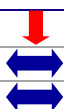


Suzlon Energy

Estimate change

TP change

Rating change



CMP: INR63

TP: INR80 (+27%)

Buy

1QFY26 in line; outlook upbeat

Bloomberg	SUEL IN
Equity Shares (m)	13702
M.Cap.(INRb)/(USD\$)	865 / 9.9
52-Week Range (INR)	86 / 46
1, 6, 12 Rel. Per (%)	-2/14/-22
12M Avg Val (INR M)	5131

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	108.9	168.7	229.6
EBITDA	18.6	27.9	40.2
Adj. PAT	14.7	17.1	30.9
EPS (INR)	1.1	1.2	2.3
EPS Gr. (%)	105.5	16.0	81.3
BV/Sh.(INR)	4.5	5.7	8.0

Ratios

ND/Equity	-0.1	-0.3	-0.3
ND/EBITDA	-0.5	-0.7	-0.8
RoE (%)	29.4	24.5	33.0
RoIC (%)	9.2	11.1	13.9

Valuations

P/E (x)	58.6	50.5	27.9
EV/EBITDA (x)	46.0	30.2	20.6

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	11.7	13.3	13.3
DII	10.2	8.7	9.2
FII	23.0	23.0	21.5
Others	55.1	55.0	56.0

■ **Overall a good result, which re-affirms our positive view:** Suzlon Energy's (SUEL) 1QFY26 earnings were aligned with our expectations, with deliveries, revenue, and EBITDA coming in line with our estimates. The miss at the adj PAT level was due to a deferred tax charge of INR1.34b. A strong 1QFY26 earnings performance, coupled with improving new order inflows (according to media reports, SUEL has signed a 700MW deal with TPWR, see [link](#)), supports confidence in the company's guidance of a 60% YoY improvement in deliveries, revenue, and EBITDA.

■ **What did we like about the result:** 1) strong execution at 444MW (our est: 452MW; up 62% YoY), 2) EPC share inched up to 22% of the order book, highlighting improved delivery control and visibility alongside a growing order book, 3) steady per MW realizations in the WTG segment, which we believe could improve further following the local content implementation, and 4) overall healthy EBITDA margins (19% in 1QFY26; our FY26E: 17%).

■ **Key near-term monitorables:** 1) the announcement of Group CFO Mr Himanshu Mody's departure could be a slight short-term negative, given his instrumental role in the company's balance sheet turnaround, 2) installations have trailed deliveries in recent quarters, raising concerns about potential disruptions in delivery flow in upcoming quarters, and 3) new order inflow in FY26TD at 1GW has been somewhat tepid.

■ **Key catalysts/upside risks to our view:** 1) while the CFO's departure is a short-term negative, we do not believe it will derail the company's strong business momentum, which continues to be supported by positive regulatory tailwinds, 2) we see upside risks to our new order/EBITDA margin estimates as local content is introduced in the coming quarters, 3) despite a tepid FY26TD new order inflow, SUEL might be close to signing a 700MW (INR60b) deal with Tata Power, according to media reports, 4) deliveries have picked up in 2QFY26, with management highlighting that an additional 547MW is in the pre-commissioning stage, and 5) potential efficiencies, such as a reduction in the working capital cycle from 90 to 75 days, are not built into our estimates.

■ **Changes to earnings; Reiterate BUY:** We cut our FY26 adj. PAT estimate by 25% as we build in an effective tax rate of 25% (deferred tax and non-cash). We also marginally adjust the FY27 tax rate higher to 12%. We arrive at our TP of INR80 by applying a target P/E of 35x to FY27E EPS. This is at a slight premium to its historical average two-year fwd P/E of 27x, given that SUEL's execution and earnings are only now beginning to pick up. **Reiterate BUY;** our TP implies a 26% upside potential.

Performance in line; strong WTG deliveries drive growth

Financial Performance:

■ SUEL's consolidated revenue was in line with our estimates at INR31b (+55% YoY, -17% QoQ), with WTG deliveries coming in at 444MW (in line with our estimate of 452MW).

