25/FY26/FY27. SUEL is also well positioned to benefit from its significant tax shield arising from unabsorbed depreciation and brought-forward losses (FY24: INR61b)**.** A majority of these losses are set to expire between FY25 and FY32. We estimate SUEL not to have any tax liability until 1HFY27, enabling the company to conserve cash flows.
- **Balance sheet well placed to fund future growth:** SUEL's net debt-to-EBITDA ratio has moved from 6.6x in FY22 to a net cash position in FY24. We expect the net cash position to rise further by FY27 given limited capex needs in the near term (~INR3.5-4b p.a. FY25 to FY27). Operating cash flows too are expected to rise strongly as the company executes its order book.
- **Valuation and view: Adjusted for growth, SUEL reasonably priced vs. capital goods peers –** We arrive at a target price of INR70 by applying a target P/E of 34x to Dec'26E EPS. This is at a slight premium to historical average 2-year fwd P/E of 27x given execution and earnings are just picking up for SUEL. While valuations across the capital goods space have come off, they remain elevated given a healthy earnings growth trajectory, a decent order book, improving cash flows, and a positive industry outlook. We think SUEL is reasonably priced, given an estimated EPS CAGR of 63% over FY24-27, significantly surpassing domestic capital goods peers ABB India (23%), Siemens (20%), Thermax (17%), and CG Power (26%) and global peers such as SANY (26%). On PEG ratio, SUEL is favorably trading at FY26E PEG ratio of 0.6x, below other domestic capital goods peers such as Thermax (2.5x), ABB India (6x), and CG Power (1.9x).
- **Key risks:** 1) Rising competition from Chinese and European players as wind installations pick up; 2) Potential pressure on realizations/ margins for wind turbine generators (WTGs); 3) Dependency on ISTS waiver for project economics; 4) Technological changes leading to product obsolescence; 5) Delays in project execution leading to slower-than-expected execution of order book; 6) Volatility in raw material prices, operational and overhead costs.

STORY IN CHARTS

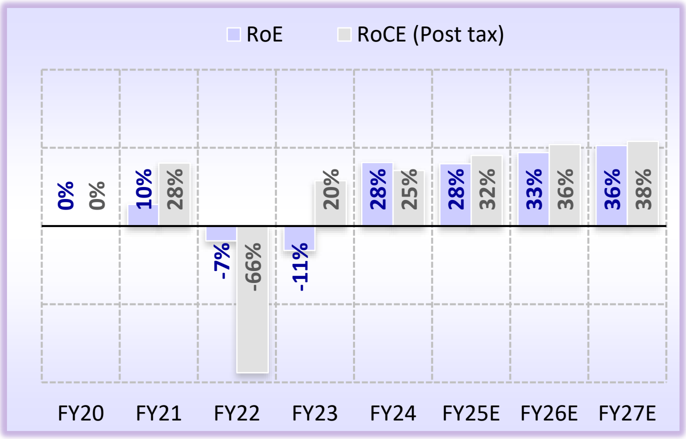
EBITDA and EBITDA margin trends



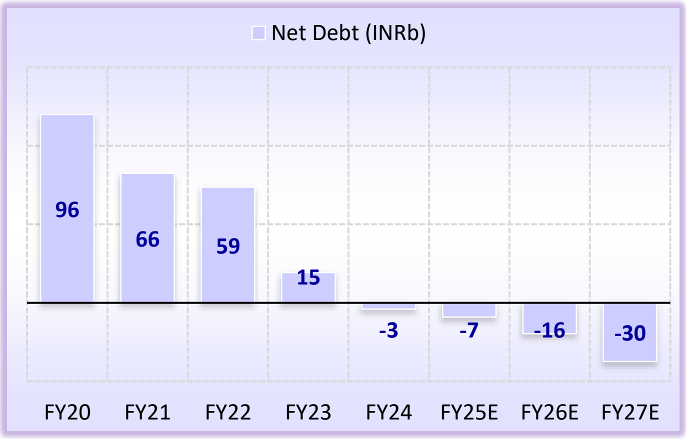
Net sales growth over the years



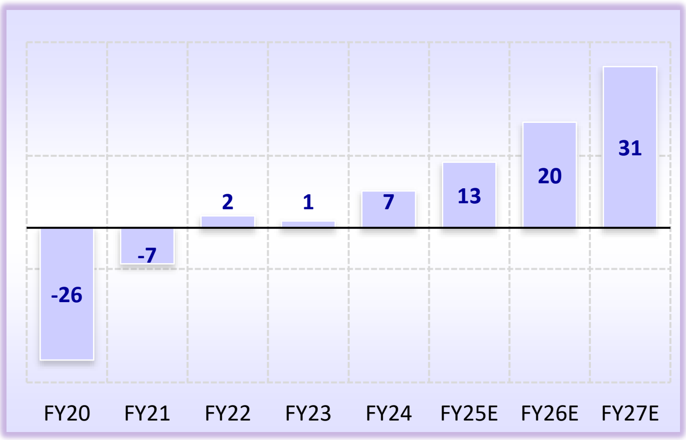
ROE and ROCE over the years



Net debt over the years (INR b)

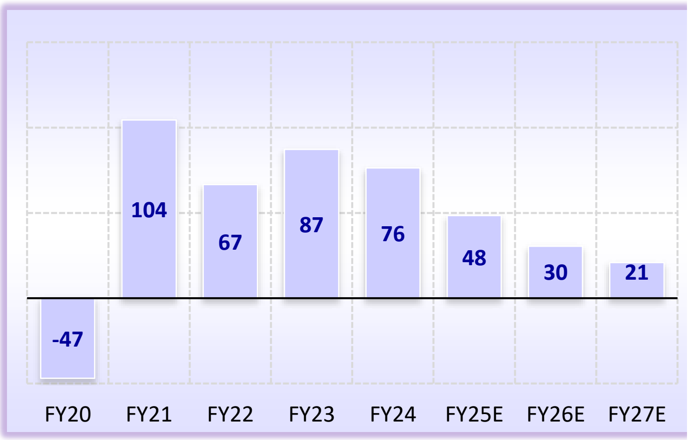


Adjusted PAT over the years (INR b)



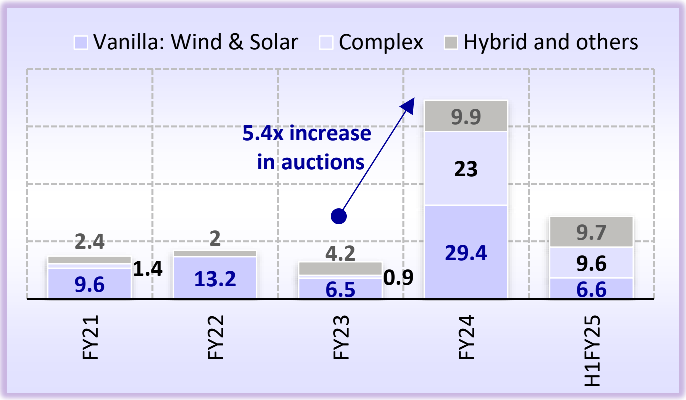
Source: Company, MOFSL

EV/EBITDA over the years



Source: Company, MOFSL

Sharp increase in complex RE auctions (GW)



Source: ReNew, MOFSL

Key return metrics across the RE auction segments

Type of Project	Firm Power	Solar and Hybrid	Corporate PPAs	Vanilla Wind
GW currently up for auction	8-10 GW	30-35 GW	Utility scale projects > 25 MW	5-6 GW
No. of competitors	4-5	~12-14 (Large scale 6-8)	~6-8	~4-5 (Large scale 2-3)
Indicative range of IRRs	High teens	Mid to low teens	Mid-teens	Low teens
Counterparty/ offtake	Central bidding agencies	Central + GUVNL	International and domestic corporates	Central + States

Source: ReNew, MOFSL

PEG Ratio

Domestic wind players

Company	PEG Ratio FY26	PEG Ratio FY27
SUEL	0.6	0.5
Inox Wind	0.4	0.6

Global Peers

Company	PEG Ratio CY25	PEG Ratio CY26
Vestas	0.2	0.3
SANY	0.4	0.6

Domestic Capital Goods Companies

Company	PEG Ratio FY26	PEG Ratio FY27
ABB India(Dec year-end)	6.0	4.3
Siemens (Sept year-end)	88.1	2.4
CG Power	1.9	2.0
TARIL	0.6	0.6
Thermax	2.5	2.2
KEC International	0.3	0.8

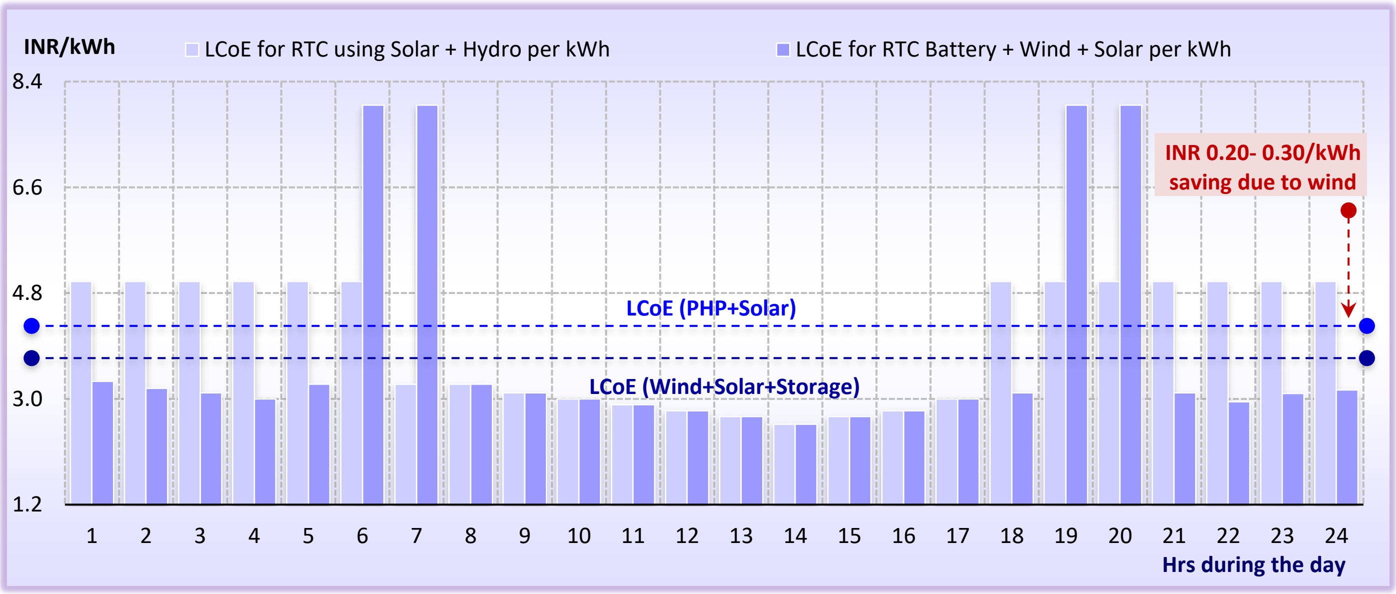
Source: Bloomberg, MOFSL

Installed capacity as of 2023 end (in GW)

Countries	Onshore wind capacity	Offshore wind capacity	Total wind capacity	Total installed capacity	Wind as a % of Total Installed capacity	Wind as a % of RE by 2030
USA	150.4	0.0	150.5	1,102.1	13.6	39
China	403.3	37.8	441.1	2,799.9	15.7	33
Germany	61.1	8.3	69.5	255.8	27.1	39
India	44.7	0.0	44.7	428.0	10.4	22
UK	14.9	14.8	29.6	98.4	30.1	42

Source: GWEC, Ember, IMF, MOFSL

Hourly LCoE* comparison of Wind + Solar + Battery vs. Solar + PHP (INR per kWh)



Source: ReNew, MOFSL

India's wind energy penetration significantly below global average

- India ranked 4th globally in 2023 with its total wind energy capacity of 44.7GW, entirely derived from onshore wind projects, contributing 10.4% of its total installed capacity of 428GW. In comparison, China leads globally with 441.1GW of wind energy capacity, accounting for 15.7% of its total installed capacity of 2,800GW, while the US comes second with 150.5GW, forming 13.6% of its total of 1,102GW.
- Germany and the UK stand out for their high wind energy penetration, which accounts for 27.1% and 30.1% of their respective total capacities, showcasing significant reliance on wind energy within their RE portfolios (Source: GWEC).
- India's relatively lower wind energy penetration offers significant room for growth, especially in light of its ambitious RE installed capacity target of 500GW by 2030, which includes 100GW from wind energy.
- By 2030, wind energy is expected to form ~20% of India's RE mix vs. USA (39%), Germany (39%), China (33%), and the UK (42%).
- With advancements in technology, favorable policies such as ISTS charges waiver up to Jun'25, wind energy-specific renewable purchase obligation (RPO), viability gap funding (VGF) of INR74b for initial 1GW offshore wind energy projects, and an increasing emphasis on RE transitions, India has the potential to scale up its wind energy capacity and strengthen its contribution to global RE deployment.

