

We will Protect Ourselves from Business Cyclical: Suzlon CEO

ET Q&A

J P CHALASANI
CEO OF SUZLON ENERGY

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This is a built-up year for us to deliver in a big way FY24 onwards.

So where do you see Suzlon in the next three to five years?

Continue to be a market leader in India and significantly growing year on year from FY24 and FY25. Additionally, we can become a total solutions provider of energy management systems. Moving ahead, you're going to have wind, solar, and storage working together as a single project. So, can we provide a total solution for it? And then can we look at international in 3-4 years? So effectively being number one in India and then one of the top manufacturers globally is what I look at in the next three to five years. More importantly, we will insulate ourselves from being a cyclical organization so that we constantly keep growing. We don't just do one-time sales of WTGs and commissioning. Our concentration is that every wind turbine we sell, is giving me 25 years of revenue stream in terms of services business. Even in the downturn of the last few years, we survived because of our services business. So, therefore, we increase the turbines under the services business and convert them into an annuity business model insulated from cyclical.

which we launched this year. The sectoral tailwinds are strong, wind energy is picking up significantly now as there's a huge renewable energy requirement from across sectors.

So what entails the next growth phase for Suzlon?

We do have a significant manufacturing capacity. We can manufacture three to four gigawatts (GW) a year. Therefore, our ability to deliver larger volumes is significant now. Our financial performance would be better and there is no debt cost. We closed the last quarter with an order book of 1.6 GW and subsequently, we have announced several orders. In fact, 50% of our order book is from the commercial and industrial segment. These things make us believe that our numbers and delivery will be strong.

You were Suzlon Energy's CEO between 2016 and 2020. What are you and your team doing differently this time to improve Suzlon's performance?

In 2017, we did close to 1800 megawatts (MW). We had a 30% market share. But then bidding norms changed



ON LARGE DELIVERIES

We have significant manufacturing capacity and can make 3-4 GW a year; so our ability to deliver larger volumes is significant now

and the volume significantly dropped.

The whole country did 1500 MW in FY18. And we are struggling since then to now between 1500 MW to 2000 MW. When volumes were low, we being a vertically integrated company, our fixed costs were high. Now we need to bring agility back into the organization.

In the last year, Suzlon Energy's shares have rallied 277% while Benchmark Sensex gained 19%. The company is now debt-free and generating cash. Chief Executive Officer, J P Chalasani tells **Kalpna Pathak** the company wants to insulate itself from being a cyclical organization and build an annuity business model through its services business. Edited excerpts:

Suzlon's shares rallied in the past year. What do you attribute this to?

The answer is investor confidence. But the confidence is coming due to two reasons. One, we had an issue with respect to high opex (operating expenditure). Our fixed costs and debt were very high. So, our interest cost was ₹100 crore per month. Secondly, the sector went down after FY 17. In FY 17, we did five gigawatts, but subsequently, we've been struggling. However, internally, we fixed both—the opex in 2019-2020, and now we are debt-free. Now we have huge internal accruals coming from our services business. Also, the order book has been significant, especially for three-megawatt wind turbine generators (WTGs)