- EBITDA came in line with our estimate at INR6b (+62% YoY, -14% QoQ), with EBITDA margins at 19%.
- APAT was INR3.2b, 32% below our estimates due to higher-than-expected interest expenses and a deferred tax charge of INR1.34b recorded during the period.
- 1QFY26 WTG revenue grew ~67% YoY to INR24.9b, EBIT surged 174% YoY to INR3.4b, and EBIT margin expanded 532bp to 14%.
- WTG's contribution margin came in higher at 26%, primarily driven by the execution of orders with higher average selling prices during the quarter and lower project activity due to the early onset of the monsoon. Additionally, effective cost control measures helped maintain COGS.

Operational Performance:

- The WTG order book stood at 5,742MW as of Aug'25 (22% EPC and 78% Non-EPC).
- The segment mix comprised 54% C&I/Captive, 25% Auctions, and 21% PSU orders.
- WTG deliveries reached 444 MW in 1QFY26, compared to 274 MW during the same period last year (+62% YoY).
- A total of 117MW of WTGs were installed during the quarter, with an additional 547MW erected and currently in the pre-commissioning phase, bringing the overall tally to over 664MW.
- Renom's AUM stood at 3.2GW as of 1QFY26.
- Net worth stands at INR65.4b.

Highlights of 1QFY26 performance

- WTG deliveries in 1QFY26 stood at 444 MW, with the order book at 5,742MW as of Aug'25. The mix comprised 54% C&I/Captive, 25% auction-based, and 21% PSU orders. The 5.7 GW order book is sufficient to cover deliveries for FY26-FY27.
- A total of 117MW of WTGs were installed during the quarter, with an additional 547MW erected and currently in the pre-commissioning phase, bringing the overall tally to over 664MW.
- The company has maintained its FY26 guidance of 60% YoY growth across key metrics.
- CFO Himanshu Mody will resign effective Aug 31st, 2025; succession planning is in advanced stages.
- The company holds a strong balance sheet with a net worth of INR65b and net cash of INR16b.
- FY26's interest costs are estimated at INR2b; 1Q costs remained elevated due to a one-off processing fee of INR140m.
- FY26's tax rate is projected at ~25% (no cash outflow); tax (cash) outflows are expected to begin in FY27.
- The company targets to reduce net working capital days from 90-100 to 75.
- India's wind installations are projected at 6 GW in FY26, 7-7.5 GW in FY27, and 8-9 GW in FY28.
- Adequate domestic capacity exists for gearboxes, generators, and other components.
- SE Forge recorded sustained growth; ALMM implementation is expected to drive further demand.

Valuation and view

- We arrive at our TP of INR80 by applying a target P/E of 35x to FY27E EPS. This is at a slight premium to its historical average two-year fwd P/E of 27x, given SUEL's execution and earnings are only now beginning to pick up.

