

# Company Update

January 17, 2011

**CMP: INR52**

**Target Price: INR66**

**Potential Upside: 25%**

**Reco: BUY**

---

**Suzlon Energy–Affinity Wind - Suzlon close the joint venture agreement, reiterate BUY**

---

**Abhineet Anand**  
**+91 22 4031 3441**  
**abhineet@antiquelimited.com**



Strictly confidential

**Suzlon Energy–Affinity Wind - Suzlon close the joint venture agreement, reiterate BUY**

**BUY** **CMP: INR52** **Target Price: INR66** **Potential Upside: 25%**

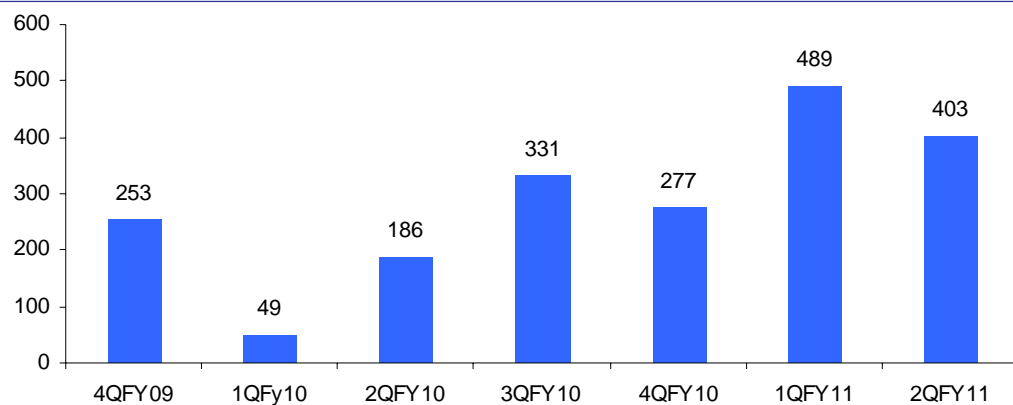
**Affinity forms development partnership for 150MW Illinois Project**

- Affinity Wind, a St. Louis-based wind development company, has formally closed its joint venture agreement with Chicago-based Suzlon Wind Energy Corp., a subsidiary of Suzlon Energy Ltd.
- Through the joint-venture entity, which is called Surity Wind LLC, both the companies will jointly develop a 150MW project located in Illinois, as well as similar future joint-development projects.
- Suzlon will be responsible for turbine supply to this first project and potential future projects.
- Commercial operation of this project is expected to commence 2011 onwards.

**About Affinity Wind, LLC**

- Affinity Wind, LLC was formed in 2008 and is an independent wind energy company, focused exclusively on the development of utility-scale wind energy projects.
- The company is currently developing 150MW in Illinois.
- Affinity expects the Illinois project to be the first of several similar wind energy projects that it will develop over the coming years throughout the Midwest.

**Order inflow - India (MW)**



Source: Company, Antique

**Valuation and outlook**

- More recently, the company had signed an MoU with Gujarat for 1,000MW. While the domestic market has shown significant improvement in the last one year, this agreement with Affinity will help garner international orders.
- We reiterate BUY on the stock with target of INR66.

**SOTP valuation**

	Methodology	INR
Suzlon wind group	PE of 12x @ FY12	37
Hansen transmission	20% discount to CMP	3
REpower	Average of PE and CMP	27
		<b>66</b>
CMP		53
Upside		25%

Source: Antique

**Financials**

Year ended March 31st	2009	2010	2011e	2012e
Revenue (INRm)	262,588	206,200	190,002	234,140
EBITDA (INRm)	28,160	7,838	12,990	25,247
EBITDA growth (%)	41	(72)	66	94
PAT (INRm)	11,328	(11,941)	(876)	7,679
PAT growth (%)	(4)	na	na	977
EPS (INR/share)	7.3	(7.4)	(0.5)	4.8
EPS growth (%)	(4)	na	na	977
PE (x)	7.3	(7.1)	(97.4)	11.1
PB (x)	1.0	1.1	1.1	1.0
EV/EBITDA (x)	7.1	25.5	15.4	7.9
RoE (%)	13	(16)	(1)	9

Source: Company, Antique

---

### Important Disclaimer:

This report is prepared and published on behalf of the research team of Antique Stock Broking Limited (ASBL). This is intended for private circulation and should not be taken as recommendation to trade in the securities mentioned or any legal or taxation advice. We have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time without any notice. ASBL or any persons connected with it do not solicit any action based on this report and do not accept any liability arising from the use of this document. The recipients of this material should rely on their own judgment and take their own professional advice before acting on this information. The research reports are not, and are not to be construed as, an offer to sell or solicitation of an offer to buy any securities. Unless otherwise noted, all research reports provide information of a general nature and do not address the circumstances of any particular investor. ASBL or any of its connected persons including its directors or subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained, views and opinions expressed in this publication. ASBL, its affiliates, directors, officers or employees may, from time to time, deal in the securities mentioned herein, as principal or agent. ASBL or its affiliates may have acted as an Investment Advisor or Merchant Banker for some of the companies (or its connected persons) mentioned in this report. The research reports and all the information opinions and conclusions contained in them are proprietary information of ASBL and the same may not be reproduced or distributed in whole or in part without express consent of ASBL.

---

**Antique Stock Broking Limited**  
**Nirmal, 2nd Floor, Nariman Point, Mumbai 400 021.**  
**Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445**  
**[www.antiquelimited.com](http://www.antiquelimited.com)**