

NOVEMBER 10, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES AND INSTRUMENTS OF WELSPUN CORP LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	86.00	CARE AA- (Double A Minus)	Reaffirmed
Short term Bank Facilities	6,214.00	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	6,300.00 (Rupees. Six Thousand and Three Hundred Crore Only)		
Non-Convertible Debenture issue-1	1,000.00	CARE AA- (Double A Minus)	Reaffirmed
Non-Convertible Debenture issue-2	342.80	CARE AA- (Double A Minus)	Reaffirmed
Commercial Paper (Standalone)	200.00	CARE A1+ (A One Plus)	Reaffirmed

Rating Rationale

The ratings continue to derive strength from the resourceful promoters with long standing experience in the industry, dominant position of Welspun Corp Ltd (WCL) amongst global large diameter welded pipe producers along with presence of certifications and accreditations from major oil & gas companies worldwide, comfortable liquidity position signified by high level of cash and cash equivalent balance consistently maintained by the company, healthy order book position providing medium-term revenue visibility.

The ratings are, however, tempered by continued pressure on operating margins of pipe business and subdued performance of its Indian business during FY15 (refers to the period April 1, 2014 to March 31, 2015) and Q1FY16 (refers to the period April 1, 2015 to June 30, 2015) reflecting the subdued performance of the industry in the recent past and muted outlook in the industry.

WCL's ability to achieve the envisaged improvement in profitability in the medium term, any new projects taken up or a significant change in the available cash balances maintained by the company are the key rating sensitivities.

Background

Established in 1995, WCL is the flagship company of the Welspun group promoted by Late Mr. G. R. Goenka, Mr. B. K. Goenka and Mr. R. R. Mandawewala. WCL is engaged in manufacturing of HSAW, LSAW and ERW pipes with the total pipe capacity of 1.60 million tonnes per annum (mtpa) in India and 2.425 mtpa globally.

On consolidated basis, WCL posted a total income of Rs.8,556 crore and a PAT of Rs.214 crore during FY15 as compared to total income of Rs 7,871 crore and a PAT of Rs 98 crore in FY14.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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