Consolidated performance

Consolidated performance												(INR m)		
Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)	(%)	(%)
Net Sales	20,216	21,034	29,748	37,899	31,317	31,882	43,723	61,731	1,08,897	1,68,654	32,380	-3	55	-17
YoY Change (%)	50%	48%	91%	73%	55%	52%	47%	63%	67%	55%	60%			
Total Expenditure	16,515	18,092	24,753	30,965	25,327	26,943	36,671	51,825	90,325	1,40,766	26,312	-4	89	71
EBITDA	3,701	2,942	4,995	6,935	5,991	4,939	7,052	9,905	18,572	27,887	6,068	-1	62	-14
Margin (%)	18%	14%	17%	18%	19%	15%	16%	16%	17%	17%	19%			
Depreciation	458	544	662	928	702	934	934	1,165	2,592	3,735	934	-25	53	-24
Interest	445	560	695	847	1,031	499	499	466	2,548	2,495	624	65	132	22
Other Income	228	179	275	353	335	294	294	253	1,034	1,176	294	14	47	-5
PBT before EO expense	3,025	2,016	3,913	5,512	4,592	3,801	5,913	8,528	14,466	22,834	4,804			
Extra-Ord income/(exp.)	0	0	0	5,999	0	0	0	0	5,999	0	0			
PBT	3,025	2,016	3,913	11,512	4,592	3,801	5,913	8,528	20,465	22,834	4,804	-4	52	-60
Tax	2	10	36	-298	1,349	950	1,478	1,931	-251	5,708	0			
Rate (%)	0%	0%	1%	-3%	29%	25%	25%	23%	-1%	25%	0%			
Share of JV & associates	0	0	0	0	0	0	0	0	0	0	0			
Minority Interest	0	4	8	-12	0	13	13	27	0	54	13			
Reported PAT	3,023	2,002	3,869	11,822	3,243	2,837	4,422	6,570	20,716	17,071	4,791	-32	7	-73
Adj PAT	3,025	2,012	3,905	5,823	3,243	2,837	4,422	6,570	14,717	17,071	4,791	-32	7	-44
YoY Change (%)	226%	46%	92%	108%	7%	41%	13%	13%	106%	16%	58%			
Marqin (%)	15.0	9.6	13.1	15.4	10.4	8.9	10.1	10.6	13.5	10.1	14.8			

Exhibit 1: Valuation table

Valuation		
EPS- FY27	INR	2.3
Valuation multiple	(x)	35
Target Price	INR	80
CMP	INR	63
Upside / (Downside)	%	26%

Source: MOFSL



Highlights from the management commentary

■ Record Operational Execution & Order Book Strength

- SUEL delivered 444MW in 1QFY26, marking its highest-ever 1Q output in 30 years, due to ramped-up fully operational capacity of 4.5GW.
- Order book reached 5.7GW and is sufficient to cover FY26 and FY27 deliveries. The company doesn't foresee new orders being an issue in the next 2-3 years.
- As 75% of orders are from C&I and PSUs, only remaining 25% of order book is bid-linked. Consequently, any delays in PPA signing are expected to have a very limited impact on the company's performance.
- S144 turbine model's order book surpasses 5GW.
- SUEL maintains a guidance of 60% YoY growth across key metrics for FY26.

■ Leadership Transition: CFO Succession

- CFO Himanshu Mody will resign effective August 31, 2025; the company is in advance stages of succession planning, with Mody expected to be available for support.

■ Underlying Financial Metrics:

- Net worth stood at INR65b and net cash at INR16b; the company secured banking limits of INR70b to fund working capital and support execution.
- Interest costs in 1Q were elevated by a one-off INR140m processing fee related to working capital optimization; FY26 interest cost is expected at INR2b.
- Tax rate is projected to be ~25% for FY26 (no cash outflow). Cash tax outflows are expected from FY27.
- The company reiterated WTG contribution margin guidance of 22-23% in FY26. It came in higher at 26%, primarily driven by the execution of orders with higher average selling prices during the quarter and lower project activity due to the early onset of the monsoon. Additionally, effective cost control measures helped maintain COGS, which the company expects to sustain going forward.
- The OMS business is expected to deliver an EBITDA margin of around 40% annually, though it may fluctuate on a QoQ basis.
- Inventory is expected to increase in value, in line with the growing order book. The company aims to reduce net working capital days (including inventory) from 90-00 days to 75 days.

■ Export plans

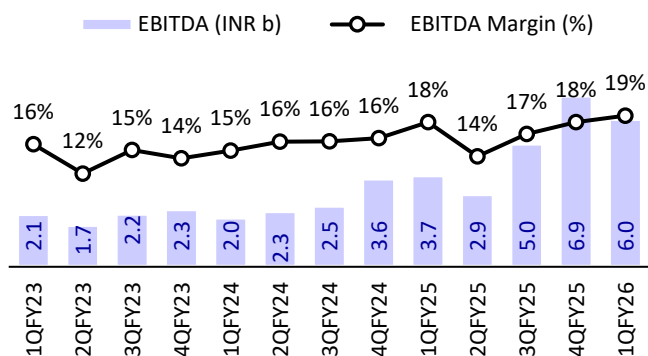
- The company sees strong export potential, with an initial focus on the Middle East and Europe. It expects to begin securing orders by the end of this year and commence exports within the next 12 months.

