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Quarterly Result Update

Suzlon Energy Ltd.

29th July 2026

Suzlon Energy Ltd

Reco BUY

Industry	Heavy Electrical Equipment
LTP	47.5
Buying Range	45-48
Add on Dips	39-42
Base Case Target	57
Bull Case Target	60
Time Horizon	4 Quarters

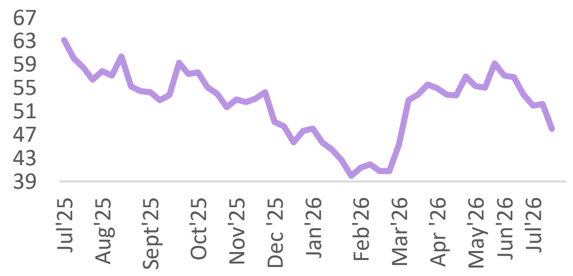
Stock Info

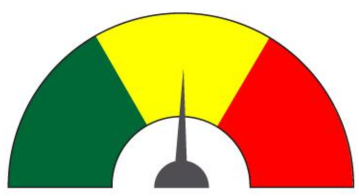
BSE Code	532667
NSE Code	SUZLON
Bloomberg	SUEL IN
Equity Capital (Rs Cr)	2745
Face Value (Rs)	2
Equity Share O/S (Cr)	1,371.5
Market Cap (Rs Cr)	64,690
Book Value (Rs)	6.9
Avg. 52 Wk Volumes	8,23,26,091
52 Week High	66.8
52 Week Low	38.2

Share Holding Pattern (%) (Jun'26)

Promoters	11.7
Institutions	35.2
Non-Institutions	53.1
Total	100.0

One Year Price Chart





* Refer at the end for explanation on Risk Ratings

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Geopolitical tensions suppress margins; long-term trajectory intact

Suzlon reported in-line revenues at Rs 3,829 Cr, growing 22.3% YoY led by the highest-ever Q1 deliveries at 506 MW and better realisations at Rs 6.3 Cr/MW against Rs 5.6 Cr/MW in Q1FY26. However, Contribution margins compressed by 300bps YoY to 32.1% in Q1FY27 to Rs 1,225 Cr, impacted by temporary supply chain disruptions from Middle East geopolitical tensions. EBITDA also reported a de-growth of -1% YoY from higher fixed costs contributing to investments in Suzlon 2.0 which softened EBITDA margins to 15.5% in Q1FY27 against 19.5% in Q1FY26. PAT came in at Rs 305 Cr (-6% YoY) whereas PAT margins lowered to 8% against 10.4% in Q1FY26.

WTG (RE Solutions): *While WTG Revenue grew by 27% YoY to Rs 3,174 Cr, EBITDA declined by -10% YoY to 335 Cr. EBITDA margins halved to 10.6% against 15% in Q1FY26 EBIT margins fell to FY25 levels of 8.3% (13.6% in Q1Y26). Net deliveries for the quarter were 506 MW, while commissioning grew multi-fold to 269 MW. WTG realisation per MW came in at 6.3 Cr/MW against 5.6 Cr/MW as the share of EPC in revenues grew to 33% in Q1FY27 against 22% in Q1FY26.*

Foundry & Forgings: *Revenue reported a de-growth of -14% YoY to Rs 126 Cr and EBIT margins dropped to 9.3% (vs 13.4% in Q1FY26). Capacity utilisation was 32% for the quarter, largely similar to 33% observed in FY26. The captive consumption of Suzlon from the foundry grew to 71% (Rs 89 Cr) against 62% (91 Cr) in Q1FY26.*

O&M services (RE AMS) *grew by 8% YoY to Rs 632 Cr as the asset base for O&M platform increased to 16.2 GW (15.2/15.7 GW in Q1FY26/Q4FY26). EBITDA margins improved from 32% in Q1FY26 to 36% in Q1FY27 and EBITDA was reported at Rs 228 Cr. EBIT came in at Rs 212 Cr, with margins at 33.6% against 29.1 % in Q1FY27. Order book for the quarter was 6,135 MW, with Scope mix at 32%/68% EPC/Non-EPC and Segment mix of 70% Captive/Retail/C&I; 16% Central & State Auctions, 14% PSUs.*

Suzlon's five-year aspiration under Suzlon 2.0 remains compelling; however, we believe the trajectory towards these targets is likely to be more uneven and back-ended than suggested by the headline guidance, warranting a more conservative stance on near-term earnings and cash flow assumptions. In light of these evolving risks, we trim our FY27–FY28 estimates, building in a softer margin trajectory due to elevated input and freight costs; and possible commissioning delays that elongate the cash conversion cycle and weigh on working capital.