Exhibit 1: Installed capacity as of 2023 end (in GW)

Countries	Onshore wind capacity	Offshore wind capacity	Total wind capacity	Total installed capacity	Wind as a % of Total Installed capacity	Wind as a % of RE by 2030
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India	44.7	0.0	44.7	428.0	10.4	20
UK	14.9	14.8	29.6	98.4	30.1	42

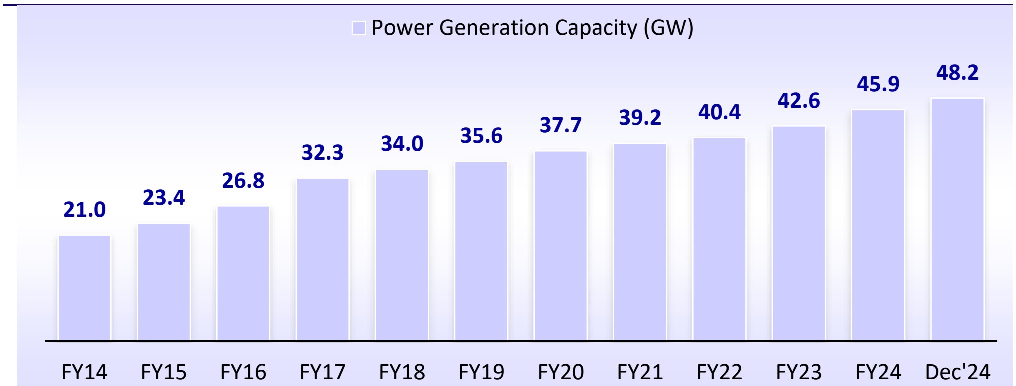
Source: GWEC, Ember, IMF, MOFSL

India plans to double its installed wind capacity base by 2030

India has a goal of installing 500GW of non-fossil fuel capacity by 2030, which includes 100GW from wind energy.

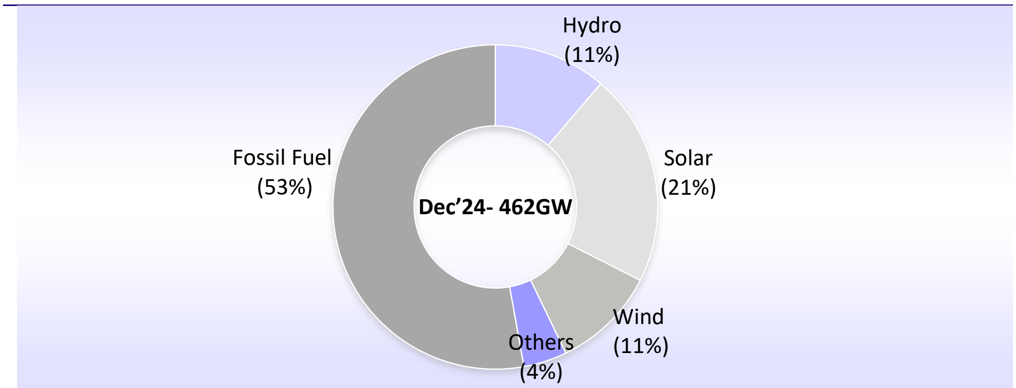
- In CY23, global onshore wind installations surged to 106GW, up 54% from CY22. Meanwhile, offshore wind energy installations reached 10.8GW, taking the total offshore wind capacity to 75.2GW. It took more than 40 years to reach the milestone of 1TW (2023 end) of installed wind power globally, and now the industry aims to add another 2TW in just seven years to reach 3TW by 2030.
- As of Dec'24, India's cumulative installed wind power capacity reached 48GW. The government's strategic initiatives, including the Aatmanirbhar Bharat program through "Make in India," along with ambitious RE targets, are poised to accelerate growth in the sector. These initiatives support the country's commitment to achieving net-zero emissions by 2070 and the goal of installing 500GW of non-fossil fuel capacity by 2030, which includes 100GW from wind energy.
- In FY24, Gujarat led the country in wind energy capacity additions at 1.7GW, followed by Karnataka with 0.7GW, Tamil Nadu with 0.5GW, and Maharashtra with 0.19GW. Gujarat holds the highest total installed wind capacity at 11.72GW, closely followed by Tamil Nadu at 10.60GW. Other key states include Karnataka (6.02GW), Maharashtra (5.20GW), Rajasthan (5.19GW), Andhra Pradesh (4.09GW), and Madhya Pradesh (2.84GW).

Exhibit 2: Evolution of wind power capacity in India (in GW)



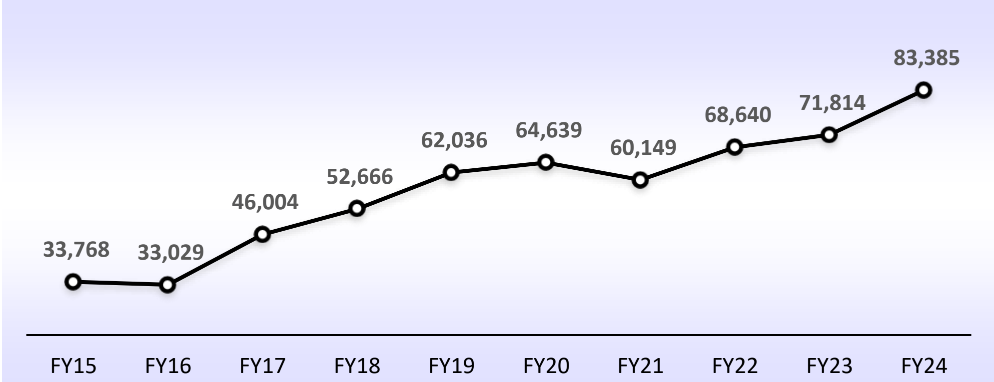
Source: NPP, MOFSL

Exhibit 3: India's installed power generation capacity mix as of Dec'24 end



Source: Company, MOFSL

Exhibit 4: Year-wise electricity generation from wind sources (MU)



Source: Directory Indian Wind Power -2024, MOFSL

Strong government policy push for wind sector growth

The central government has unveiled a range of policies to encourage wind expansion including waiver of ISTS charges, VGF scheme for offshore wind energy projects, renewable purchase obligation, etc.

- India's wind energy sector presents significant growth potential, particularly as the country pursues its ambitious RE target of 500GW by 2030, which includes 100GW from wind energy. Given this ambitious target, the central government has unveiled a range of policies to encourage wind expansion.
- **Waiver of ISTS charges:** Key government initiatives, such as the waiver of inter-state transmission system (ISTS) charges for solar and wind projects commissioned by Jun'25 and offshore wind projects until Dec'32, are aimed at enhancing project viability and attracting investment.
- **Viability gap funding (VGF):** The approval of the VGF scheme for offshore wind energy projects along the coasts of Gujarat and Tamil Nadu, coupled with the issuance of standard bidding guidelines for tariff-based procurement of power from wind and hybrid projects, underscores the government's commitment to accelerating growth in this sector.
- **The Green Open Access Rules, 2022:** The rules, notified in June 2022, are aimed at promoting the generation, purchase, and consumption of green energy, including energy from waste-to-energy plants, through open access. These rules are a significant step toward India's goal of reducing emissions by 45% by 2030, in line with the country's updated Nationally Determined Contributions (NDC). Additionally, the rules are expected to substantially reduce power costs. Under the new regulations, Green Open Access is now available to any consumer, with the limit for open access transactions reduced from 1MW to 100kW, enabling even small consumers to purchase renewable power through open access.
- **Renewable purchase obligation (RPO) targets:** RPO requires all electricity distribution licensees to buy or generate a minimum specified quantity of their requirements from RE sources as per the Indian Electricity Act, 2003. As per the Ministry of Power, there are separate sub-targets allocated out of the total target for wind, hydro and distributed energy. Total RPO in 2029-30 is estimated to be 43.33% of the total electricity consumed.

Exhibit 5: RPO trajectory (as % of total electricity consumed)

Year	Wind RE	Hydro RE	Distributed RE	Other RE	Total RE
2024-25	0.67	0.38	1.5	27.35	29.91
2025-26	1.45	1.22	2.1	28.24	33.01
2026-27	1.97	1.34	2.7	29.94	35.95
2027-28	2.45	1.42	3.3	31.64	38.81
2028-29	2.95	1.42	3.9	33.1	41.36
2029-30	3.48	1.33	4.5	34.02	43.33

Source: Ministry of Power, MOFSL

Wind capacity expansion critical for achieving RE targets

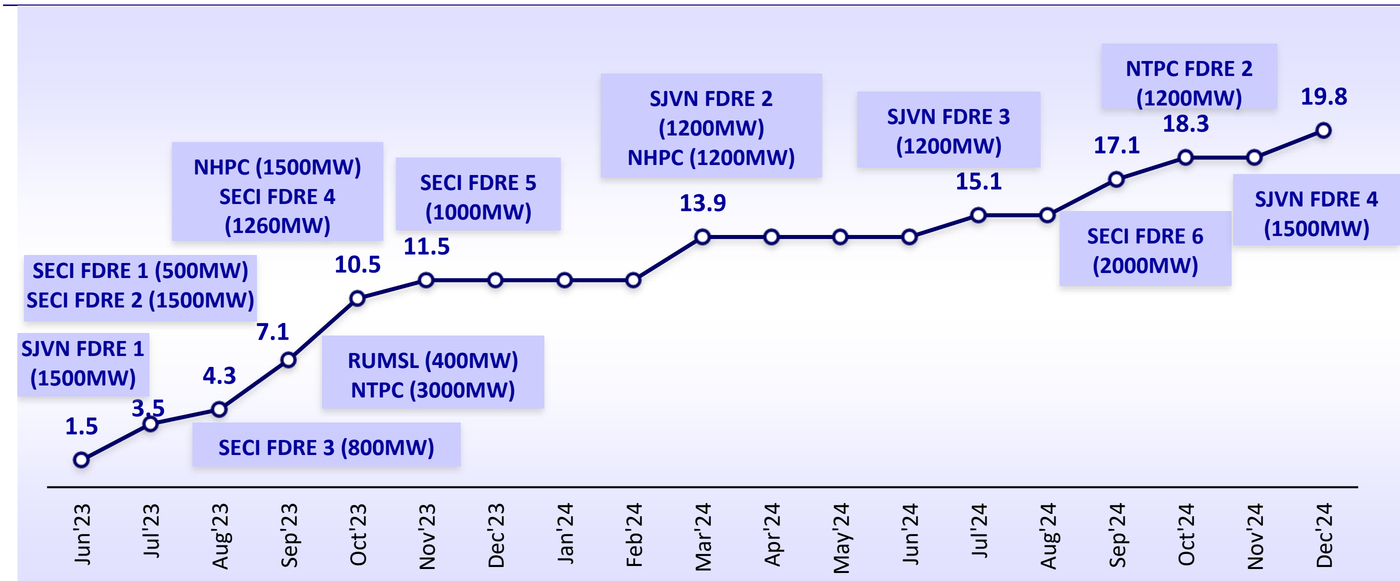
ReNew, a leading RE player in India, estimates that adding wind to the solar energy and storage solutions will reduce LCoE by INR0.2-0.3/kWh and lead to ~1% higher project IRR.

