

AUGUST 03, 2016

**CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES & INSTRUMENTS OF
WELSPUN CORP LTD**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	464.30	CARE AA- (Double A Minus)	Reaffirmed
Short term Bank Facilities	5,121.70	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	5,586.00 (Rs. Five Thousand Five Hundred Eight Six 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 as reflected by 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 FY16 (refers to the period April 1 to March 31) 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 liquidity 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.8,424 crore and a PAT of Rs.236 crore during FY16 as compared to total income of Rs 8,556 crore and a PAT of Rs 214 crore in FY15.

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

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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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