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ICRA revises the ratings for bank facilities of Winwind Power Energy Private Limited; assigns stable outlook

ICRA has revised the long term rating assigned to the Rs. 5.58 billion term loans / fund based limits of Winwind Power Energy Private Limited (WPEPL/ "the company") from LBB+ (pronounced L double B plus) to LBBB- (pronounced L triple B minus)[†]. ICRA has also revised the short term rating assigned to Rs. 4.00 billion non fund-based limits of WPEPL from A4+ (pronounced A four plus) to A3 (pronounced A three)[†]. The outlook on the long term rating is stable.

The revision in ratings takes into consideration the successful commissioning of WTGs in the past few months on the back of consistent customer acquisition; development of sizable land bank and operational readiness of the manufacturing facility to meet growth in demand; and the financial support expected from its parent Siva group in meeting its debt repayment requirements. The ratings also continue to be supported by WPEPL's entry into the megawatt segment and the end-to-end technological support it receives from its Finnish parent Winwind OY. However, the ratings remain constrained by relatively limited track record of operations, and the increasing competitive pressures from large established players as well as new entrants in WTG industry, which exerts pressure on pricing and profitability. This along with the company's inability to achieve anticipated savings in the cost structure and limited scale economies is likely to lead to operational losses in the short term.

Company Profile

Winwind Power Energy Private Limited (WPEPL) was incorporated in India in July 2007 as a 100% subsidiary of Winwind OY (WVO) - a Finland based wind turbine manufacturer, established in the year 2000. WVO, a relatively recent entrant in the European Wind Energy market, offers two WTG models – WWD1 with a 1 MW capacity and WWD3 with a 3 MW capacity. It has supplied approximately 250 MW of wind power capacity in markets such as Finland, Sweden, Estonia, Portugal, France, and Czech Republic and is currently targeting other high growth markets. WPEPL commissioned its manufacturing and assembly plant in Vengal, Tamil Nadu in June 2009 for producing the WWD1 model and currently possesses a production capacity of 4 WWD1 WTGs per day. Currently, the company's target markets include India, Maldives, Bangladesh, Sri Lanka, etc.

WVO was acquired by the Chennai-based Siva Ventures Ltd. (SVL) in October 2006. SVL is a wholly owned subsidiary of Siva Industries and Holdings Ltd. (SIHL, erstwhile Sterling Infotech Limited), which was promoted by Mr. C. Sivasankaran in 1994. SVL is the principal investment arm of The Siva Group (SG). SG has successful track record of acquiring/promoting companies and later divesting its stake in these ventures at a significant premium. Some of the notable examples include Barista, Dishnet DSL, Sahara's Aamby Valley and Aircel. Apart from WVO, the current investments of the group are mainly in Shipping & Logistics, Realty and Food & Beverages businesses. Besides, SVL has made strategic investments in companies in Media and Engineering sector. For the year ended 31st March 2010, SVL generated a Profit after Tax (PAT) of Rs. 12.64 billion on a turnover of 19.71 billion (unaudited).

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer ICRA's website www.icra.in or other ICRA Rating Publications.

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