■ Sector Outlook, Grid Integration, and Long-Term Prospects

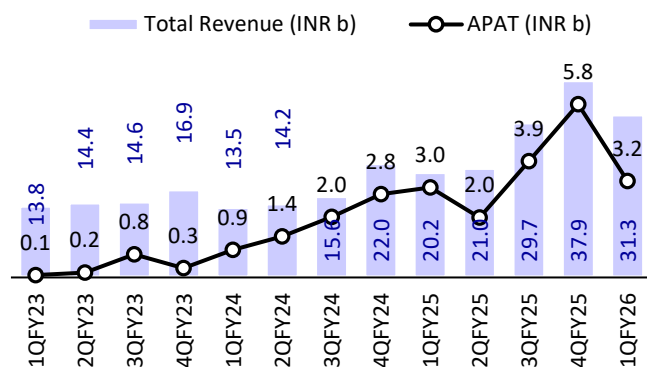
- India's installation should reach 6GW in FY26, 7-7.5GW in FY27, and 8-9GW in FY28.
- There are no concerns regarding the availability of gearboxes, generators, or other components, as sufficient capacity exists in India.
- Wind tariffs currently range at INR3.6-3.9/unit, while solar tariffs stand at INR2.5-2.6/unit. Unless battery storage costs fall below INR1.2/kWh, solar cannot economically replace wind. Moreover, from a grid stability perspective, the replacement is not feasible. All three—wind, solar, and storage—will need to co-exist in the energy mix.

- 17GW wind is currently under construction nationally; overall installed base crossed 53GW, supporting national transition to renewables.
- **Regulation & Policy Impact**
- Amendment to Wind ALMM (Approved List of Models and Manufacturers) by MNRE is a game-changer as all turbine suppliers must source listed components domestically, ensuring level playing field and boosting domestic supply chain resilience.
- SE Forge has recorded consistent growth over the past 3- 4 quarters, and the implementation of ALMM is expected to further benefit it. The company manufactures castings for gearboxes and also produces bearings, positioning it well to capture increased demand post-ALMM in the wind segment.
- **Operational Challenges, Solutions, and Project Visibility**
- SUEL's share in India's FY24 and FY25 WTG installation remained subdued, primarily due to a lower proportion of EPC orders. EPC execution, where SUEL exercises full control, was limited by dependency on clients for land acquisition.
- Currently, 78% of SUEL's order book is non-EPC, with approximately 52-54% representing pure equipment supply, which excludes erection services.
- The company is strategically shifting toward a higher EPC mix by proactively acquiring land across key states. This transition is expected to drive meaningful results from FY27 onwards.

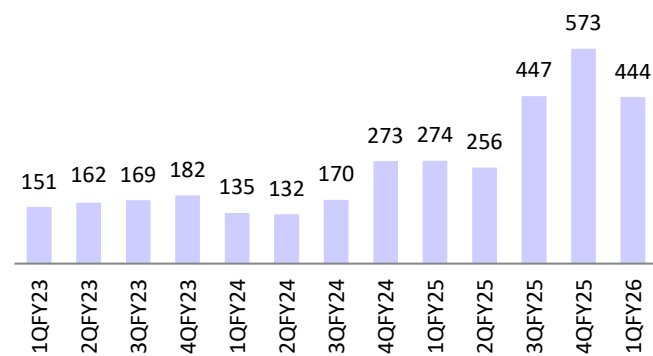
Story in charts – 1QFY26

Exhibit 2: EBITDA & EBITDA margin trends


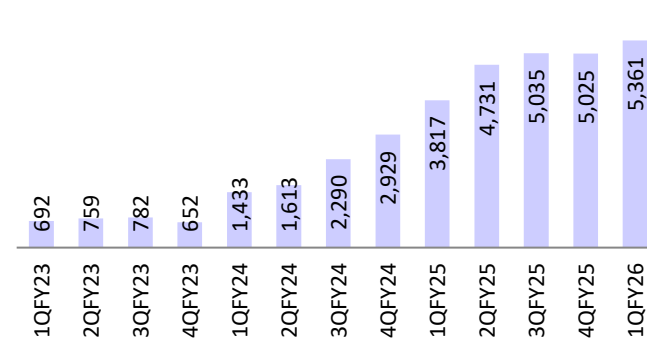
Source: Company, MOFSL

Exhibit 3: Revenue & PAT trends (INRb)


