

June 16, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF ENERCON INDIA LTD.

Ratings Reaffirmed

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	450.0	'CARE BBB-' (Triple B Minus)*	Reaffirmed
Short-term Bank Facilities	1,800.0 (enhanced By Rs. 248.0 crore)	'PR3' (PR Three)*	Reaffirmed
Total Facilities	2,250.0		

**Ratings under "credit watch" in view of the ongoing dispute between the two promoter groups of EIL with regard to management control of the company. CARE will continue to monitor the developments in this regard in future and will take a further view on the ratings once the implications of these developments on the credit quality of the company are clear.*

Rating Rationale

The rating continues to take into account EIL's track record of operations, experienced promoters and management, expertise in manufacturing wind energy converters with proven technology, healthy order book position, Power Purchase Agreements (PPAs) with the State power utilities and favourable growth potential due to demand-supply gap for power in India.

The rating continues to be constrained by the ongoing dispute between the majority shareholder (Enercon GmbH of Germany) and the Indian promoters, which could potentially change the business strategy of EIL going forward, moderate liquidity position with high receivables and corporate guarantees extended to subsidiary companies.

Company Profile

EIL, promoted as a Joint Venture between Enercon GmbH of Germany (holding 56%) and the Mehra Family of India (44%), was incorporated in 1994. Since FY07, there is a dispute between Enercon GmbH and the Indian promoters for management control of the company. After the dispute broke out, the German promoters had filed a suit in Company Law Board (CLB). CLB's order dated November 03, 2008 directed appointment of an independent valuer for valuation of equity shares of EIL. This has offered an opportunity to both the promoter groups to bid for 100% stake in EIL on the basis of valuation.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in various CARE publications.

The company has given corporate guarantees of Rs.185.91 crore as on March 31, 2009 to the lenders on behalf of its subsidiary companies for the availment of loan. These guarantees were extended by EIL in the ordinary course of business and till end-FY10, none of these guarantees have devolved on EIL.

On a total income of Rs.1,823.53 crore, EIL earned a PAT of Rs.21.35 crore in FY09.

Analyst Contact

Name: Puneet Bhatia

Tel # 022-6754 3453

Mobile # 98204 66876

Email: puneet,bhatia@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>