- **Wind is essential for cost efficiency and grid stability:** There have been recent concerns that solar energy and power storage could replace the need for wind energy. However, this perspective faces several challenges: 1) battery prices have declined recently, and there is potential for future price increase; 2) heavy battery deployment will be needed given the limited coverage provided by solar energy; and 3) replacing wind energy entirely with solar energy and storage solutions could compromise grid stability at a national scale. While solar power is best suited for meeting daytime demand, wind energy is well suited for the peak and base load demand at night, as India's peak power demand in the morning and evening aligns well with wind energy generation. Moreover, ReNew, a leading RE player in India, estimates that adding wind to the solar energy and storage solutions will reduce LCoE by INR0.2-0.3/kWh and lead to ~1% higher project IRR.

As of 2023, over 11GW of FDRE tenders were issued, and this figure has expanded to 19GW by Dec'24, driven by nodal agencies such as SECI and SJVN.

- **Wind expertise unlocks opportunities in FDRE tenders:** In Jun'23, the Ministry of Power issued guidelines for the tariff-based competitive bidding process for the procurement of FDRE from grid-connected RE power projects with energy storage systems (ESS). As of 2023, over 11GW of FDRE tenders were issued, and this figure has expanded to 19GW by Dec'24, driven by nodal agencies such as SECI and SJVN. We believe FDRE is set to become the preferred model for RE procurement in the future. FDRE tenders typically involve solar + wind + battery deployment. Therefore, an established track record in installing and operating wind assets is crucial for successfully executing FDRE tenders.
- **FDRE economics may not be sustainable with sole reliance on solar energy:** Relying exclusively on solar energy and battery storage presents financial challenges, primarily due to the high cost of battery storage, which is ~INR5-6/kWh per four-hour cycle (assuming battery prices of USD175/kWh)—almost double the cost of wind energy. This makes projects that depend solely on solar energy and battery storage less economically viable. Thus, added reliance on batteries for storage further increases project costs, which can result in non-competitive tariffs, thereby undermining the long-term financial sustainability of such projects. When wind energy and solar energy are integrated, they complement each other and reduce dependence on costly storage systems, enhancing grid stability and improving the overall project economics.

Exhibit 6: FDRE tenders – FY23-24 (GW)



Source: SECI, SJVN, JMK Research, MOFSL

A solar-heavy energy mix presents critical challenges to grid stability and economic efficiency.

- **Risks to grid stability from high solar penetration and low wind capacity:** A solar-heavy energy mix presents critical challenges to grid stability and economic efficiency (excess solar energy from rooftop installations in Australia, known as "solar spill," is causing grid instability and potential blackouts: Read more). Solar generation peaks during the day and drops to zero at night, creating sharp fluctuations in supply. Hence, there is a need for balancing resources like wind energy, which complements solar by peaking during evenings, nights, and monsoon seasons. Without sufficient wind energy capacity, the grid faces:
  - **Instability:** Steep ramp-up in demand on conventional power plants during solar transitions increases operational complexity.
  - **Higher costs:** Battery storage remains costly at INR5-6/kWh per four-hour cycle (assuming battery prices of USD175/kWh), nearly double the cost of wind, making solar-plus-battery solutions less competitive.
  - **Overreliance on storage:** Limited wind generation forces greater dependence on expensive energy storage systems to manage surplus solar generation and ensure supply during non-solar hours.
  - **Transmission inefficiencies:** Peak solar generation strains transmission networks, while non-solar periods underutilize infrastructure, adding to inefficiencies.
  - **Curtailment risks**: Surplus solar generation during low-demand periods increases curtailment risks, lowering overall system efficiency.

Competition has intensified, but pie is big enough

- **Annual wind energy installations to double by FY27:** SUEL projects robust growth in India's annual wind energy installations, with expectations of ~4GW in FY25, 6GW in FY26, and 7-8GW annually from FY27 onward. We estimate SUEL's order book execution (or deliveries) to be 3.2GW in FY27. Assuming Inox Wind contributes an estimated 2GW in FY27 (FY24: 0.4GW), this still leaves an additional 2.8GW for other players, demonstrating the scale of opportunities in the sector. As per CEA's report on the optimal generation capacity mix for 2029-30, India must nearly double its wind energy capacity to ~100GW by 2030, up from 48GW as of Dec'24.
- **Indian players' presence across the value chain gives an edge:** Western players such as GE, Gamesa, and Vestas possess EPC capabilities; however, they are currently not focusing on this segment, likely due to low margins. Meanwhile, Chinese manufacturers are not active in the EPC market in India. These factors create a favorable environment for domestic manufacturers, particularly SUEL, to capitalize on the growing demand in the Indian wind energy sector due to its presence across the value chain.
- **SUEL way ahead of others in terms of installed capacity:** Historically, SUEL, Siemens Gamesa, and Inox Wind have been the dominant players in India's installed wind energy base, with respective capacities of 14.6GW, 8.9GW, and 3GW at the end of FY24. Siemens Gamesa is now considering an exit from the Indian market, which could potentially reduce competition and help support pricing and margins.

NITI Aayog proposed introducing a mandatory requirement of sourcing at least 60% of content by value from India.

- **NITI Aayog's push for 60% local content:** In Mar'24, NITI Aayog, in its report titled "Domestic Manufacturing Capacity & Potential Cyber Security Challenges in the Wind Sector and Way Forward," emphasized critical concerns over cyber security vulnerabilities arising from the import of wind sector components, particularly from China. To mitigate these risks, it recommended enhancing the revised list of models and manufacturers (RLMM) policy. Currently, the RLMM policy mandates OEMs in the wind energy sector to obtain approval for their WTGs when the nacelle is either assembled or manufactured in India. The report suggests refining this framework by granting RLMM approval only if major components—such as the nacelle (including gearboxes and generators), blades, towers, hubs, and controllers—are manufactured domestically. Additionally, it proposes introducing a mandatory requirement of sourcing at least 60% of content by value from India. This policy shift presents significant growth opportunities for Indian OEMs.

Exhibit 7: Installations by wind energy players in India as of FY24 end

Company Name	Number	MW
SUEL	9,817	14,672
Siemens Gamesa	4,880	8,962
Wind World	6,725	4,959
Vestas Wind	2,327	3,430
GE Energy	1,402	3,121
Inox	1,540	3,081
Others	5,899	5,541
Total	**32,590**	**43,766**

Source: Directory Indian Wind Power -2024, MOFSL

- **Chinese and European players give strong competition:** The strong growth in the Indian market has attracted new entrants, particularly from China, heightening competition. Chinese manufacturers, including Envision and SANY, have gained traction by leveraging lower manufacturing costs, providing them with a pricing advantage. As per media reports, Envision, has rapidly expanded its presence in India, with ~1.5GW of installed capacity and 7.7GW of projects awarded by 21 IPPs (Link). To support its growth trajectory, Envision has established a robust manufacturing capacity, including 3GW for nacelles and hubs in Pune and 2.5GW for blades across facilities in Trichy and Bengaluru. These developments pose a significant challenge to established players like SUEL, as they intensify price-based competition and bring additional capacity to the market.
- **Adani, Reliance are new entrants in the wind manufacturing space:** In the equipment space, SUEL faces competition from both domestic and global manufacturers. Indian competitor Inox Wind has raised significant equity capital through its subsidiary Resco Global to diversify beyond EPC services. While SUEL and Inox dominate the EPC segment, global manufacturers such as Siemens Gamesa, Vestas and GE also have EPC capabilities, though we understand this is not a focus area for them. Additionally, large energy developers like JSW Energy and Adani are moving toward self-manufacturing turbines and providing their own EPC services, further intensifying competition.

Exhibit 8: Status of domestic manufacturing capacity for the wind energy sector

Manufacturer	Country of origin	Turbine size (MW)	Annual manufacturing capacity (MW)
SUEL	India	2.1 - 3.0	4,500
Vestas Wind Technology	Denmark	2.0 - 3.6	3,000
Siemens Gamesa Renewable Power	Spain	2.0 - 3.6	4,000
Envision Wind Power Technologies	China	2.5 - 3.3	1,000
Senvion Wind Technology	Germany	2.3 - 2.7	1,000
Nordex India	Spain	3.0	1,000
GE India	USA	2.3 - 2.7	1,000
Inox	India	2.0 - 3.0	1,000
Emergya Wind Turbine	The Netherlands	1.0	250
Others			**500**
Total			**17,250**

Source: NITI Aayog, MOFSL

Exhibit 9: Domestic manufacturing capacity: Local & import share

Name of the wind turbine component	Total manufacturing capacity (per annum)	% cost share of wind turbine generator (WTG) setup	100% local content by OEMs	Imported by major OEMs (% varying)
Towers	5200MW	26	❖ Vestas, Inox, Envision, SUEL, GE	Siemens, Gamesa
Blades	Not Available	22	❖ Vestas, Inox, Senvion, GE, Siemens, Gamesa, SUEL, Envision	-
Gearbox	8000MW	12	❖ SUEL, Siemens, Gamesa, GE	Vestas, Envision, Inox, Senvion
Power Converters	Not Available	5	❖ GE, Siemens, Gamesa, Vestas, Inox	Envision, SUEL, Senvion
Generators	Not Available	4	❖ SUEL, GE, Siemens, Gamesa	Vestas, Envision, Inox, Senvion
Transformers	Not Available	4	❖ GE, Siemens, Gamesa, Vestas, Inox, Senvion, SUEL	Envision (only Aux. Transformer)
Castings	11590MW	27		
Yaw Drives	10000MW			
Pitch Drives	5000MW			
Other (Main Shaft, Rotor bearing etc.)	Not Available			

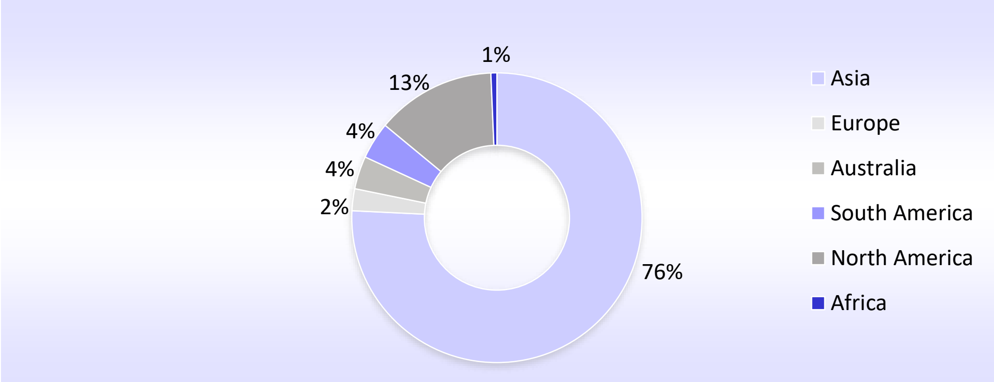
Source: NITI Aayog, MOFSL

Company overview

As of Dec'24, SUEL has successfully installed 15GW of wind energy capacity in India and holds a 31% market share of India's total installed wind energy capacity.