Subsequently, we cut our Base Case/Bull Case Target prices from our previous recommendation (link) of 58.5/63 to Rs 57/60 and upgrade the stock from HOLD to BUY, as we expect Suzlon to deliver a CAGR % of 20.3/24.3%/-1.8% (PAT likely to be impacted by cash taxes as loss carry-forward benefits taper out, unlike in prior fiscals) over FY26-FY28E; valuing the stock at 27x FY28E EPS.

Key Concall Takeaways

- Temporary supply chain and logistics disruptions arising from geopolitical tensions in West Asia differed approximately 10% to 20% of deliveries, which is expected to be recovered in the coming quarters. 1,257 MW of turbines have been erected but await commissioning.
- The decline in contribution margins was primarily due to a substantial shift in the share of EPC business, which rose from 22% in Q1 FY26 to 32% in Q1 FY27, rather than commodity inflation.
- EBITDA was impacted by geopolitical tensions and higher fixed costs for Suzlon 2.0 investments.
- Management targets a 25% CAGR for the next five years under the Suzlon 2.0 strategy and expects India's annual wind installations to reach 10 GW near-term and 15 GW by FY31, contributing to a 100 GW RE target by 2030.
- The company aims to maintain EBITDA margins in the 17-18% range, with a +/- 1-2% fluctuation, and expects AMS segment EBITDA margins to stabilise in the higher 30s, closer to 40%.
- Approximately 85% of the current order book originates from PSU and C&I sectors, maintaining a roughly 50-50 mix between them, which is expected to continue.
- Suzlon's CAPEX plan is guided at approximately Rs 700 Cr, plus or minus Rs 100 Cr, and the investment cap for the Devco model is set at Rs 500 Cr.
- Company has identified a 20+ GW serviceable solar asset base by leveraging its existing field presence and infrastructure, w
- For international markets, the S175 and S163 turbines are expected to see first shipments within 18 to 24 months, while domestic deliveries for the S175 will commence by the end of this year and next year.
- The company anticipates a 10 GW renewable energy sales target by FY31, comprising approximately 7500 MW from wind and the remainder from solar and storage, with repowering opportunities estimated at 25 GW in India.

Valuation & Recommendation

Suzlon has articulated an ambitious Suzlon 2.0 roadmap, targeting a 15 GW RE order book, 10 GW annual RE sales and 70 GW of RE AUM over the next five years. Backed by a net cash balance sheet, a capital-light DevCo model, and an experienced promoter group, the long-term growth narrative appears structurally intact, and execution capacity is not the primary concern.

However, we see the near term turning more challenging than the story suggests. Persistent geopolitical frictions are starting to bite into margins, via higher equipment and logistics costs, and are introducing execution slippages that can push out commissioning timelines. This combination not only compresses profitability but also locks up working capital longer than planned, thereby deferring cash flow generation and returns from the DevCo/EPC pipeline.

Subsequently, ***we cut our Base Case/Bull Case Target prices from our previous recommendation (link) of 58.5/63 to Rs 57/60 and upgrade the stock from HOLD to BUY,*** *as we expect Suzlon to deliver a CAGR% of 20.3/24.3%/-1.8% (PAT likely to be impacted by cash taxes as loss carry-forward benefits taper out, unlike in prior fiscals) over FY26-FY28E; valuing the stock at 27x FY28E EPS.*

Risks & Concerns

- Execution risks persist for Suzlon amid several structural challenges in the wind sector. Land acquisition delays, common in India's fragmented regulatory landscape across windy states, continue to impact project timelines and NTP issuance.
- Component pricing remains highly correlated with volatile commodity inputs—such as steel, copper, and crude oil derivatives—rendering SEL susceptible to sharp market fluctuations. A substantial part of this risk is mitigated by cost pass-through mechanisms, but loss of pricing or renegotiation power could compress contribution margins
- Rising share of EPC mix in WTG order book will improve revenue and support margins but also bring in the structural delays of installation, land issues and connectivity-related concerns.
- The company remains exposed to revenue concentration from WTG sales, while the wind energy sector has historically been highly cyclical due to changes in bidding frameworks and its dependence on government support through subsidies and regulatory interventions.

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	3,829	3,132	22.3%	5,493	-30.3%	6,529	10,890	16,732	18,983	24,198
EBITDA	595	599	-0.6%	964	-38.3%	1,029	1,857	3,022	3,246	4,670
APAT	305	324	-5.9%	1,114	-72.6%	714	2,072	3,093	2,206	3,052
Diluted EPS (Rs)	0.2	0.2	-8.3%	0.8	-72.8%	0.5	1.5	2.3	1.6	2.2
RoE %*						16.8	33.9	33.4	18.9	20.7
P/E (x)						96.0	31.8	20.9	30.0	21.7
EV/EBITDA (x)						63.7	35.0	21.5	19.6	13.0

** Excludes exceptional item*

(Source: Company, HDFC sec)

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HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

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This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

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This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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