

INTERVIEW - Indian wind firm Suzlon to triple capacity

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By Ovais Subhani

SINGAPORE (Reuters) - India's Suzlon Energy, the world's fourth-largest wind turbine maker, plans to invest about \$1.4 billion to almost triple its production capacity by 2009, allowing it to expand at twice the pace of the rapidly growing industry.

The expansion would raise Suzlon's turbine production capacity in India to 5,700 megawatt (MW) by March 2009 from 2,700 MW now, the firm's chairman Tulsi Tanti said in an interview on Wednesday.

By the end of this year its recently acquired subsidiary, Germany's REpower Systems, would have increased its capacity to 1,200 MW from an existing 700 MW, he added.

"The total investment in this three-year plan is about 1 billion euros (\$1.4 billion) and most of this investment would be financed by debt," Tanti said in Singapore, where he attended the Forbes CEO Conference.

Tanti said the expansion would allow Suzlon to grow twice as fast as the global wind industry which, he said, was likely to expand at 20-30 percent in the next three years.

The company also plans to raise its capacity to produce wind gearboxes, made by its unlisted Belgian subsidiary Hansen Transmissions, to 9,300 MW by 2009, Tanti said

The company's order book stands at around \$3.5 billion, up from \$3.3 billion in July, with most orders from outside India, he said.

Shares in Suzlon traded up 0.6 percent at 1,333.8 rupees in a slightly weaker broader market, having risen less than 3 percent so far this year.

Suzlon also makes wind turbines in China and owns manufacturing facilities for making components like rotor blades, generators, control systems and towers in India and the United States.

It competes with industry leaders Vestas Wind Systems of Denmark, General Electric and Spain's Gamesa Corporacion Tecnologica. All are tapping demand for cleaner energy sources.

"Most of the growth in absolute megawatt terms would come from Europe and then from markets like China and the United States," Tanti said.

He said growth at home -- India generates about 40 percent of Suzlon's revenues -- was likely to be around 20 percent in the same period.

"The emerging markets where the growth is likely to be strong in coming years would be in South America and Africa, countries like Brazil, South Africa and Tanzania," he said.

Tanti said the company was unlikely to make any new acquisitions, after buying a majority stake in REpower in May this year and acquiring Hansen, the world's second-largest wind gearbox-maker, in March 2006.

"Now we want to consolidate all the businesses and focus on organic growth. We have the full value chain so we don't require further acquisitions for now."

Tanti said the company has also put on hold its plans to seek a secondary listing in Europe. "At this moment no such plan is there. Maybe at an appropriate time we will think about it."

The company said in June it might seek a listing in London or Frankfurt in the next 12-24 months.