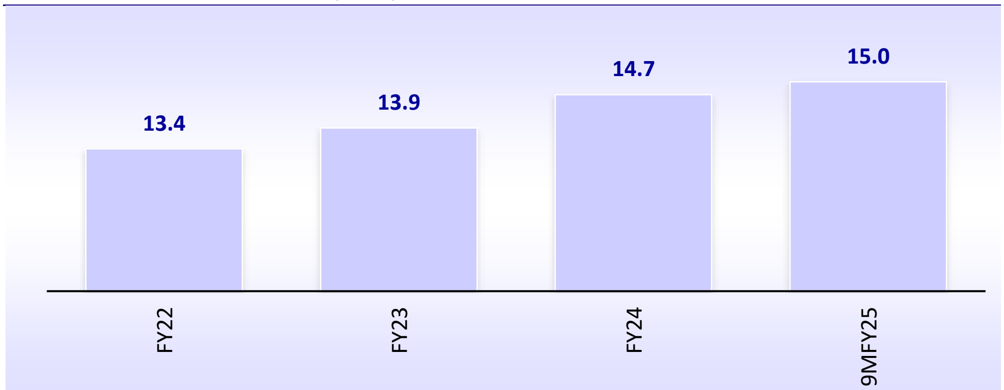
- The Suzlon Group, a global leader in wind energy, has installed ~20.9GW of wind energy capacity across 17 countries.
- As of Dec'24, SUEL has successfully installed 15GW of wind energy capacity in India, comprising more than 9,900 wind turbines. It holds a 31% market share of India's total installed wind energy capacity. SUEL operates with a vertically integrated structure, boasting in-house R&D centers and world-class manufacturing facilities in India.
- SUEL is also the country's No. 1 wind energy service company, managing ~15GW of wind energy assets. Its product portfolio includes the 2MW and 3MW series of wind turbines.
- **Suzlon Services:** India's leading wind energy service provider with 29 years of expertise in the industry. With 2.5 million service hours and a diversified portfolio ranging from 225kW to 3.x MW turbines, SUEL is supported by over 3,500 dedicated service professionals. The company offers specialized multi-make turbine O&M services, providing maintenance, repairs, and technical support across a range of wind turbine fleets from various OEMs, making SUEL a comprehensive solution provider for the wind energy sector.
- **Product portfolio:** SUEL provides a wide range of wind turbine products, from 2.1MW to 3.15MW, with customizable rotor diameters and tower heights to suit different wind conditions. The portfolio also includes solutions designed for integrating multiple RE sources.
  - The S120 – 140m variant with a 140-meter hub height and lattice-tubular tower was launched in Dec'18, followed by the 120m hub height tubular tower variant in Jan'19. This product range allows SUEL to access untapped wind sites in challenging terrains. The S120 – 140m turbines demonstrate exceptional performance, operating with over 98% availability.
  - SUEL's 3.x MW S144 wind turbine, with a capacity of up to 3.15MW, operates at hub heights of 140 to 160 meters, making it India's tallest wind turbine. It delivers 40-43% higher energy generation compared to previous models, optimizing wind resources at higher altitudes and making low-wind sites viable.
- **Collaborating for wind energy integration across sectors:** SUEL has collaborated with over 1,900 customers, including independent power producers (IPPs), large corporates, and public sector undertakings (PSUs) like ONGC, GAIL, and IPCL. The company promotes wind energy adoption through partnerships with industry bodies and municipal corporations, driving integration across sectors.
- **SE Forge leading in engineering component manufacturing:** SE Forge, a subsidiary of SUEL, is one of the largest manufacturers of engineering components, supplying fully finished castings and forgings to some of the world's leading OEMs across various industries, including wind turbines, power generation, oil & gas, transportation, construction, aerospace, and heavy machinery.
- **OMS supporting diverse customers:** The OMS department of SUEL caters to a diverse range of customer segments, including IPPs, large corporates, PSUs, government entities, and retail customers. This broad customer base reflects the company's ability to provide tailored O&M solutions across various sectors and scales of operation.

Exhibit 10: Global installation of 20.9GW by SUEL as at 3QFY25 end



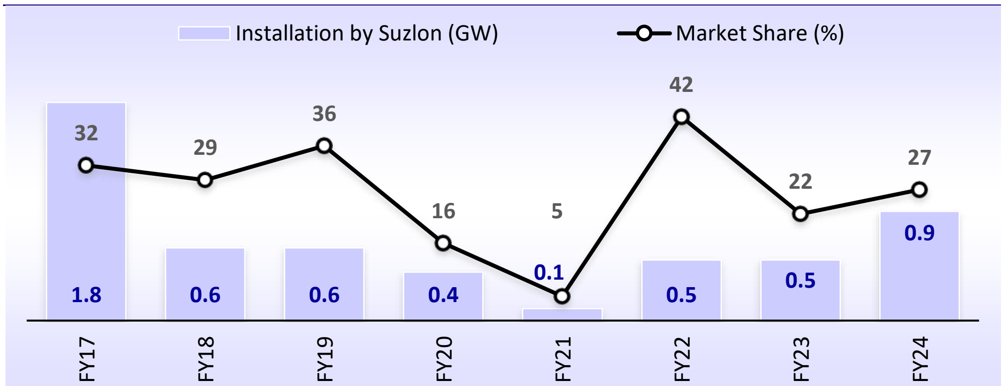
Source: Company, MOFSL

Exhibit 11: SUEL's installed capacity base in India (GW)



Source: Company, MOFSL

Exhibit 12: SUEL's installation and market share over the years



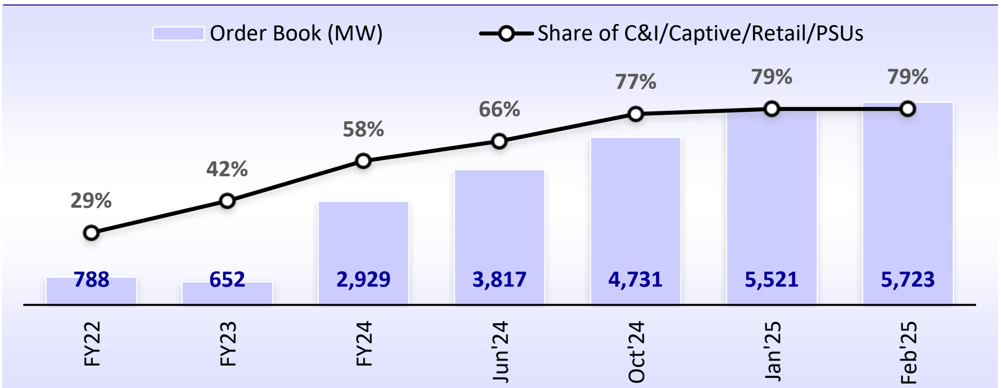
Source: Company, MOFSL

Growing order book, economies of scale drive 63% PAT CAGR over FY24-27

SUEL has achieved a record-high order book of 5.7GW (as of Feb'25) with C&I customers contributing 59% of the total orders.

- **Record-high order book of 5.7GW:** SUEL has achieved a record-high order book of 5.7GW (as of Feb'25) and the outlook remains promising given India's target to double the wind installed capacity base by 2030. Notably, C&I customers now make up 59% of SUEL's total order book, highlighting the company's growing prominence in this segment.
- **Repeat orders from key C&I customers:** In Feb'25, SUEL secured a 201.6MW repeat order from Oyster Renewable, expanding their partnership to 283.5MW in Madhya Pradesh. The company will supply 64 S144 WTGs with Hybrid Lattice Towers, each of 3.15MW capacity. On 10th Jan'25, SUEL announced securing a 486MW wind energy order from Torrent Power to supply 162 S144 WTGs (each with a rated capacity of 3MW) in the Bhogat region in Gujarat, achieving the 1GW milestone in their partnership. This is the fifth significant order awarded by Torrent Power to SUEL.
- **Largest cumulative C&I order:** On 10th Oct'24, SUEL received an initial order of 400MW from Jindal Renewable Energy to install 127 S144 WTGs, each with a rated capacity of 3.15MW, in the Koppal region of Karnataka. This was followed by an additional order of 302.4MW on 4th Dec'24, for the installation of 96 S144 WTGs in the same location. As a result, SUEL secured India's largest cumulative C&I wind energy order from a single customer, Jindal Renewable Energy, totaling 702.4MW.
- **Largest-ever single order from NTPC Green:** On 9th Sep'24, SUEL secured its largest-ever single order in the Indian wind industry from NTPC Green of 1,166MW to install 370 S144 WTGs across three sites in Gujarat.
- **Strategic partnership with CESC's Purvah Green Power:** On 15th Jul'24, CESC's subsidiary, Purvah Green Power, entered into a strategic partnership with SUEL to develop wind energy projects. The agreement covers the supply, EPC, and maintenance of wind turbines to be operational in the next two to four years.

Exhibit 13: Wind order book and share of C&I/Captive/Retail/PSU orders



Source: Company, MOFSL

Exhibit 14: Recent orders received by SUEL

Month	Company	MW	Location	Quantity & Model
Feb'25	Oyster Renewables	202	Madhya Pradesh	64 S144 WTGs
Jan'25	Torrent Power Limited	486	Gujarat	162 S144 WTGs
Dec'24	Jindal Renewable Power Private Limited	302	Chhattisgarh & Odisha	96 S144 WTGs
Oct'24	Jindal Renewable Power Private Limited	400	Karnataka	127 S144 WTGs
Sep'24	NTPC Green Energy Limited	1,166	Gujarat	370 S144 WTGs
Jun'24	AMPIN Energy Transition	104	Rajasthan	33 S144-140m WTGs
May'24	Oyster Green Hybrid One Private Limited	82	Madhya Pradesh	26 S144-140m WTGs
May'24	Aditya Birla Renewables Limited	551	Rajasthan & Gujarat	175 S144-140m WTGs
May'24	Juniper Green Energy	402	Rajasthan	134 S144-140m WTGs

Source: Company, MOFSL

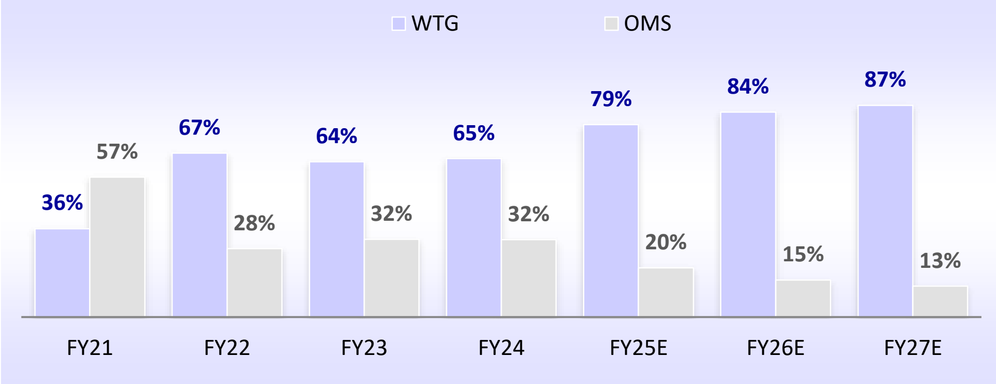
We estimate a CAGR of 51%/52%/63% in revenue/EBITDA/adjusted PAT over FY24-27.

