

bailout from PFC, REC

Proposes one-time settlement to lenders

DEV CHATTERJEE
Mumbai, 6 February

Suzlon Energy, a loss-making renewable power firm, has sought a ₹4,200-crore bailout from the government-owned Power Finance Corporation (PFC) and REC.

According to banking sources, Suzlon Energy has proposed that because REC and PFC have specialised knowledge about the power sector, the two institutions are in a better position to address the specific needs of the company. Besides the ongoing Covid pandemic, which impacted its supply chain, the company has blamed higher goods and service tax for its losses and sought a one-time settlement from its lenders.

According to the proposal made by Suzlon to its lenders, REC will hold up to 50 per cent of the sanctioned OTS (one-time settlement) amount, while the balance will be tied up with PFC. The plan says all the securities held by the consortium lenders, including promoter pledged shares and promoter Tulsi Tanti's guarantee, will be transferred to the new lenders. The promoters currently hold a 16 per cent stake in the company, which has a market valuation of ₹10,562 crore (as on Friday).

When contacted, a company spokesperson



FINANCIAL HEALTH (₹ cr)

	Q3FY22	% YoY	%QoQ
Revenue from operations	1,597	70.3	18.6
Total income	1,615	68.3	18.6
Net profit/loss	38	LTP	LTP
Net debt*	6,405		

*Total debt ₹6,640 cr, cash & in bank ₹235.5 cr as of September 2021
Source: Capitaline

said the firm is exploring operational and strategic growth plans, and as a policy does not comment on speculative news. "The company is on schedule towards meeting all its commitments to its lenders," the spokesperson said.

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Suzlon...

In its presentation to the lenders, the company said two bidders — Vestas Wind Systems, a Danish wind turbine

manufacturer, and Canadian financial powerhouse Brookfield — backed out after significant progress.

The company said its debt restructuring by the lenders was done to protect the value, which would have been "destroyed" under the Insolvency and Bankruptcy Code process.

Under the existing structure, the company cannot sustain any potential bad cycle in the future and it will be "very challenging" to meet total debt