

Suzlon gets shareholder nod to raise ₹2,000 crore via QIP

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SHAREHOLDERS OF SUZLON

Energy on Wednesday approved raising ₹2,000 crore via the qualified institutional placement (QIP) route. Funds will be used to reduce debt and for working capital and capex needs. Reacting to the development, shares jumped 4.99% to close at ₹19.56 on the BSE.

The QIP of equity shares of face value ₹2 each would be of up to ₹1,500 crore with an option to retain an oversubscription of up to ₹500 crore. The floor price has been set at ₹18.44 per equity share. The company may offer a discount of not more than 5% on the floor price.

The wind turbine and energy solutions company had gone through multiple rounds



of debt restructuring and capital infusion since 2020. Speaking at a recent investor call, group CFO Himanshu Mody said after a 44% reduction in debt during FY23, the company would further reduce debt in the current fiscal.

Mody said Suzlon's gross debt at the end of the June quarter stood at ₹1,806 crore,

a substantial reduction from a little over ₹13,000 crore in March 2020. The company's net debt as of June 30, 2023 was ₹1,223 crore, resulting in a net debt-to-net worth ratio of 0.9. Being less than 1, the ratio is quite healthy, Mody said.

Promoters had pumped in ₹250 crore through rights issues and preferential allotment.

“With a continuous focus on deleveraging of the balance sheet in the last financial year, we have achieved a substantial reduction in net finance costs, which for Q1FY24 stood at ₹51 crore versus ₹148 crore in the year-ago period, a substantial reduction of 66%,” Mody said.

Apart from becoming debt-light, the company is planning to release some cash for working capital and capex needs over the next few quarters.

The company had tied up around ₹1,000 crore in working capital funding from institutions to ramp up deliveries. The board has also approved conversion of a working capital loan into equity in case of any defaults. It has been done to increase the comfort of lenders, but given the current situation, chances of loan