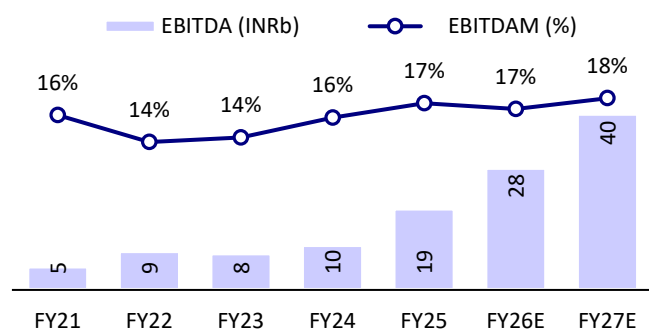
Source: Company, MOFSL

Exhibit 4: Quarterly WTG deliveries (MW)


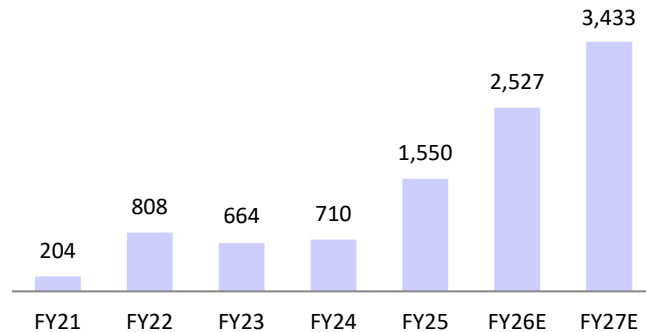
Source: Company, MOFSL

Exhibit 5: Order book trend (MW)


Source: Company, MOFSL

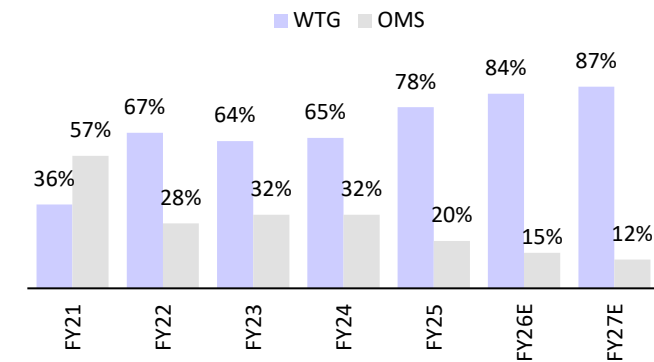
Exhibit 6: Annual EBITDA & EBITDA margin trends


Source: Company, MOFSL

Exhibit 7: Annual deliveries (MW)


