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Suzlon Energy Ltd., a global wind power company founded in 1995, is the fifth largest wind turbine manufacturer by cumulative installed capacity. The company's global spread extends across Asia, Australia, Europe, Africa and North and South America approaching 20,000 MW of wind energy capacity installed in 30 countries with operations across 33 countries. The Group operating turbine fleet approached 20,000 MW across 30 countries and delivered availability (uptime) levels at between 97% and 99%, consistently above the industry average.

### Investor's Rationale

#### External market factors posted net loss of ₹8.5 billion

Suzlon Energy Ltd. (SEL), world's fifth largest wind turbine supplier, has posted a consolidated net loss after calculating share in associate's profit and minority interest to ₹8.5 billion from the net profit of ₹0.6 billion in the year-ago period, on account of depreciating rupee, lower volumes, adverse market mix, high interest burden and notional forex losses of ₹0.9 billion. Further, on sectorial front, the profit before calculating finance cost, exceptional items and tax of wind turbine generator and foundry and forging sector fell by 50.9% and 8.5% to ₹1.5 billion and ₹0.2 billion respectively. However, the other income grew highly by 141.6% to ₹0.7 billion.

#### Net sales rose 9.7% YoY on wind turbine generator revenue growth

The company recorded 9.7% YoY increase in its turnover at ₹47.5 billion as against ₹43.3 billion, led by the revenue improvement in wind turbine generator by 9.9% to ₹47.2 billion. However, foundry and forging and other sector fell by 46.1% and 7.0% to ₹0.6 billion and ₹0.1 billion respectively.

#### High interest and depreciation charges contracted NPM

During the quarter, the NPM was crashed, due to the higher interest and depreciation cost, up by 37.5% and 26.0% to ₹4.9 billion and ₹1.8 billion respectively. Further, the tax charges also went up by 234.1% to ₹0.5 billion.

#### Rise in expenses restricts OPM growth

During Q1FY13, SEL reported a dip in EBITDA by 146.6% YoY and stood at a loss of ₹2.6 billion on the back of rise in consumption of raw material and employee benefit expense by 50.0% and 15.2% to ₹38.6 billion and ₹5.4 billion respectively. Thus, the operating margin get pressurized.

### Market Data

CMP (₹)	16.8
Target Price	19
Stop Loss	15.1
Duration	Mid-term
52-week High-Low (₹)	42.5/17.0
Rise from 52WL (%)	0.0
Correction from 52WH (%)	60.0
Beta	1.33
1 year Average Volume (mn)	21.9
Stock Return (%)	3M- 11.9
	6M- (38.9)
	9M- (50.9)
Market Cap (₹bn)	30.2
Enterprise Value (₹bn)	14.4

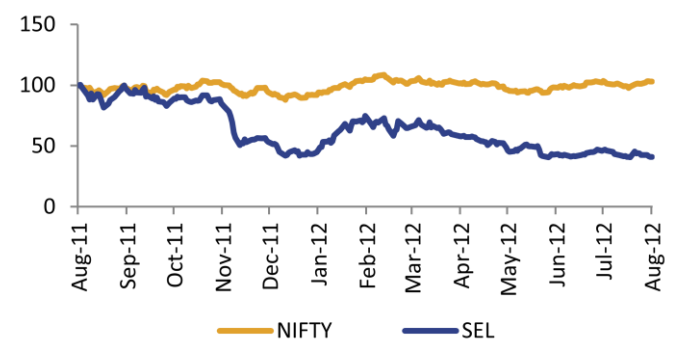
### Shareholding Pattern

	Jun'12	Mar'12	Chg
Promoters (%)	52.8	52.8	0.0
FII (%)	5.5	10.4	(4.9)
DII (%)	3.1	3.6	(0.5)
Public & Others (%)	38.6	33.2	5.4

### Quarterly Performance

(₹ bn)	Q1 FY'13	Q1 FY'12	Q4 FY'12	YoY Change(%)	QoQ Change(%)
Net sales	47.5	43.3	67.0	9.7	(29.1)
Op. exp	50.3	38.3	64.1	31.4	(21.6)
EBITDA	(2.6)	5.5	4.0	(146.6)	(164.0)
OPM	-	12.6	5.9	-	-
Net profit	(8.5)	0.6	(3.0)	(1516.7)	186.2
NPM (%)	-	1.4	-	-	-
EPS	4.8	0.3	1.7	1393.8%	182.8

### One Year Price Chart





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