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Suzlon scripts a turnaround

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By **P B JAYAKUMAR**, Jun 14, 2023 | 3 min read



Suzlon Energy share price went up from ₹8.2 on May 15 to ₹15.29 on June 12, the highest in the last 52 weeks.

Image: Sanjay Rawat



Suzlon Energy's share price almost doubled in a month's time as India's largest wind turbine maker's net worth turned positive after a decade, posted profits after six years and orders doubled within the last two months.

Its share prices went up from ₹8.2 on May 15 to ₹15.29 on June 12, the highest in the last 52 weeks.

"Favourable market conditions and a strong balance sheet now is going to help us grow in the coming years", global CEO J P Chalsani told *Fortune India*.

If Suzlon's order book was 652 megawatts (MW) as on 31st March 2023, it has now shot up to 1,542 MW, thanks to a few large orders bagged in recent weeks, which triggered the rally. So far in the new financial year, the firm has secured 890 MW of orders. About 780 MW (51%) of the order book are now for its new 3 MW (S144) wind turbine generator (WTG) series.

In India, Suzlon now has a manufacturing capacity of 3.1 GW for its 2.1 MW WTGs. When it begins manufacturing of 3 plus MW WTGs, the capacity will be ramped up to 4500 MW in a phased manner.

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This week, the company also achieved the milestone of 20 gigawatt (GW) installed wind turbine capacity worldwide. It has a 33% share of all India installed wind capacity. If Suzlon could add only 59 MW and 204 MW in FY21 and FY22, the addition was 808 MW and 664 MW in FY23 and FY24. Correspondingly, if revenues in FY20 and FY21 were ₹2,933 crore and ₹3,295 crore respectively, they shot up to ₹6,520 crore in FY22 and ₹5,947 crore in FY23. The company's PAT (before exceptional items) turned positive after six years at ₹167 crores for FY23.

Its net worth also turned positive after a decade at ₹1,099 crores by the end of FY23. The net debt of the company reduced to ₹1,180 crore in FY23, from ₹13,003 crore in FY20, thanks to a recent rights issue and refinancing in May 2022 replacing 16 lenders with just two new lenders. Another positive for the company was its ability to substantially reduce net finance costs by 44% in FY23. Now consolidated net finance cost has come down from ₹1,340 crore in FY20 to ₹401 crore in FY23.

Suzlon tried to grow fast across the globe since 2005 and became one of the top six global onshore turbine makers within five years. In that journey, it made costly acquisitions like Repower of Germany and Belgian gearbox maker Hansen Transmission. Suzlon's revenues shot up to over ₹26,000 crore and with ₹1,600 crore net profit by FY-09.

Soon wind market crashed across the globe and a few blades of its machines cracked in US wind farms. The company tried a retrofitting programme, but the incident was widely reported across Western media and in India, resulting in its market capitalisation falling to ₹8,000 crore from ₹68,000 crore in 2010. Thereafter, business suffered and the company had to restructure debt five times because of its inability to service loans.

Sun Pharmaceuticals promoter Dilip Shanghvi came as a White Knight and bought a 23% stake for ₹1,800 crore in 2015. Banks had mandated Suzlon to focus on the local market and to reorganise business to reduce costs.

While Suzlon's troubles are getting over, its founder Chairman and managing director Tulsi Tanti is not there to see his efforts paying off. Tulsi Tanti died of a cardiac arrest on October 1 last year, at the age of 64.

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