- **Strong growth outlook for SUEL:** We estimate a CAGR of 51%/52%/63% in revenue/EBITDA/adjusted PAT over FY24-27. This growth is primarily driven by: 1) strong WTG segment outlook, with the order book expected to reach 5.8GW in FY26, and 7GW in FY27; 2) manufacturing capacity ramp-up from ~3.1GW per annum to ~4.5GW now across tower, blade and nacelle; 3) order book execution expected to rise to ~1.5GW/2.3GW/3.2GW in FY25/FY26/FY27.
- **EBITDA margins to remain resilient as economies of scale kick in:** We expect consol. EBITDA margins to remain healthy at 14-16% in FY25/FY26/FY27. The WTG segment operates with fixed costs of ~INR7b currently and breaks even at 700MW of wind turbine delivery. However, with a large order book, execution is set to scale up from 710MW in FY24 to ~1.5GW/2.3GW/3.2GW in FY25/FY26/FY27. As a result, per-unit fixed costs are expected to decline and support margins. We expect WTG gross margins to increase from ~19.5% in FY24 to 22% in FY27E, aided by economies of scale.
- **Limited or no tax payment until FY27:** SUEL is also well positioned to benefit from its significant tax shield arising from unabsorbed depreciation and brought-forward losses, totaling INR61b as of FY24 end. A majority of these losses are set to expire between FY25 and FY32. We estimate SUEL not to have any tax liability until 1HFY27, enabling the company to conserve cash flows.
- **WTG set to take-off; OMS' steady growth continues:** The Group's operations encompass the sale of WTG and related services, including land sales and sub-leases, project execution, and the sale of foundry and forging components. Additionally, the Group provides O&M services and is involved in power generation activities. These business segments are defined based on the internal reporting framework and organizational structure. In 9MFY25, the Group's WTG/O&M services/foundry and forging segments reported revenue of INR53b/INR14b/INR3b and EBITDA of INR5b/INR6b/INR0.4b.

In May'24, SUEL announced the merger by absorption of SGSL, its wholly owned subsidiary, into SUEL. It is expected to be completed in FY26.

- **Merger with Suzlon Global Services (SGSL) to drive synergies:** In May'24, SUEL announced the merger by absorption of SGSL, its wholly owned subsidiary, into SUEL. It is expected to be completed in FY26, subject to regulatory approvals. This restructuring is aimed at integrating SGSL's O&M business with SUEL's WTG manufacturing and EPC divisions, consolidating SUEL's wind business under a single entity. The key reasons behind this initiative include: 1) simplifying the group structure to enhance transparency, 2) strengthening SUEL's standalone balance sheet—a critical factor for participating in PSU bids, 3) optimizing working capital management and eliminating inter-company balances, fostering greater financial and operational efficiency, and 4) improving customer confidence by offering integrated WTG sales and O&M services through one entity.

Exhibit 15: Share of WTG and OMS in revenue



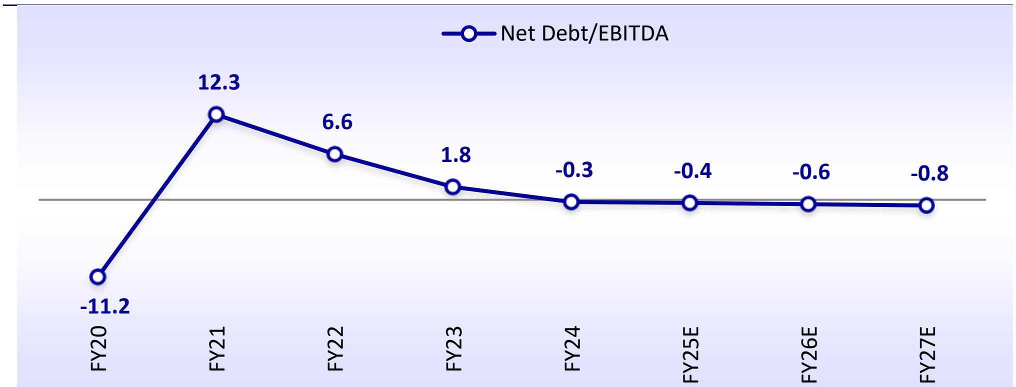
Source: Company, MOFSL

SUEL's balance sheet turnaround sets stage for funding growth

SUEL has witnessed a strong turnaround in its balance sheet, moving from a net debt-to-EBITDA ratio of 6.6x in FY22 to a net cash position in FY24.

- **Strong balance sheet improvement and cash flow growth:** SUEL has witnessed a strong turnaround in its balance sheet, moving from a net debt-to-EBITDA ratio of 6.6x in FY22 to a net cash position in FY24. Interest costs have significantly declined from INR9.9b in FY21 to INR1.6b in FY24, reflecting improved financial efficiency. Consequently, the interest coverage ratio has seen a substantial increase, rising from a low of 0.28x in FY21 to a robust 5.11x in FY24, indicating a much stronger ability to meet interest obligations. We expect the net cash position to rise further by FY27 given limited capex needs in the near term (~INR3.5-4b annually from FY25 to FY27). Moreover, operating cash flows are expected to remain healthy as the company executes its order book.

Exhibit 16: Net debt-to-EBITDA ratio trend



Source: Company, MOFSL

- **Debt restructuring has been key to balance sheet repair:** On 27th Jun'20, SUEL allotted 445,301 compulsorily convertible preference shares worth INR44.5b to lenders as part of the Resolution Plan. This followed a forbearance and restructuring agreement.
- On 30th Jun'20, SUEL executed the debt restructuring plan under RBI guidelines, which divided the INR51.9b restructured debt into three parts: INR36b rupee term loan to be repaid in 40 quarterly installments starting Sep'20, INR2.6b project-specific rupee term loan, and continuation of INR13b non-fund-based working capital facilities.
- This has been instrumental in achieving a net cash position in FY24 vs. a net debt-to-equity ratio of 1.4x in FY23.

- **Restructuring of FCCBs:** The company restructured its outstanding FCCBs by offering bondholders two options: (i) conversion to equity at INR6.77 per share or (ii) exchange for new bonds.

Exhibit 17: FCCBs

Outstanding amount (USD m)	FY21	FY22	FY23	FY24
USD546,916,000 step-up convertible bonds due 2019	2.2	-	-	-
USD denominated convertible bonds due 2032	26.5	9.8	0.5	-

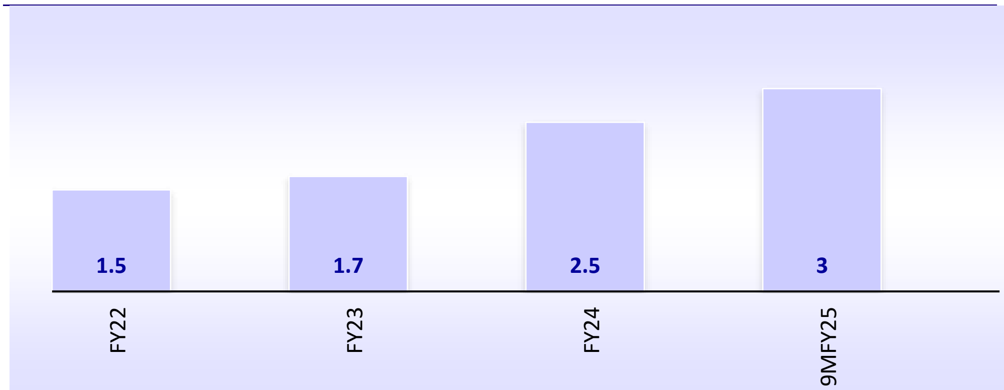
Source: Company, MOFSL

Renom acquisition to bolster OMS presence, expand customer base

In Aug'24, Suzlon Group made a strategic move by acquiring a 76% stake in Renom Energy Services Private Limited, a leading multi-brand OMS provider.

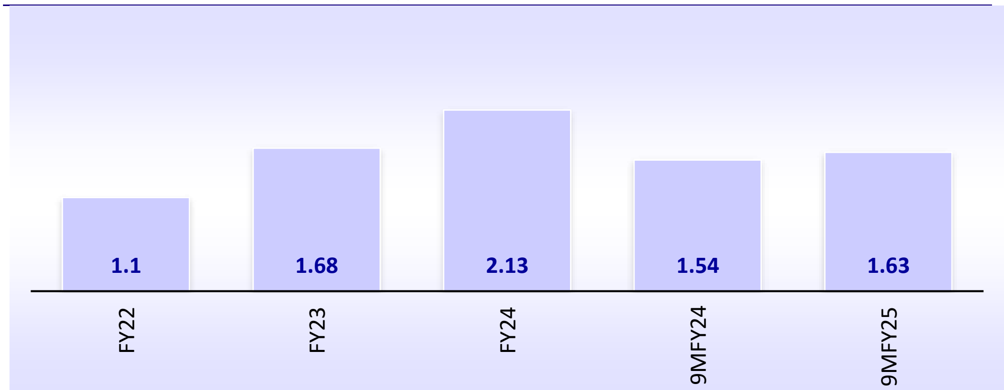
- In Aug'24, Suzlon Group made a strategic move by acquiring a 76% stake in Renom Energy Services Private Limited, a leading multi-brand OMS provider owned by the Sanjay Ghodawat Group.
- The acquisition, executed in two phases, involved acquiring an initial 51% stake for INR4b, followed by an additional 25% stake within 18 months for INR2.6b, valuing the deal at an FY24 EV/EBITDA multiple of 20x (FY24 revenue: INR430m). This acquisition positions SUEL for robust growth in the multi-brand OMS sector.
- The acquisition leverages Renom's leadership position in the independent service provider (ISP) market, combined with SUEL's operational expertise, market reach, and legacy of over 29 years. Since FY20, Renom has achieved a 30% CAGR in fleet expansion, with operations spanning seven major wind-energy states in India.
- Renom manages a diverse portfolio of 3GW, comprising 1,905MW in wind energy, 148MW in solar energy, and 963MW in BoP services for several customer segments.
- While SUEL's in-house OMS division will prioritize servicing its existing fleet of ~15GW, Renom will continue to target the non-Suzlon wind turbine service market, which encompasses over 32GW of assets in India and is poised for growth.
- This acquisition enhances SUEL's ability to capitalize on the rapidly expanding OMS market in India. Renom's established position as a multi-brand service provider, combined with SUEL's extensive experience, creates a unique platform to unlock value through synergies in talent, systems, and market presence.

