

June 1, 2010

**CARE REAFFIRMS THE RATINGS TO THE BANK FACILITIES OF WEBSOL ENERGY SYSTEMS LTD. (ERSTWHILE WEBEL SL ENERGY SYSTEMS LTD.)**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	136.6 (reduced from 135.1)	<b>'CARE BBB-' (Triple B minus)</b>	Reaffirmed
Short-term Bank Facilities	104.3 (reduced from 107.2)	<b>'PR3' (PR Three)</b>	Reaffirmed
Long-term Bank Facilities/Short-term Bank Facilities	31.0	<b>'CARE BBB-'/ 'PR3' (Triple B minus) /(PR Three)</b>	Reaffirmed
<b>Total</b>	<b>271.9</b>		

**Rating Rationale**

The ratings continue to draw strength from the decade old track record of the company, its established position in the industry, diversified presence in the export market, improvement in raw material availability, commissioning of major portion of ongoing expansion projects, use of latest & proven technology, improving profitability and the positive outlook for the renewable energy. Funds infusion through QIP route and warrants conversion to improve liquidity also supported the reaffirmation of ratings. However, the ratings are constrained by the product concentration risk by virtue of company's presence in a single product, volatility in the prices of finished goods and high leverage position. Continuance of incentives offered by Governments of various countries for harnessing solar energy, ability to complete the balance portion of the ongoing projects on time and maintaining profitability margin in the light of increased competition from global players are the key rating sensitivities.

**Company Profile**

Incorporated in 1990, WESL is engaged in the manufacturing of Solar Photovoltaic Cells (SPCs) and modules with an installed capacity of 40 MW. The company is a 100% Export Oriented Unit and mainly caters to the export market. It is among the few established manufacturers of SPCs and modules in the domestic market and markets its products under the "Webel Solar" brand.

*1Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications".*

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On a total income of Rs.145.3 crore, WESL earned a PAT (after defd. tax) of Rs.10.6 crore in FY09. In nine months ended December 31, 2009 (9MFY10), while the PAT level witnessed a dip, the gross cash accruals was almost at the level of 9MFY09.

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