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28 MAY 2012 07:44PM IST SANGITA MEHTA, ET BUREAU

Icra downgrades bank facilities of Suzlon Energy

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MUMBAI: Rating company Icra has downgraded bank facilities of Suzlon Energy and its eight subsidiaries just few weeks before its \$ 360 mn FCCB is due for repayment. While revising the rating Icra said that it is "on account of increasing liquidity pressures on the company." Suzlon Energy's had bank facility of Rs 9364 crore while the cumulative bank facilities of its 8 subsidiaries stands at Rs 3269 crore.

The rating is revised from BBB- to BB. The BBB-rating indicates moderate degree of safety regarding timely servicing of financial obligations while BB indicates moderate risk of default regarding timely servicing of financial obligations. Icra said that while arriving at the ratings, it has looked at Suzlon Energy on consolidated basis.

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While the company is in talks with lenders to refinance the FCCBs which is due in June 2012 by raising foreign currency loan of around \$ 300 mn. Icra said that "its ability to conclude the same in a timely manner remains key rating sensitivity, given the procedures involved for execution of loan documents as well as approvals from lenders." Meanwhile, the company has also asked for short term deferment with the bond-

holders for making the payment which is due in June 2012.

The subsidiaries that have been downgraded include Suzlon Wind International which has a bank facilities of Rs 1334 crore, SE composites with loan of Rs 719 crore, Suzlon Gujarat Wind Power with Rs 348 crore loan, SE Electrical Rs 305 crore loan and Suzlon Structure with Rs 277 crore loan.

Last week, Suzlon Energy had reported a loss of Rs 309 crore for the fourth quarter ending March 2012 against a net profit of Rs 309 crore in corresponding quarter a year ago. It posted a net loan of Rs 505 crore for full year ended March 2012 against a net loss Rs 185 crore for previous year.

Icra in its statement said that the rating takes into account "the high working capital intensity in the business and continuing delays in recovery of some large debtors; higher debt level amidst challenging operating environment."

Suzlon Energy was incorporated by Tulsii Tanti in 1995 and it emerged as one of biggest player in wind turbine manufacturing and wind energy solutions. In May 2007, Suzlon acquired 33.85% stake in REpower Systems SE which has been gradually raised to 100%.

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