Exhibit 18: Renom's AUM (GW)



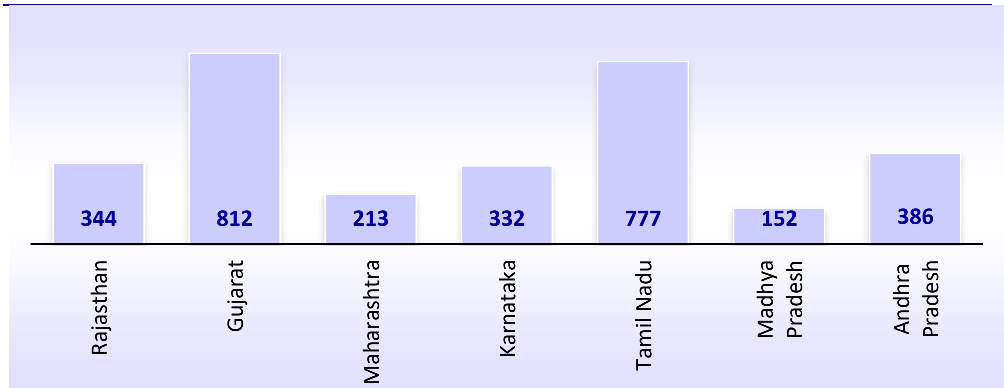
Source: Company, MOFSL

Exhibit 19: Renom's revenue (INR b)



Source: Compnay, MOFSL

Exhibit 20: Renom's assets spread across states (MW)



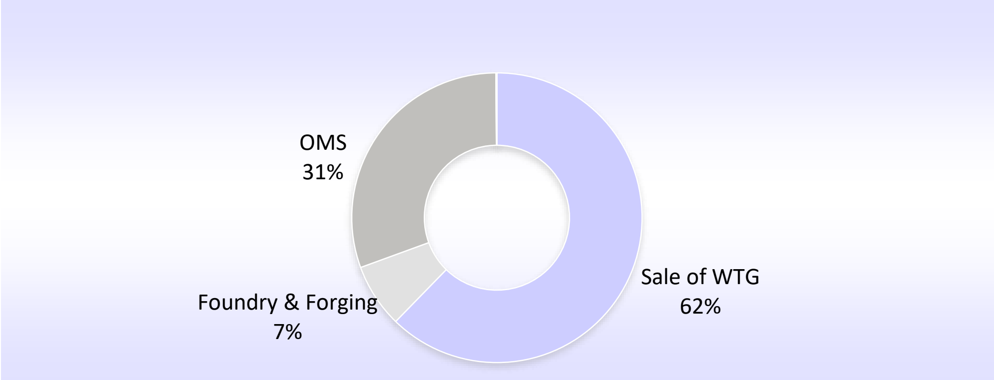
Source: Compnay, MOFSL

WTG, OMS are key segments driving growth

As of FY24, the revenue breakdown is as follows: 62% from the sale of WTG, 31% from OMS and 7% from Foundry & Forging.

- The Group's operations encompass the sale of WTG and related services, including land sales and sub-leases, project execution, and the sale of foundry and forging components. Additionally, the Group provides O&M services and is involved in power generation activities. These business segments are defined based on the internal reporting framework and organizational structure.
- As of FY24, the revenue breakdown is as follows: 62% from the sale of WTG, 31% from OMS and 7% from Foundry & Forging.

Exhibit 21: Revenue break-up as of FY24



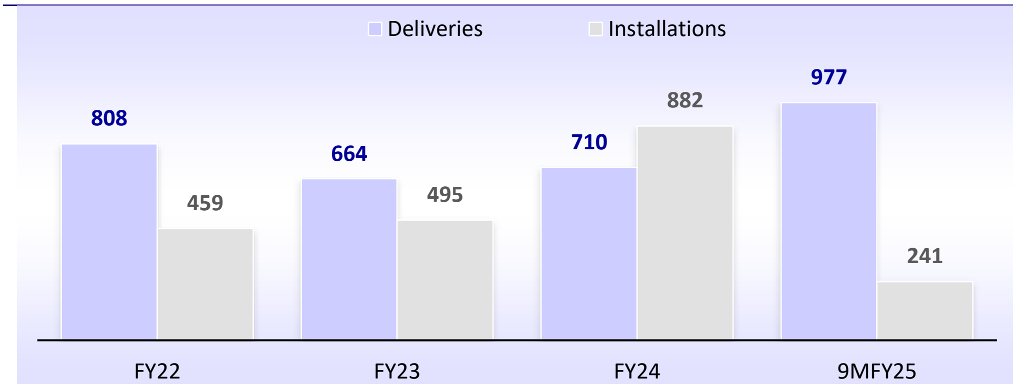
Source: Company, MOFSL

WTG set to take off as order book surges

SUEL continues its growth momentum, delivering 977MW in 9MFY25 vs. 437MW in 9MFY24.

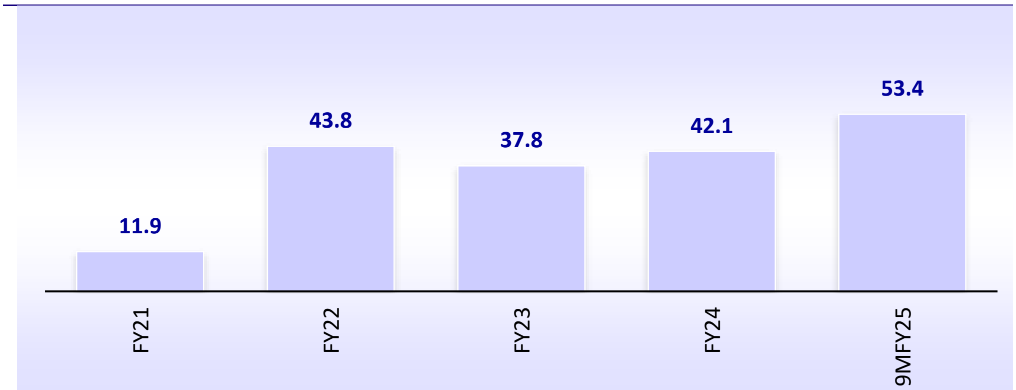
- SUEL, a global leader in wind energy, has installed over 13,000 turbines globally. With more than 27 years of expertise, the company provides innovative and reliable WTGs that incorporate cutting-edge technology in blades, nacelles, towers, and foundations. SUEL offers comprehensive solutions, from design to commissioning, helping customers maximize returns on their investments.
- SUEL's S144 wind turbine, with a capacity of up to 3.15 MW, is India's tallest, operating at hub heights of 140 to 160 meters. It offers 40-43% higher energy generation compared to previous models, effectively harnessing wind resources at higher altitudes and making low-wind sites more viable.
- **Robust order - book of 5.7GW:** As of Feb'25, SUEL has achieved its highest-ever domestic wind order book of 5.7GW. The company has an installed capacity of 15 GW, accounting for 31% of India's total wind capacity of 48GW.
- **Key numbers for WTG segment:** SUEL continues its growth momentum, delivering 977MW in 9MFY25 vs. 437MW in 9MFY24. The Contribution Margin for its WTG division has improved to 22.7% in 9MFY25, up from 19.4% in 9MFY24. In 9MFY25, SUEL's revenue from WTG segment stood at INR53b, with an EBITDA of INR 5b.

Exhibit 22: Deliveries and installations by SUEL (MW)



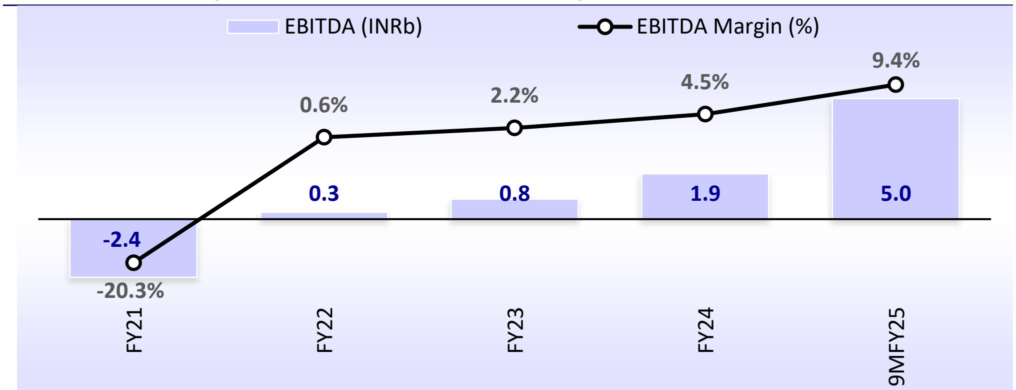
Source: Company, MOFSL

Exhibit 23: WTG Revenue (INR b)



Source: Company, MOFSL

Exhibit 24: WTG segment's EBITDA and EBITDA Margin

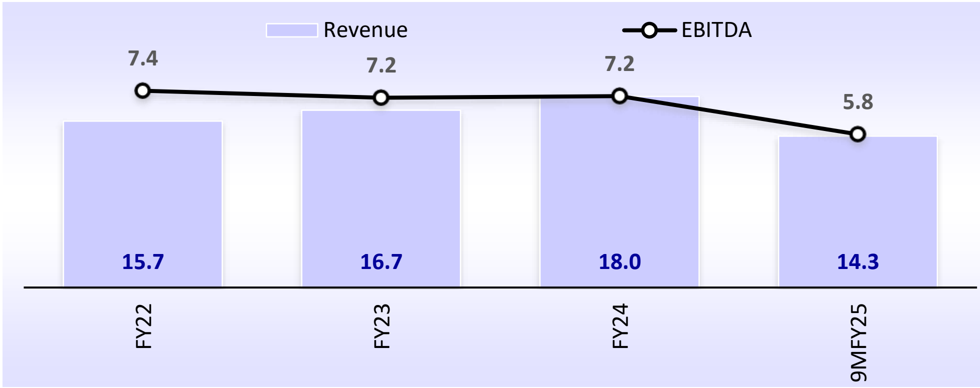


Source: Company, MOFSL

OMS: steady source of profitability and growth

- SUEL offers operations and maintenance services for the entire lifecycle of WTGs. The Suzlon Global Operations and Maintenance Services team manages a fleet of over 9,900 wind turbines across six continents.
- SUEL's OMS cater to a diverse range of customer segments, including IPPs, large corporations, PSUs, government entities, and retail customers.
- In 9MFY25, SUEL's revenue from OMS segment stood at INR14b, with an EBITDA of ~INR6b. OMS business has 15 GW of capacity in India with machine availability ensured above 96%.

Exhibit 25: Operating revenue and EBITDA from OMS (INR b)

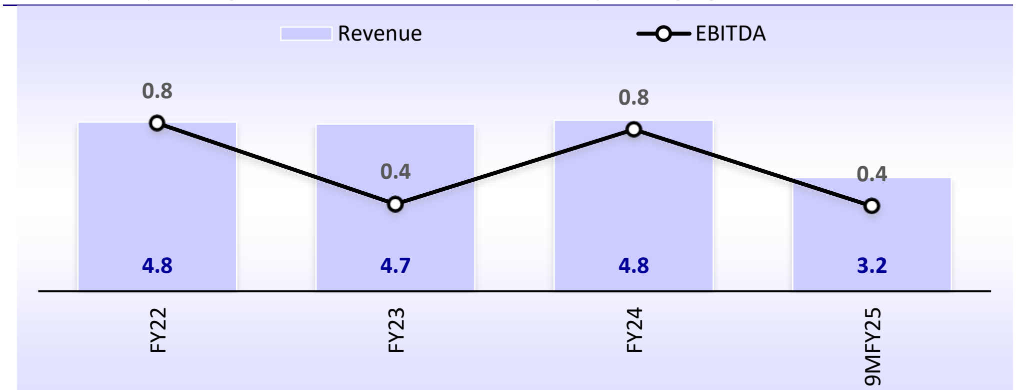


Source: Company, MOFSL

Foundry & Forging: Looking to expand beyond traditional scope

- SE Forge, a SUEL subsidiary, is a major manufacturer of fully finished castings and forgings, serving renowned OEMs in industries such as wind energy, power generation, oil and gas, transportation, construction, aerospace, and heavy machinery.
- In 9MFY25, SUEL's revenue from Foundry & Forging segment stood at INR3b, with an EBITDA of INR0.4b.
- SE Forge is now strategically focusing on geographical expansion, increasing exports and diversifying into non-wind sectors (including bearings for various industries, as well as targeting the defense and railway sectors in its foundry operations).