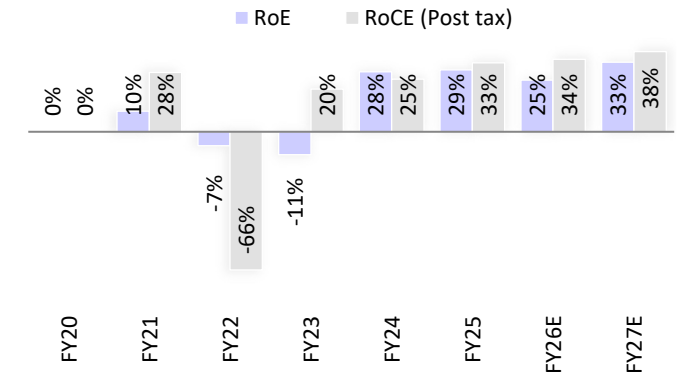
Source: Company, MOFSL

Exhibit 8: Share of WTG and OMS in revenue



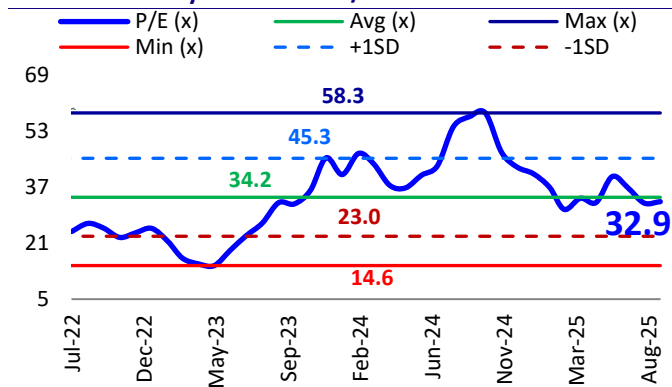
Source: Company, MOFSL

Exhibit 9: RoE & RoCE over the years



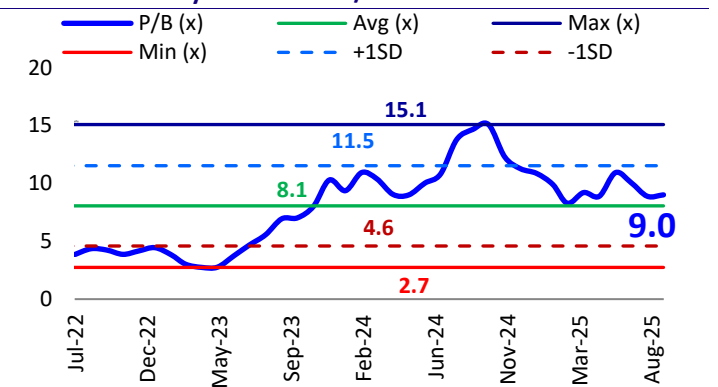
Source: Company, MOFSL

Exhibit 10: One-year forward P/E



Source: Company, MOFSL

Exhibit 11: One-year forward P/B



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement

(INR m)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Net Sales	59,705	65,291	1,08,897	1,68,654	2,29,636
Change (%)	-9%	9%	67%	55%	36%
Total Expenses	51,386	55,002	90,325	1,40,766	1,89,414
EBITDA	8,319	10,289	18,572	27,887	40,222
EBITDAM (%)	13.9%	15.8%	17.1%	16.5%	17.5%
Depn. & Amortization	2,597	1,896	2,592	3,735	4,135
EBIT	5,722	8,393	15,980	24,153	36,088
Net Interest and finance cost	4,208	1,643	2,548	2,495	2,495
Other income	196	384	1,034	1,176	1,603
PBT before extraordinary items	1,711	7,134	14,466	22,834	35,196
EO income/ (expense)	27,206	-539	5,999	-	-
PBT	28,917	6,595	20,465	22,834	35,196
Tax	44	-9	-251	5,708	4,223
Rate (%)	0%	0%	-1%	25%	12%
JV/Associates	-	-	-	-	-
Profit from continued operations	28,873	6,603	20,716	17,125	30,972
Profit from Discontinued Operations before tax	-	-	-	-	-
Tax (Discontinued operations)	-	-	-	-	-
Minority	383	-	-	54	26
Reported PAT	28,490	6,603	20,716	17,071	30,946
Adjusted PAT	1,328	7,134	14,717	17,071	30,946
YoY change (%)	-42%	437%	106%	16%	81%

