

SOLAR SECTOR VOLUME PLUNGES 70% THIS FISCAL BUT...

Suzlon Retains Top Spot in Renewables

Firm is poised to bounce back as a vertically-integrated player

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Hyderabad: Volumes in India's solar sector plunged by 70% during first nine months this fiscal owing to policy changes, but Suzlon has retained market leadership and is poised to bounce back as a vertically-integrated player, said group chief executive JP Chalasani.

During the plunge in the market, the company worked on significant fixed cost reductions and now hopes to gain significantly once the market reaches 6GW for executions next fiscal from a low of 1.5GW this fiscal, he said.

"Even when volumes dipped, we made positive Ebitda (earnings before interest, depreciation, taxation and amortisation) and met all our financial obligations."

For the nine-month period ended December 2017, Suzlon suffered a steep fall in net profit at ₹85.84 crore, down from ₹262.89 crore a year ago, on a lowered income of ₹6,153 crore (₹7,779 crore). "The company, from an internal perspective, is quite stable and has come out of all the problems. We have been bringing out best products, technology wise. We are doing quite well on the R&D side with new products coming out regularly," said Chalasani.

From a 19% market share in FY15, Suzlon improved market share to 26% in FY16 and further up at 33% in FY17 and retained 33% market share during the first nine months of FY18 as well.

"We used the adversities to our advantage by cutting costs internally. Our manpower costs and fixed costs were brought down by more than 25%

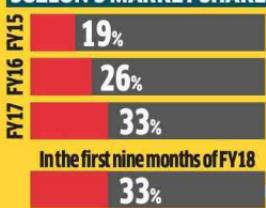
during the first nine months period of the current fiscal," Chalasani told ET. "We get impacted more when volumes go down since we are a vertically-integrated company. But when the volumes go up, we will be in a significantly advantageous position being vertically-integrated company where our fixed costs are brought down."

On the improving volumes, he said, award of some 6 GW of bidding was slated for this fiscal to be executed during the next fiscal. "Therefore, significant volumes are going to come up next fiscal. When it is volume game, we are best suited because we are a vertically-integrated company with lowest costs."

Chalasani further said that Suzlon was also coming up with improved technology products that will help power producers improve productivity and reduce the cost per kilowatt of power generated, helping them to cover up for falling tariffs. Though the pressure on margins will continue, Suzlon expects to significantly improve its top and bottomlines from the next fiscal, said Chalasani. Having started offering tech such as wind-solar hybrid, Suzlon is currently working on tech like wind-solar-gas-based power hybrid, wind-solar-hydro-based power, he said.

Powering On

SUZLON'S MARKET SHARE



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JP Chalasani
Group CEO, Suzlon

NET PROFIT

₹85.84 crore

For the nine-month period ended December 2017

₹262.89 crore

Year-ago period

