

## Suzlon Energy Ltd — 29 Jul 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	CRISIL A → CRISIL A+ (Upgraded by 1 notch)
Outlook	Stable (Revised from Positive following upgrade)
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>Scale Expansion:</b> 67% Revenue growth in FY25 driven by 1.55 GW deliveries; provides operational momentum.</li> <li><b>Order Book Visibility:</b> Robust 5.5 GW pipeline (as of May 2025) ensures multi-year revenue visibility.</li> <li><b>O&amp;M Stability:</b> Annuity-like O&amp;M business generates ₹750 Cr+ EBITDA annually with ~40% margins.</li> <li><b>Balance Sheet Cleanup:</b> Aggressive deleveraging reduced consolidated debt to just ₹283 Cr against a ₹6,106 Cr network.</li> </ol>
Rated Instruments	<ol style="list-style-type: none"> <li><b>Letter of Comfort:</b> ₹2,635 Cr (Rating: CRISIL A+/Stable/A1)</li> <li><b>Letter of Credit:</b> ₹1,760 Cr (Rating: CRISIL A+/Stable/A1)</li> <li><b>Bank Guarantee:</b> ₹1,290 Cr (Rating: CRISIL A+/Stable/A1)</li> </ol>
Key Observations	<ul style="list-style-type: none"> <li><b>Market Leadership:</b> &gt;30% market share in India's total wind installations.</li> <li><b>Vertical Integration:</b> In-house manufacturing of blades, towers, and generators reduces supply chain risk.</li> <li><b>Strong Liquidity:</b> ₹1,112 Cr unencumbered cash reserves available as of March 2025.</li> <li><b>Low Credit Risk:</b> Adjusted Interest Coverage at a healthy 7.3x.</li> <li><b>Risk - Operating Leverage:</b> High fixed costs mean profitability is highly sensitive to delivery volumes.</li> <li><b>Risk - Competition:</b> Intense pricing pressure from domestic and global OEMs.</li> <li><b>Legacy Factor:</b> Past history of defaults/restructuring remains a qualitative overhang, though financial metrics have fully recovered.</li> </ul>
Investor Impact	<ul style="list-style-type: none"> <li><b>Growth:</b> 5.5 GW order book supports a target of 1.5–2.0 GW annual deliveries.</li> <li><b>Margins:</b> O&amp;M segment acts as a margin floor; WTG segment profitability to improve via cost reduction.</li> <li><b>Leverage:</b> Net-debt zero status eliminates insolvency risks that previously plagued the stock.</li> <li><b>Dilution Risk:</b> Low; management committed to avoiding material debt-funded capex.</li> </ul>
Agency / Cross Analysis	<p><b>Internal Consistency:</b> CRISIL has transitioned the rating from 'BBB-' (April 2022) to 'A+' (July 2025), reflecting a complete fundamental shift.</p> <p><b>Drivers vs. Last Review:</b> Previous 'Positive' outlook was predicated on execution; current 'Stable' reflects that execution has now materialized (1.55 GW delivered).</p> <p><b>Conclusion:</b> Improvement. The rating now accurately mirrors the fundamental turnaround from a "distressed" entity to a "financially healthy" industrial player.</p>
Final Inference	<p><b>Real Fundamental Turnaround.</b> The upgrade signals the end of "restructuring risk" and confirms Suzlon is now a cash-flow-positive growth story. For equity investors, the primary risk has shifted from <i>solvency</i> to <i>execution efficiency</i> and <i>competitive pricing</i>.</p>