Consolidated Balance Sheet

(INRM)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Share Capital	24,544	27,217	27,318	27,318	27,318
Share Warrants & Outstandings	-	291	-	-	-
Reserves	-13,553	11,695	33,739	50,865	81,837
Net Worth	10,991	39,203	61,057	78,183	1,09,155
Minority Interest	-	-	-	-	-
Total Loans	19,049	1,100	2,641	5,241	5,241
Capital Employed	30,040	40,303	63,698	83,423	1,14,396
Net Fixed Assets	8,369	8,595	12,740	12,505	12,371
Capital WIP	26	162	887	1,387	1,887
Intangible assets under development	34	35	164	164	164
Investments	292	270	258	258	258
Curr. Assets	46,512	62,728	1,15,547	1,43,863	1,90,093
Account Receivables	11,704	18,296	38,664	44,087	60,088
Current Investments	-	84	429	829	1,229
Inventories	18,271	22,923	32,336	41,154	56,911
Cash and Cash Equivalents	3,673	4,268	11,128	24,802	38,874
Cash balance	3,673	2,496	9,011	22,684	36,757
Bank balance	-	1,773	2,118	2,118	2,118
Others	12,863	17,158	32,991	32,991	32,991
Curr. Liability & Prov.	25,194	31,488	65,898	74,753	90,377
Account Payables	8,946	17,958	29,351	40,807	56,431
Provisions & Others	16,247	13,530	36,546	33,946	33,946
Net Curr. Assets	21,319	31,241	49,650	69,109	99,716
Appl. of Funds	30,040	40,303	63,698	83,423	1,14,396

Financials and valuations

Ratios

Y/E March (INR)	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)					
EPS	0.1	0.5	1.1	1.2	2.3
Cash EPS	0.3	0.7	1.3	1.5	2.6
BV/Share	0.9	2.9	4.5	5.7	8.0
Valuation (x)					
P/E	583.3	120.4	58.6	50.5	27.9
Cash P/E	197.4	95.1	49.8	41.4	24.6
P/BV	70.5	21.9	14.1	11.0	7.9
EV/Sales	13.2	13.1	7.8	5.0	3.6
EV/EBITDA	95.0	83.2	46.0	30.2	20.6
Return Ratios (%)					
RoE	-11%	28%	29%	25%	33%
RoCE (Post tax)	20%	25%	33%	34%	38%
RoIC (Post tax)	6%	7%	9%	11%	14%
Working Capital Ratios					
Asset Turnover (x)	0.5	0.6	0.6	0.5	0.5
Inventory (Days)	111.7	128.1	108.4	89.1	90.5
Debtor (Days)	71.6	102.3	129.6	95.4	95.5
Leverage Ratio (x)					
Net Debt / EBITDA	1.8	-0.3	-0.5	-0.7	-0.8
Net Debt / Equity ratio	1.4	-0.1	-0.1	-0.3	-0.3

Cash Flow Statement

Y/E March (INR)	FY23	FY24	FY25	FY26E	FY27E
PBT					
Depreciation	2,597	1,896	2,592	3,735	4,135
Interest	-196	-383	-1,030	2,495	2,495
Others	-21,070	3,501	3,809	-	-
(Inc)/Dec in WC	-5,188	-10,610	-8,902	-14,642	-32,158
Direct Taxes Paid	-149	-203	-15	-8	-4,223
CF from Operations	4,911	795	10,920	14,413	5,443
(Inc)/Dec in FA	-142	-2,264	-3,684	-4,000	-4,500
Investments and others	991	748	-3,833	3,155	15,624
CF from Investments	849	-1,516	-7,517	-845	11,124
Equity raised	10,797	20,652	1	-	-
Grants etc	-	-	-	-	-
Inc/(Dec) in Debt	-13,633	-18,265	4,432	2,600	-
Interest Paid	-4,253	-1,071	-1,002	-2,495	-2,495
Dividend Paid	-	-	-	-	-
CF from Fin. Activity	-7,089	1,316	3,430	105	-2,495
Inc/Dec of Cash	-1,329	596	6,832	13,673	14,073
Add: Beginning Balance	5,004	3,673	4,268	11,128	24,802
Effect of exchange difference	-	-	-	-	-
Cash and bank balances adjusted on sale and liquidation of subsidiary	2	1	-28	-	-
Closing Balance	3,673	4,268	11,128	24,802	38,874

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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