

Suzlon Energy Ltd.

BUY

Sector: Capital Goods

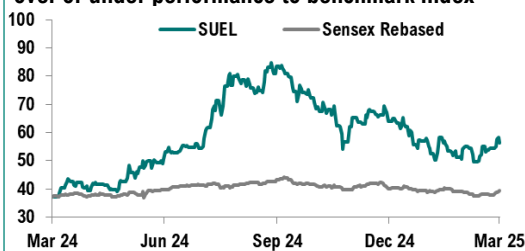
24th March 2025

Key Changes	Target ▲	Rating ●	Earnings ▼	Target	Rs.71		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.56
Mid Cap	SUEL:IN	76,906	SUZLON	532667	12 Months	Return	+26%

Data as of: 21-03-2025

Company Data			
Market cap. (Rs. Cr)	77,100		
52 Week High — Low (Rs.)	86-37		
Enterprise Value (Rs. cr)	75,990		
Outstanding Shares (cr)	1,365		
Free Float (%)	82		
Dividend Yield (%)	0.0		
6m average volume (cr)	6.7		
Beta	1.3		
Face value (Rs)	2.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	13.3	13.3	13.3
FII's	21.5	23.7	22.9
MFs/Institutions	9.2	9.0	9.3
Public	56.0	54.0	54.5
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-29.0%	33.5%	40.1%
Absolute Sensex	-3.6%	4.8%	18.1%
Relative Return	-25.5%	28.7%	21.9%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	10,933	13,013	15,740
Growth (%)	67	19	21
EBITDA	1,750	2,126	2,630
EBITDA Margin (%)	16	16	17
PAT Adjusted	1,443	1,855	2,438
Growth (%)	102	29	31
Adjusted EPS	1.1	1.4	1.8
Growth (%)	102	29	31
P/E	53.4	41.6	31.6
P/B	12.9	9.8	7.5
EV/EBITDA	43.8	35.6	28.1
ROE (%)	24.1	23.6	23.7
D/E	-0.1	-0.2	-0.3

Author: Arun Kailasan, Research Analyst

C&I to drive growth for WTG and O&M segments

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

- Suzlon announced a third repeat order to the tune of 204.75 MW from Jindal Renewables, making them its largest C&I customer. The total orders from Jindal Renewables now stand at 907.20 MW.
- Q3FY25 consolidated EBIT margins expanded by 119 bps driven by WTG margin expansion of 909 bps. Forging and foundry businesses staged a 704 bps YoY expansion. However, this was offset by OMS business margins, which saw a 533 bps decline as Renom's full consolidation affected the margins.
- Management has revised down the expectations for WTG installations to the 3.5GW -4GW range from the earlier expectations of 4.5 to 5 GW installations.
- In order to meet the increase in demand in the future, management stated that they have made a significant ramp-up in capacity to over 4.5 GW with revamped Pondicherry and nacelle facilities. They have also added new blade lines in Madhya Pradesh and Rajasthan. Net worth & net cash position as of December 2024 stood at Rs. 4,914 Rs.4,914cr. & Rs. 1,107, respectively.

Outlook & Valuation

We expect order inflows to remain strong in the near term and the C&I portfolio to expand further in the mix. WTG deliveries have been robust, but installation pace is satisfactory due to execution issues like transmission delays and land-related challenges. 9MFY25 installation/deliveries ratio is at 0.25X, indicating a slack in installations. Hence, we cut FY26E/27E revenue estimates by 10%/21%, respectively, to be in line with the guidance and to account for this execution risk. However, **we forecast margin expansion of 70bps as higher EBITDA contributions and improving profitability of the WTG segment due to better project mix can drive consolidated EBITDA margins. Suzlon's PAT is expected to grow at a 30% CAGR in the FY25-27E period. Therefore, we value the stock at a 40X PE multiple on FY27 EPS to arrive at a target price of Rs.71.**

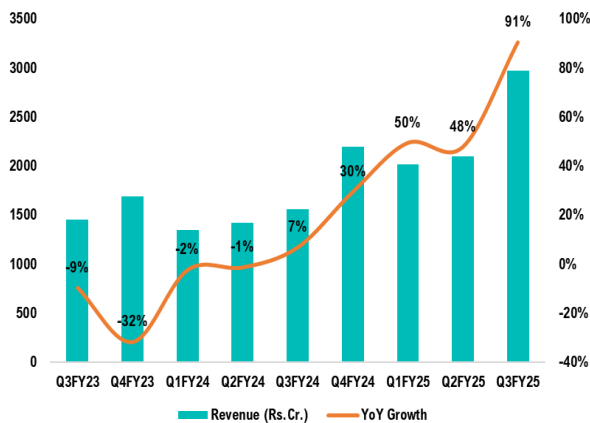
Quarterly Financials Consol.

Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	2,974.8	1,560.5	90.6	2,103.4	41.4	7,099.8	4,332.9	63.9
EBITDA	499.5	247.6	101.7	294.2	69.8	1,163.8	671.5	73.3
Margin (%)	16.8	15.9	92bps	14.0	281bps	16.4	15.5	89bps
EBIT	433.3	208.2	108.2	239.8	80.7	997.3	526.3	89.5
PBT	391.3	203.1	92.7	201.6	94.1	895.4	406.6	120.2
Rep. PAT	387.8	203.0	91.0	200.6	93.3	890.6	406.2	119.2
Adj PAT	387.8	203.0	91.0	200.6	93.3	890.6	433.1	105.7
EPS (Rs)	0.3	0.2	89.3	0.2	89.3	0.7	0.3	111.0

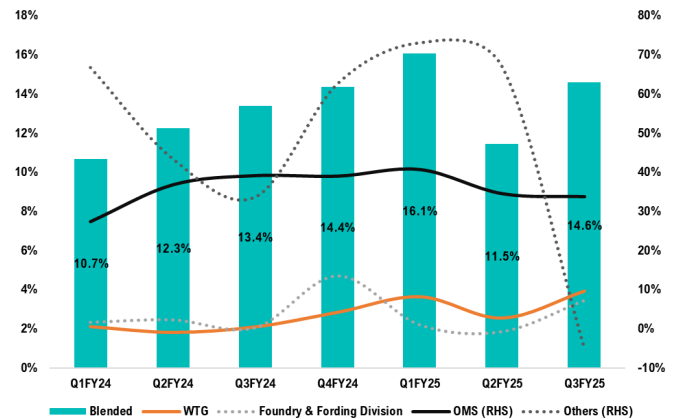
Key Highlights

- Suzlon received a third order from Jindal Green Wind 1 Pvt. Ltd., which is a subsidiary of Jindal Renewables. This makes Jindal Renewables Suzlon's largest Commercial & Industrial (C&I) customer, with a cumulative capacity of 907.20 MW. This takes Suzlon's total orderbook to 5.9 GW, with C&I customers accounting for 59% of the orderbook.
- This order requires Suzlon to supply 65 state-of-the-art S144 wind turbine generators (WTGs) with hybrid lattice towers rated at 3.15 MW capacity, which will be utilised for captive consumption in steel plants located in Chhattisgarh and Odisha. The project will be executed in the Karur region of Tamil Nadu.
- Jindal Renewables currently is developing close to 3GW of renewable assets which have power off-take completely locked in. The company also aims to develop around 12 GW of renewable energy assets, storage facilities and green hydrogen production facilities by 2030.

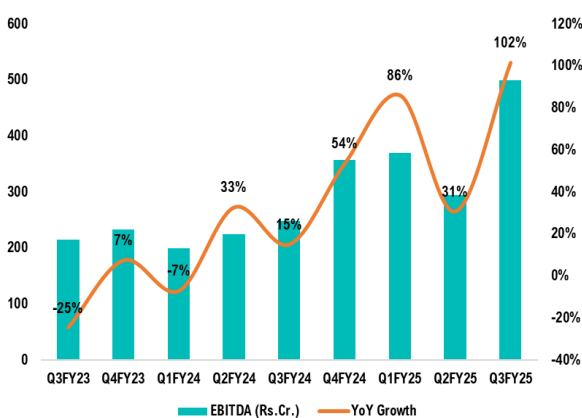
Revenue



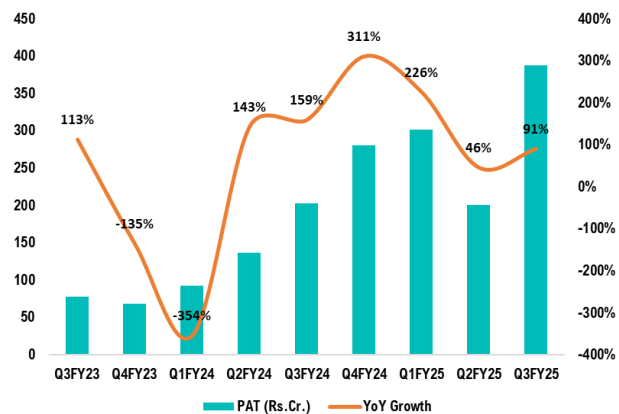
Segmental Margins



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates			New estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	10,883	14,410	19,824	10,933	13,013	15,740	0.5	-9.7	-20.6
EBITDA	1,624	2,125	2,958	1,750	2,126	2,630	7.8	0.1	-11.1
Margins (%)	14.9	14.7	14.9	16.0	16.3	16.7	109bps	159bps	179bps
Adj. PAT	1,310	1,777	2,548	1,443	1,855	2,438	10.2	4.4	-4.3
EPS	1.0	1.3	1.9	1.1	1.4	1.8	5.7	4.5	-6.0