Exhibit 26: Operating revenue & EBITDA from Foundry & Forging (INR b)



Source: Company, MOFSL

Valuation and view

- **Valuation methodology:** We arrive at a target price of INR70 by applying a target P/E of 34x to Dec'26E EPS. This is at a slight premium to historical average 2-year fwd P/E of 27x given execution and earnings are just picking up for SUEL. We assign a multiple of 34x (vs. capital goods coverage universe, which is trading at an average of 49x FY26E) based on a strong earnings growth trajectory, a robust order book expansion, improving operating cash flows, and a positive industry outlook.
- **Valuations are rich, but on PEG ratio, SUEL cheaper than peers:** Among domestic capital goods peers, SUEL's estimated EPS CAGR of 63% in the FY24-27 period far exceeds that of ABB India (23%), Siemens (20%), Thermax (17%), and CG Power (26%). Further, SUEL's ROE is expected to reach 34% by FY27, significantly outpacing peers like Siemens (18%), ABB India (26%), KEC International (18%), and Thermax (16%). SUEL is trading at FY26E PEG ratio of 0.6x, below other domestic capital goods peers such as Thermax (2.5x), ABB India (6x), and CG Power (1.9x).

Exhibit 27: Valuation table

Valuation		
Dec-26 EPS	INR	2.1
Valuation multiple	(x)	34
Target Price	**INR**	**70**
CMP	INR	58
Upside / (Downside)	**%**	**21%**

Source: MOFSL

Exhibit 28: PEG Ratio comparison vs. domestic and global peers

Domestic wind players

Company	PEG Ratio	
	FY26	FY27
SUEL	0.6	0.5
Inox Wind	0.4	0.6

Global Peers

Company	PEG Ratio	
	CY25	CY26
Vestas	0.2	0.3
SANY	0.4	0.6

Domestic Capital Goods Companies

Company	PEG Ratio	
	FY26	FY27
ABB India (Dec year-end)	6.0	4.3
Siemens (Sept year-end)	88.1	2.4
CG Power	1.9	2.0
TARIL	0.6	0.6
Thermax	2.5	2.2
KEC International	0.3	0.8

Source: Bloomberg, MOFSL

Exhibit 29: Peer valuation (wind equipment space)

Domestic

Company	EPS CAGR	P/E			EV/EBITDA			EBITDA Margin (%)			ROE (%)		
	(FY24-27)	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
SUEL	63.5%	62.1	38.6	25.3	48.5	30.4	20.8	14.1	15.0	16.2	27.9	32.9	36.0
Inox Wind	*53.5%	48.2	27.6	20.5	34.5	21.7	14.9	18.8	18.2	17.9	19.0	27.1	27.4

Global Peers

Company	EPS CAGR	P/E			EV/EBITDA			EBITDA Margin (%)			ROE (%)		
	(FY24-26)	CY24	CY25	CY26	CY24	CY25	CY26	CY24	CY25	CY26	CY24	CY25	CY26
Vestas	59.8%	35.7	18.0	12.8	8.3	6.3	5.2	9.3	11.4	12.4	15.2	19.8	23.0
SANY	26.0%	17.8	13.4	11.2	24.2	12.1	8.0	7.3	11.2	15.2	13.5	16.3	16.7

*FY25-27

Source: Bloomberg, MOFSL

Exhibit 30: Capital goods companies' valuation

Company	EPS CAGR	P/E			EV/EBITDA			EBITDA Margin (%)			ROE (%)		
	(FY24-27)	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
**ABB (Dec)	22.6%	62.6	57.1	51.0	50.5	45.6	40.4	18.9	18.3	17.7	28.8	27.0	26.5
**Siemens (Sept)	19.9%	68.5	67.9	55.1	56.9	51.6	41.8	14.0	14.0	14.8	19.1	16.7	18.1
CG Power	26.2%	95.7	70.3	55.3	70.9	51.7	40.7	13.6	14.4	14.9	30.5	32.6	32.4
TARIL	*118.8%	78.6	44.6	29.9	49.6	27.6	19.2	14.8	15.7	16.8	22.1	24.9	28.6
Thermax	16.5%	60.8	50.5	42.2	44.3	34.8	29.0	8.7	9.8	10.2	13.8	14.8	15.7
KEC International	48.9%	39.2	23.1	18.6	16.0	11.8	10.2	7.0	8.2	8.2	11.5	16.3	17.9

** Sep'24 and Dec'24 year end assumed to be FY25 and so on for FY26 and FY27; *FY24EPS has been adjusted for bonus (1:1) issued in FY25

Source: Bloomberg, MOFSL

Risks

- **Technological advancements:** The wind energy sector is marked by rapid innovations, driven by cost pressures. SUEL must continuously develop and market innovative, cost-effective turbine technologies to sustain its competitive edge in this dynamic and competitive industry.
- **ISTS waiver dependency:** The Ministry of Power's waiver of ISTS charges for RE projects until Jun'25 has been crucial for project economics. Any discontinuation of this incentive may deter open-access RE development, affecting SUEL's market opportunities.
- **Supply chain vulnerabilities:** The manufacturing of wind turbines involves complex supply chain logistics, with critical components such as gearboxes, bearings, generators, converters, towers, and blades requiring long ramp-up durations. Geopolitical disturbances and logistics disruptions further aggravate delays, impacting cost and timelines.
- **Geographic and site-specific constraints:** Wind energy potential is geographically restricted to a few states, unlike solar energy, which is more widely distributed. Ideal wind sites are often located in remote areas, necessitating substantial investment in infrastructure and transmission networks to deliver power to demand centers.
- **Challenges in project execution:** Delays in securing land, statutory approvals, and necessary infrastructure have historically plagued India's wind energy sector, leading to time and cost overruns. Additional challenges include extreme weather conditions, natural disasters, limited grid evacuation capacity, unavailability of cranes, and land scarcity.
- **Competitive dynamics with IPPs:** The growing market share of IPPs poses risks to SUEL's EPC business, as many IPPs increasingly adopt self-installation models for wind equipment.
- **Infrastructure limitations:** Insufficient grid capacity to handle large-scale wind energy generation risks grid instability. Limited infrastructure for transmitting power from remote wind sites to demand centers increases costs and delays.
- **Financial Strain on Discoms:** Many state distribution companies in India face financial distress. While SUEL does not engage directly with them, their poor financial health could indirectly impact SUEL's business volumes and future cash flows, potentially damaging market perception.
- **Inflation and Cost Pressures:** Volatile inflation in India could lead to increased raw material, operational, and overhead costs, compressing margins. Sustained high inflation could also elevate interest rates, impacting profitability and product pricing.
- **Challenges in Scaling Execution:** Despite its robust order book, SUEL's execution capacity has remained under 1 GW annually in recent years. Operational and supply chain constraints could challenge its ability to scale execution effectively.

SWOT analysis

- A global leader in wind energy with an installed wind energy capacity of ~20.9GW across 17 countries.
- India's top wind energy service provider with the highest installed capacity of ~15GW, operating with a vertically integrated structure, including in-house R&D and manufacturing facilities in India.

- May need further backward integration into wind technology as competition from Chinese and European players rises.

- India aims to grow its installed wind capacity to 100GW by 2030 from 48GW as of Dec'24.
- With complex tenders likely to become the preferred model for RE procurement in the future, an established track record of installing and operating wind assets is crucial for successfully executing such tenders.

- Rising competition from Chinese and European players.
- Potential pressure on realizations and margins for WTGs.
- Technological changes leading to product obsolescence.

Bull and Bear cases

Bull case

- ☑ In our Bull case scenario, we anticipate WTG execution to be higher at 1.6/2.6/3.6 GW for FY25/26/27 as opposed to our base case of 1.5/2.3/3.2 GW.
- ☑ We also anticipate WTG margins to improve to 23.7%/22.6%/23.3% over the same period.
- ☑ Based on the above assumptions, the company's bull case valuation would be INR83/sh.

Bear case

- ☑ In our Bear case scenario, we anticipate WTG execution to be lower at 1.3/1.9/2.5 GW for FY25/26/27 as opposed to our base case of 1.5/2.3/3.2 GW.
- ☑ We also anticipate WTG margins to reduce to 21.5%/20.1%/20.7% over the same period and OMS margin to reduce to 50%.
- ☑ Based on the above assumptions, the company's valuation would be INR43/sh.

Exhibit 31: Scenario analysis – Bull case

INR m	FY25E	FY26E	FY27E
Net revenue	1,20,049	1,82,476	2,45,888
EBITDA	17,836	28,895	42,024
PAT	14,454	23,960	36,864
Target price (INR)	**83**		
Upside (%)	**42%**		

Source: MOFSL, Company

Exhibit 32: Scenario analysis – Bear case

INR m	FY25E	FY26E	FY27E
Net revenue	1,03,519	1,43,152	1,83,638
EBITDA	11,360	17,555	24,659
PAT	7,841	12,424	19,266
Target price (INR)	**43**		
Downside (%)	**26%**		

Source: MOFSL, Company

ESG initiatives

Environment

- In FY24, nearly 35,486 saplings were planted, out of which 24,878 trees have survived. Native species were planted as they adapt better to the surroundings.
- SUEL installed nearly 11,963 bird conservation units like nests, water troughs and bird feeders.
- Suzlon Foundation remedied 1.12 million animals and planted almost 1.9 million trees in an effort to restore the environment.
- SUEL is committed to minimizing its environmental impact and contributing to a sustainable future. Recognizing the challenges in wind turbine manufacturing and installation, the company has invested in R&D to reduce environmental effects across the concept-to-commissioning (C2C) process.

Social

- SUEL is committed to empowering marginalized communities, with a strong focus on women and girls, recognizing that their empowerment benefits the entire families and villages.
- Initiatives include life skills training for over 500 adolescents, self-defense training for 40 girls, and digital media training for 235 women as part of the Digital India initiative.
- SUEL's CSR initiatives supplied 33 pieces of equipment and medicines valued over INR0.3m to primary healthcare centers in its operational areas, benefiting ~14,400 patients.
- In FY24, over 38,460 villagers benefited from various health interventions, including mass awareness campaigns, specialized programs for marginalized groups, and health screenings.
- SUEL's strong relationships with local communities have been crucial to its success. Community welfare programs in education and healthcare have benefited 869 villages, reaching over 40 lakh villagers and 9 lakh households in underserved areas. Continuous community engagement remains central to SUEL’s CSR strategy for meaningful impact.

Governance

- Transparent and ethical governance is the cornerstone of SUEL’s operations, ensuring compliance with high regulatory standards across its diverse and remote locations. The company is dedicated to continually enhancing its governance framework and sustainability practices, including carbon reduction strategies, monitoring materiality indicators, and engaging local communities through human rights training.
- SUEL prioritizes the ESG assessment of suppliers, recognizing their role in sustainable growth. The Business Responsibility and Sustainability Report highlights the company's commitment to ESG principles, aiming for a greener and more inclusive future with long-lasting positive impacts.

Management Overview

Mr. Vinod R. Tanti (Chairman and Managing Director, Suzlon Group)

- Mr. Vinod, a founding member of SUEL, has been managing the key functions of the company for over three decades. With a background in Civil Engineering, he has held diverse roles, including COO at Senvion, Germany.
- He has played a pivotal role in wind resource assessment, product design, project execution, and lifecycle management, contributing significantly to SUEL's leadership in wind energy technology and services in India.

