

Suzlon Energy Limited

March 27, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	6406.00	CARE D	Reaffirmed
Long Term Bank Facilities	9779.46	CARE D	Reaffirmed
Total Facilities	16185.46 (Rs. Sixteen thousand one hundred and eighty five crores and forty six lakhs)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings of Suzlon Energy Limited (SEL) continue to reflect the on-going delays in servicing of debt obligations by the company on account of stretched liquidity position. This has been on account of impaired volumes resulting from wind industry's transitional phase and delay in monetization of assets.

Rating Sensitivities

Positive Factors

- Repayment of dues in timely manner for over 3 months.

Detailed description of the key rating drivers

Key Rating Weaknesses

The company has defaulted in term loan obligations and there are irregularities in fund based and non-fund based limits.

Liquidity: Poor

Analytical approach:

Combined Financials of SEL along with its three subsidiaries and one jointly controlled entity have collectively been referred to as Suzlon The Group (STG) and the asset and liabilities of the entities are collectively considered co-obligors under Corporate Debt Restructuring (CDR) Scheme. The details of SEL, its 3 subsidiaries and 1 jointly controlled entity (jointly referred to as Suzlon The Group) are as follows:

Sr. No	Company Name	Activity	SEL Holding
1	Suzlon Energy Limited (SEL)	Manufacturer of Wind Turbine Generator (WTG)	-
2	Suzlon Global Services Limited (SGSL)(formerly known as Suzlon Structures Ltd)	Operation and Maintenance Services	100%
3	Suzlon Gujarat Wind Park Ltd. (SGWPL)	Engaged in erection, installation & commissioning, setting up and sale of power evacuation facility (project execution) & sale and lease/ sublease of land of WTGs	100%
4	Suzlon Power Infrastructure Ltd. (SPIL)	Engaged in business of setting up & sale of Power Evacuation Facility	100%
5	Suzlon Generators Ltd. (SGL)	Manufacturer of Generators of various capacities & its various components, Also engaged in generation of electricity and provides repairing and after sale services for generators	75%

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Applicable Criteria

[Criteria on assigning Outlook to credit rating](#)

[CARE's Policy on Default recognition](#)

[Criteria for short term instruments](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[Rating Methodology: Infrastructure Sector Ratings](#)

[Financial Ratios: Non-Financial Sector](#)

[Sector Specific Methodologies: Private Power Producers](#)

About the Company

SEL, promoted by Mr Tulsi Tanti, is fully-integrated wind power solution provider and its activities include wind resource mapping, land & infrastructure development, creation of power evacuation facilities, component manufacturing, wind turbine installation, commissioning and Operation & Maintenance Services (OMS) both in domestic and international markets. SEL, through its wholly owned subsidiary namely SE Forge Limited undertakes the manufacturing and machining of large forging and casting products. SEL has formed a number of subsidiaries in India & overseas for component manufacturing, Wind Turbine Generator (WTG) marketing and for providing Engineering Procurement & Construction (EPC) and OMS.

SEL along with its three subsidiaries (catering to captive usage as well) and one joint venture has collectively been referred to as Suzlon the Group (STG) and the asset and liabilities of the entities are collectively considered under CDR Scheme. In FY13, STG was referred to the CDR Cell for restructuring of its debt considering positive long-term outlook of the wind energy sector and the package was approved by CDR Empowered Group in December 2012. The approved CDR package was implemented by execution of Master Restructuring Agreement (MRA) by all CDR lenders on March 28, 2013.

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	8170	4222.73
PBILDT	1085	250.49
PAT	(990)	(5671.82)
Overall gearing (times)	NM	NM
Interest coverage (times)	0.86	0.25

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Working capital facilities	-	-	-	3300.00	CARE D
Non-fund-based - LT/ ST-BG/LC	-	-	-	6406.00	CARE D / CARE D
Term Loan-Long Term	-	-	September 2022	2454.26	CARE D
Non-fund-based - LT-Letter of credit	-	-	-	4025.20	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	-	-	1)Withdrawn (12-Jan-18) 2)CARE A+ (SO); Stable / CARE A1+ (SO) (22-Dec-16) 2)Provisional CARE A+ (SO) / CARE A1+ (SO) (01-Apr-16)	1)Provisional CARE A+ (SO); Stable / CARE A1+ (SO) (22-Dec-16) 2)Provisional CARE A+ (SO) / CARE A1+ (SO) (01-Apr-16)
2.	Fund-based-Working capital facilities	LT	3300.00	CARE D	1)CARE D (03-Apr-19)	1)CARE BB; Negative (19-Feb-19) 2)CARE BBB-; Negative (23-Nov-18) 3)CARE BBB; Negative (14-Aug-18)	1)CARE BBB; Stable (17-Oct-17)	1)CARE BBB (28-Oct-16)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	6406.00	CARE D / CARE D	1)CARE D / CARE D (03-Apr-19)	1)CARE BB; Negative / CARE A4 (19-Feb-19) 2)CARE BBB-; Negative / CARE A3 (23-Nov-18) 3)CARE BBB; Negative / CARE A3+ (14-Aug-18)	1)CARE BBB; Stable / CARE A3+ (17-Oct-17)	1)CARE BBB / CARE A3+ (28-Oct-16)
4.	Term Loan-Long Term	LT	2454.26	CARE D	1)CARE D (03-Apr-19)	1)CARE BB; Negative (19-Feb-19) 2)CARE BBB-; Negative (23-Nov-18) 3)CARE BBB; Negative (14-Aug-18)	1)CARE BBB; Stable (17-Oct-17)	1)CARE BBB (28-Oct-16)
5.	Non-fund-based - LT-Letter of credit	LT	4025.20	CARE D	1)CARE D (03-Apr-19)	1)CARE BB; Negative (19-Feb-19) 2)CARE BBB-; Negative (23-Nov-18) 3)CARE BBB; Negative	1)CARE BBB; Stable (17-Oct-17)	1)CARE BBB (28-Oct-16)

						(14-Aug-18)		
6.	Commercial Paper	ST	-	-	-	1)Withdrawn (19-Feb-19) 2)CARE A4 (14-Feb-19) 3)CARE A3 (23-Nov-18) 4)CARE A3+ (14-Aug-18)	1)CARE A3+ (17-Oct-17)	1)CARE A3+ (28-Oct-16)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Mandatory covenants	1. The borrower should maintain adequate books of accounts
	2. Promoter's shares in the borrowing entity should not be pledged to any Bank/NBFC/institution without prior consent.
	3. In case of event of default, or where signs of inherent weakness are apparent, the bank shall have the right to securities the assets charged and in the event of such securitization; the bank will suitably inform the borrower(s) and guarantor(s). In addition, the bank shall have the right to novate/assign the assets charged.

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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