

Suzlon sees good times coming in a year

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Wind turbine manufacturer Suzlon, which reported a net loss of ₹575 crore for the first quarter of this fiscal, is telling the investor community to wait for one more year for *acche din* to come.

JP Chalasani, Group CEO of Suzlon, told *BusinessLine* recently that the company has a healthy order book (1,800 MW, ₹6,627 crore at the end of Q1), the execution of which will happen next year. Revenues and profits are booked as and when projects are executed.

Slashing debt

While the current year will be just “better than last year”, next year will be a good one because of the schedule of execution of orders, said Chalasani. In FY18, Suzlon reported a net loss of ₹389 crore, com-

pared with a net profit of ₹899 crore in the previous year, when India saw record wind power capacity installation of 5,500 MW.

However, in the current fiscal, Suzlon plans to slash its debt. The company told investors in August that it expects debt reduction of 30-40 per cent. The company has on its books net term loans of ₹6,611 crore and working capital loans of ₹3,471 crore. In Q1, Suzlon had to contend with ₹316 crore of interest costs (₹1,502 crore in FY18).

The company will achieve debt reduction by selling off some physical assets, though Chalasani did not say which assets are likely to go.

While the margins are under pressure due to wind power tariffs falling very low in successive rounds of capacity auctions, Chalasani poin-

ted to a couple of advantages almost exclusive to Suzlon — the ‘captive’ and ‘PSU’ markets.

‘Captive’ market

The former is where companies that are not in the business of producing and selling energy put up wind projects to consume the power captively and also avail themselves of any tax benefits.

Last year, Suzlon booked about 200 MW of orders from the ‘captive’ market, Chalasani said, adding “this year we expect to do more.”

Also, the company has consistently been getting orders through tenders floated by public sector companies, such as IOC, OIL and NALCO. Chalasani said Suzlon had about 80 per cent of the PSU market. Margins are typically better in both the captive and PSU markets.