Mr. Girish R. Tanti (Executive Vice Chairman, Suzlon Group)

- Mr. Girish is a founding member of SUEL with over 28 years of experience in RE and international business.
- Holding a degree in Electronics & Communication Engineering and an MBA from the UK, he has played a pivotal role in establishing SUEL's global presence.
- From incubating the RE business in 1995 to leading the technology development centers, supply chain management, and global business operations, he has been instrumental in SUEL's rise as a leading global wind energy player. He currently serves as Chairperson of the Global Wind Energy Council (GWEC) India and Vice-Chair of the GWEC Board.

Mr. Pranav T. Tanti (Non-Executive Director)

- Mr. Pranav holds an MBA from the University of Chicago Booth School of Business and a dual honours degree in Business Administration & Finance from Keele University, UK.
- With 22 years of international experience, he has led several RE ventures globally, including as CEO and founder of Skeiron Renewable Energy. He focuses on developing large-scale Green Hydrogen and Green Ammonia projects across North America and Asia.

Mr. JP Chalasani (CEO)

- Mr. Chalasani, a seasoned professional with over 40 years of experience in India's power sector, is recognized for his expertise in project management and leadership.
- He joined the Suzlon Group as CEO in Apr'16, transitioned to a Strategic Advisor role in Jul'20, and was re-appointed as Group CEO in Apr'23. Prior to SUEL, he held key roles at NTPC, Reliance Power, and Punj Lloyd.

Mr. Himanshu Mody (CFO)

- Mr. Mody has over 23 years of experience in Finance and Strategy, specializing in Corporate Finance, Mergers & Acquisitions, Fund Raising, and Financial Restructuring.
- He spent over a decade as the Group CFO of Essel Group, leading fundraising, M&A activities, and strategic business decisions. Mr. Mody joined SUEL in Aug'21 as Group CFO, with a focus on strengthening the company's financial foundation.

Mr. Bernhard Telgmann (Chief Technology Officer)

- Mr. Telgmann has over 29 years of experience in engineering, thermal power plants, and consulting in fuel cells and wind energy.
- With expertise in global technology-driven plant engineering and construction, he joined SUEL in 2017 after holding prominent leadership roles at IAC, Senvion, and Siemens.

Mr. Vivek Srivastava (CEO, WTG Division)

- Mr. Srivastava brings invaluable expertise in International Business, Marketing, Business Strategy, and Technology. His pivotal role at SUEL involves strategic acquisitions, alliances, and collaborations.
- His extensive experience spans the entire India business value chain, including sales, business development, project development, and execution, ensuring SUEL's continued growth and success.

Mr. Sairam Prasad (CEO, Suzlon Global Services Limited)

- Mr. Prasad has over 30 years of experience in telecom infrastructure, having worked with leading global market players on large rollouts and rapid scaling.
- He holds a B. Tech in Electrical & Electronics from JNTU College of Engineering and has earned multiple management development certifications from Harvard Business School, Indian School of Business, and the Indian Institute of Management.

Financials and valuations

Consolidated Income Statement

(INR m)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	**59,705**	**65,291**	**1,14,539**	**1,69,368**	**2,25,138**
Change (%)	*-9%*	*9%*	*75%*	*48%*	*33%*
Total Expenses	51,386	55,002	98,379	1,43,883	1,88,632
EBITDA	**8,319**	**10,289**	**16,160**	**25,485**	**36,506**
EBITDAM (%)	*13.9%*	*15.8%*	*14.1%*	*15.0%*	*16.2%*
Depn. & Amortization	2,597	1,896	2,234	2,490	2,782
EBIT	**5,722**	**8,393**	**13,925**	**22,995**	**33,724**
Net Interest and finance cost	4,208	1,643	2,120	3,300	3,300
Other income	196	384	959	843	898
PBT before extraordinary items	**1,711**	**7,134**	**12,764**	**20,539**	**31,322**
EO income/ (expense)	27,206	-539	-	-	-
PBT	**28,917**	**6,595**	**12,764**	**20,539**	**31,322**
Tax	44	-9	50	-	2,819
Rate (%)	*0%*	*0%*	*0%*	*0%*	*9%*
JV/Associates	-	-	-	-	-
Profit from continued operations	**28,873**	**6,603**	**12,714**	**20,539**	**28,503**
Profit from Discontinued Operations before tax	-	-	-	-	-
Tax (Discontinued operations)	-	-	-	-	-
Reported PAT	**28,490**	**6,603**	**12,683**	**20,485**	**28,477**
Minority	383	-	31	54	26
Adjusted PAT	**1,328**	**7,134**	**12,733**	**20,485**	**31,267**
YoY change (%)	*-42%*	*437%*	*78%*	*61%*	*53%*

Consolidated Balance Sheet

(INRm)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	24,544	27,217	27,311	27,311	27,311
Share Warrants Outstanding	-	291	291	291	291
Reserves	-13,553	11,695	24,459	44,998	73,501
Net Worth	**10,991**	**39,203**	**52,061**	**72,600**	**1,01,103**
Minority Interest	-	-	-	-	-
Total Loans	19,049	1,100	1,700	4,300	4,300
Capital Employed	**30,040**	**40,303**	**53,762**	**76,900**	**1,05,403**
Net Fixed Assets	**8,369**	**8,595**	**9,860**	**10,870**	**12,088**
Capital WIP	26	162	162	162	162
Intangible assets under development	34	35	35	35	35
Investments	292	270	0	0	0
Curr. Assets	**46,512**	**62,728**	**75,985**	**1,06,066**	**1,43,443**
Account Receivables	11,704	18,296	28,144	41,596	55,347
Current Investments	-	84	284	684	1,084
Inventories	18,271	22,923	21,502	26,581	35,553
Cash and Cash Equivalents	3,673	4,268	8,898	20,048	34,302
Cash balance	3,673	2,496	7,125	18,275	32,530
Bank balance	-	1,773	1,773	1,773	1,773
Others	12,863	17,158	17,158	17,158	17,158
Curr. Liability & Prov.	**25,194**	**31,488**	**32,281**	**40,233**	**50,326**
Account Payables	8,946	17,958	19,352	29,904	39,997
Provisions & Others	16,247	13,530	12,929	10,329	10,329
Net Curr. Assets	**21,319**	**31,241**	**43,704**	**65,833**	**93,118**
Appl. of Funds	**30,040**	**40,303**	**53,762**	**76,900**	**1,05,403**

Financials and valuations

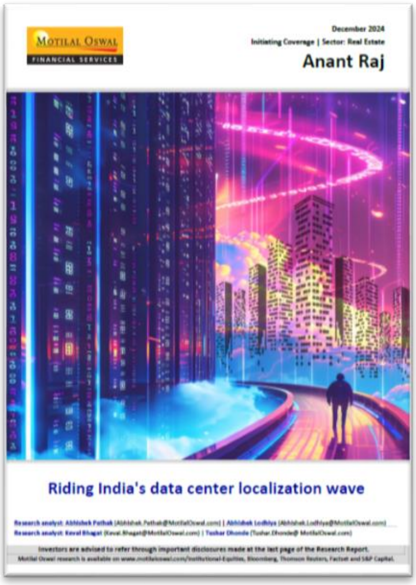
Ratios

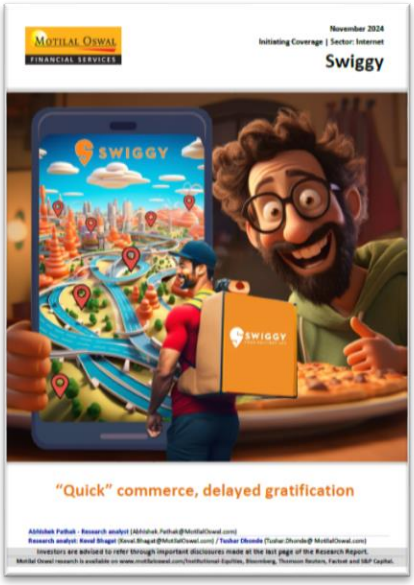
Y/E March (INR)	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)					
EPS	**0.1**	**0.5**	0.9	1.5	2.3
Cash EPS	0.3	0.7	1.1	1.7	2.5
BV/Share	0.9	2.9	3.8	5.3	7.4
Valuation (x)					
P/E	535.0	110.5	62.1	38.6	25.3
Cash P/E	181.1	87.3	52.8	34.4	23.2
P/BV	64.7	20.1	15.2	10.9	7.8
EV/Sales	12.2	12.0	6.8	4.6	3.4
EV/EBITDA	87.3	76.3	48.5	30.4	20.8
Return Ratios (%)					
RoE	-11%	28%	28%	33%	36%
RoCE (Post tax)	20%	25%	32%	36%	38%
RoIC (Post tax)	6%	7%	9%	11%	13%
Working Capital Ratios					
Asset Turnover (x)	0.5	0.6	0.5	0.5	0.5
Inventory (Days)	111.7	128.1	68.5	57.3	57.6
Debtor (Days)	71.6	102.3	89.7	89.6	89.7
Inventory (Days)	111.7	128.1	68.5	57.3	57.6
Leverage Ratio (x)					
Net Debt / EBITDA	1.8	-0.3	-0.4	-0.6	-0.8
Net Debt / Equity ratio	1.4	-0.1	-0.1	-0.2	-0.3

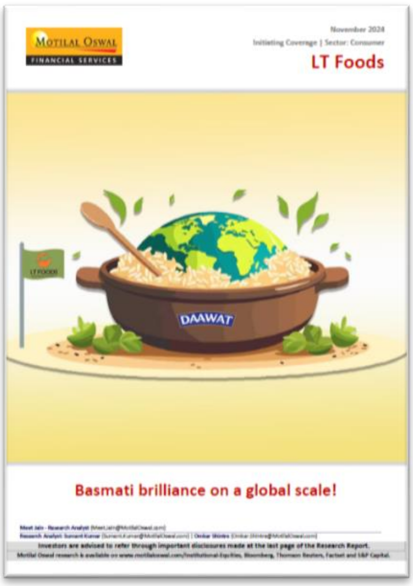
Cash Flow Statement (INR m)

Y/E March (INR)	FY23	FY24	FY25E	FY26E	FY27E
PBT	28,917	6,595	12,764	20,539	31,322
Depreciation	2,597	1,896	2,234	2,490	2,782
Interest	-196	-383	2,120	3,300	3,300
Others	-21,070	3,501	-	-	-
(Inc)/Dec in WC	-5,188	-10,610	-8,627	-18,931	-23,123
Direct Taxes Paid	-149	-203	-50	-	-2,819
CF from Operations	**4,911**	**795**	**8,441**	**7,397**	**11,462**
(Inc)/Dec in FA	-142	-2,264	-3,500	-3,500	-4,000
Investments and others	991	748	1,113	7,953	10,092
CF from Investments	**849**	**-1,516**	**-2,387**	**4,453**	**6,092**
Equity raised	10,797	20,652	94	-	-
Grants etc	-	-	-	-	-
Inc/(Dec) in Debt	-13,633	-18,265	601	2,600	-
Interest Paid	-4,253	-1,071	-2,120	-3,300	-3,300
Dividend Paid	-	-	-	-	-
CF from Fin. Activity	**-7,089**	**1,316**	**-1,425**	**-700**	**-3,300**
Inc/Dec of Cash	**-1,329**	**596**	**4,629**	**11,150**	**14,254**
Add: Beginning Balance	5,004	3,673	4,268	8,898	20,048
Effect of exchange difference	-	-	-	-	-
Cash and bank balances adjusted on sale and liquidation of subsidiary	2	1	-	-	-
Closing Balance	**3,673**	**4,268**	**8,898**	**20,048**	**34,302**

RECENT INITIATING COVERAGE REPORTS







Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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