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	5,971	6,529	10,933	13,013	15,740
% change	-9.3	9.4	67.5	19.0	21.0
EBITDA	832	1,029	1,750	2,126	2,630
% change	-6.5	23.7	70.1	21.5	23.7
Depreciation	260	190	234	306	423
EBIT	572	839	1516	1820	2208
Interest	421	164	175	188	200
Other Income	20	38	108	230	439
PBT	2,892	659	1,449	1,862	2,448
% change	722827.5	-77.2	119.7	28.5	31.4
Tax	4.4	-0.9	5.8	7.4	9.8
Tax Rate (%)	0.2	-0.1	0.4	0.4	0.4
Reported PAT	2,887	660	1,443	1,855	2,438
Adj.*	-2721	54	0	0	0
Adj. PAT	128.41	714	1,443	1,855	2,438
% change	145.4	456.2	102.0	28.5	31.4
No. of shares (cr)	1,078	1,363	1,365	1,365	1,365
Adj EPS (Rs)	0.1	0.5	1.1	1.4	1.8
% change	139.2	339.6	101.7	28.5	31.4
DPS (Rs)	0	0	0	0	0

Cash Flow

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Deprn.	753	945	1,618	2,043	2,637
Non-cash adj.	256	195	234	306	423
Changes in W.C	-543	-1,107	-651	-504	468
C.F – Operation	467	33	1,202	1,844	3,529
Capital exp.	-101	-227	-340	-534	-1,007
Change in inv.	163	76	-224	-48	-535
Other invest.CF	22	0	0	0	0
C.F – Investment	85	-152	-564	-581	-1,542
Issue of equity	1,080	2,065	0	0	0
Issue/repay debt	-1,339	-1,780	122	-35	-30
Dividends paid	0	0	0	0	0
Other finance.CF	-425	-107	-175	-188	-200
C.F – Finance	-684	178	-53	-223	-229
Chg. in cash	-133	60	585	1,040	1,757
Closing cash	367	427	1,012	2,051	3,808

Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	367	427	1,012	2,051	3,808
Accounts Receivable	1,170	1,830	2,512	2,990	3,752
Inventories	1,827	2,292	4,457	5,305	5,080
Other Cur. Assets	813	731	816	711	703
Investments	0	8	221	393	1,105
Gross Fixed Assets	2,665	2,875	3,215	3,749	4,756
Net Fixed Assets	808	837	920	1,152	1,287
CWIP	3	16	27	32	39
Intangible Assets	62	53	713	710	1,161
Def. Tax (Net)	0	4	4	4	4
Other Assets	473	981	1,029	1,224	1,481
Total Assets	5,523	7,179	11,710	14,572	18,420
Current Liabilities	1,744	2,397	3,530	4,202	5,155
Provisions	737	717	1,266	1,507	1,823
Debt Funds	1,905	110	232	197	167
Other Liabilities	38	35	684	814	984
Equity Capital	2,454	2,722	2,722	2,722	2,722
Reserves & Surplus	-1,355	1,199	3,078	4,933	7,371
Non-Controlling Interest	0	0	198	198	198
Shareholder's Fund	1,099	3,920	5,998	7,852	10,290
Total Liabilities	5,523	7,179	11,710	14,572	18,420
BVPS (Rs.)	1	3	4	6	7

Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.9	15.8	16.0	16.3	16.7
EBIT margin (%)	9.6	12.9	13.9	14.0	14.0
Net profit mgn.(%)	2.2	10.9	13.2	14.3	15.5
ROE (%)	11.7	18.2	24.1	23.6	23.7
ROCE (%)	19.6	21.8	26.0	25.4	25.2
W.C & Liquidity					
Receivables (days)	78	84	72	77	78
Inventory (days)	195	189	182	221	194
Payables (days)	132	123	110	113	114
Current ratio (x)	1.5	1.8	1.9	2.1	2.1
Quick ratio (x)	0.9	1.0	1.0	1.1	1.4
Turnover & Leverage					
Gross asset T.O (x)	2.0	2.4	3.6	3.7	3.7
Total asset T.O (x)	1.1	0.9	0.9	0.9	0.9
Int. coverage ratio (x)	1.4	5.1	8.6	9.7	11.1
Adj. debt/equity (x)	1.4	0.0	-0.1	-0.2	-0.3
Valuation					
EV/Sales (x)	7.1	11.8	7.0	5.8	4.7
EV/EBITDA (x)	51.3	74.7	43.8	35.6	28.1
P/E (x)	14.2	116.6	53.4	41.6	31.6
P/BV (x)	37.4	19.6	12.9	9.8	7.5



Recommendation Summary (last 3 years)



Dates	Rating	Target
25.Jul.24	BUY	73
18.Nov.24	BUY	68
24.Mar.25	BUY	71

Investment Rating Criteria

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


Not rated/Neutral


Definition:

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

Symbols definition:

 Upgrade

 No Change

 Downgrade

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

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

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