

Dilip Shanghvi to Buy 23% Suzlon Energy Stake

The founder of Sun Pharmaceuticals, Dilip Shanghvi has agreed to purchase 23% stake in Suzlon Energy for Rs. 1800 crores. Suzlon, Asia's second largest wind-turbine manufacturer will utilize the funds in reducing its debt burden. The Tanti family will continue to hold 24% stake and will retain management control of the company. Part of the money will also be used for developing technologies. Suzlon chairman Tulsi Tanti said, *"We've been struggling for the past two years. Our first step was to exit Senvion and with this transaction, we will be able to accelerate growth."* Suzlon recently signed the deal to sell its German unit Senvion to Centerbridge Partners for \$1.1 billion.

During the growth years of 2007-08, Suzlon had made large ticket leveraged buyouts in European markets, for which it took huge debts. Demand was severely hit post global financial crisis, and interest costs kept piling up over the years. Suzlon had been striving to come out of its huge debt that stood at Rs. 17300 crores in September 2014. Since then it has sold-off the German arm and restructured its debt to reduce costs. With recent impetus on renewable energy by the Indian government, Suzlon expects good growth opportunities in the home market. The US, China and Brazil are other key markets where it can benefit from growth expected in renewable energy sector. Besides being a wind turbine generator maker, Suzlon is an end-to-end wind energy solutions provider. Support from Shanghvi, India's second richest man with networth of about \$20 billion, comes at the right time for the company, when good prospects are again visible on the horizon.

Explaining the rationale behind this investment Dilip Shanghvi said his move was in tune with the Prime Minister's long-term vision and immense potential of renewable energy.

Source: The Financial Express, February 15, 2015