AXIS SECURITIES

Axis PUNCH

06th August, 2025

Suzlon Energy Limited

Power Ancillaries

BUY

Target Price 72

About the Company

Suzlon Energy Limited (Suzlon) specialises in the design, development, manufacturing, installation and maintenance of wind turbines and related renewable energy components. It manufactures wind turbine generators (WTGs) and related components of various capacities. The company, along with its subsidiaries, also provides Operation & Maintenance and Foundry & Forging services.

Investment Rationale

- **Strong Orderbook:** As of May'25, the company had its highest-ever orderbook of 5.5 GW. 80% of the orderbook consists of C&I and PSU orders. It also has a strong ordering pipeline. The order book provides revenue visibility for the company for the next 2-3 years.
- **Improvement in execution:** In FY25, the company's deliveries were 1,550 MW, up 118% YoY. It has a strong execution capability along with a manufacturing capacity of 4.5 GW. The management expects its orderbook of 5+ GW to be executed in FY26 and FY27, implying a strong pickup in execution.
- **Strong Revenue Growth:** The company's revenue grew at a CAGR of 70% from FY20 to FY25 to Rs 10,851 Cr., led by improvement in execution. Its revenue is expected to grow at a ~40% CAGR over FY25-FY27 to Rs 21,275 Cr. Suzlon has guided for a 60% growth for FY26.
- **Capacity Expansion:** The company revamped its Puducherry and Daman Nacelle facilities in Q3FY25, and now its total manufacturing capacity has increased from 3.2 GW to 4.5 GW. It plans to add two additional production lines at its Ratlam and Jaisalmer facilities to scale operations.
- **Strong O&M business:** The company's asset under management under its O&M business has increased from 2.5 GW in FY24 to 3.0 GW by FY25. The FY25 revenue from this segment was Rs 220 Cr, up 3% YoY. The segment has stable annuity-like cash flows with an annual escalation of 4-5%.
- **Positive Macro Outlook:** The CEA forecasts India's total Wind Energy Capacity to increase to 73 GW by FY27 and 122 GW by FY32. As of Jun'25, India's wind capacity stood at 52 GW. The CEA targets require an annual wind capacity addition of 10 GW per annum, which is aligned with the MNRE targets of 10 GW of wind capacity tenders up to FY28.
- **ALMM Boost:** MNRE has recently announced the implementation of ALMM for wind, making it mandatory to use major wind turbine components from the 'Approved List of Models and Manufacturers (Wind Turbine Components). This implementation is positive for the local WTG manufacturers like Suzlon.

Valuation & recommendation:

- The company is in a position to benefit from the tailwinds in the Indian RE sector. The company has strong revenue visibility with expected improvement in execution and a strong order book. **We recommend a BUY rating on the stock with a target price of Rs 72.0/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBITDA (x)	RoE (x)	RoCE (%)
FY24	6,529	1,029	714	0.5	54.9	36.0	26%	24%
FY25	10,890	1,857	2,072	1.5	39.4	43.6	41%	28%
FY26E	16,747	3,225	2,100	1.5	42.1	27.0	29%	36%
FY27E	21,275	3,998	2,699	2.0	32.8	21.3	28%	35%

Source: Axis Securities; CMP as on 05th August, 2025

Duration: 3-6 Months

CMP (Rs)	65.4
Target Price (Rs)	72.0
Upside (%)	10%

| Why Suzlon

- ✓ **Strong Orderbook**
- ✓ **Improvement in Execution**
- ✓ **Strong Revenue Growth**
- ✓ **Capacity Expansion**
- ✓ **Strong O&M Business**
- ✓ **Positive Macro Outlook**
- ✓ **Good Expected Results**

| Key risks

- ✓ **Delay in Ramp-up of Execution**
- ✓ **Delay or Under-subscription of the Auctions Could Result in a Slowdown of Wind Turbine Markets**

MARKET DATA

No. of Shares	1,364 Cr
Market Cap	89,240 Cr
52-week High / Low	86 /46
BSE Code	532667
NSE Code	SUZLON

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About Axis PUNCH

| OBJECTIVE

Axis Punch is designed to generate solid returns in the short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets a return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

| Axis PUNCH is a strong, research-based idea based on

Events-Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

| Why to choose Axis PUNCH

These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rationale and risks are clearly highlighted in stock ideas.

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