

July 13, 2010

CARE REVISES THE RATING ASSIGNED TO VARIOUS DEBT INSTRUMENT AND BANK FACILITIES OF WELSPUN CORP LTD

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	747.61	CARE AA-(Double A Minus)	Revised from CARE A+ (Single A Plus) and Credit Watch removed
Short-term Bank Facilities	6,631.50	PR1+ (PR One Plus)	Reaffirmed and Credit Watch removed
Total Facilities	7,379.11		
Commercial Paper / Short-term debt*	200.00	PR1+ (PR One Plus)	Assigned
Long-term Non Convertible Debentures	300.00	CARE AA-(Double A Minus)	Revised from CARE A+ (Single A Plus) and Credit Watch removed

*carved out of the sanctioned working capital limits

The ratings had been kept on “**credit watch**” in view of the developing implications arising out of the announcement by the company for acquisition of about 75% shareholding in MSK Projects India Ltd through its 100% subsidiary Welspun Infratech Ltd. Since the implications of the above arrangement on the financial position of the company are clear, the ratings have been removed from “**credit watch**”.

Rating Rationale

The revision of long term rating takes into account the Qualified Institutional Placement (QIP) issue of USD 100 million coupled with prepayment of rupee term loans leading to an improvement in leverage position and improvement in debt coverage indicators , profitability margins and cash accruals.

The ratings continue to take into account the long standing experience and dominant position of Welspun Corp Ltd (WCL) amongst Indian welded pipes manufacturers, presence of certifications and accreditations from customers, healthy order book position and the moderate utilisation of fund based facilities.

WCL’s long term rating is constrained by the heavy dependence of WCL’s revenues on the oil and gas sector in the export market, corporate guarantees extended by the company and the project execution risks associated with ongoing projects. The rating also takes into account the decline in order book to sales ratio over the years. WCL’s ability to execute the on-going projects within the envisaged cost and timeframe is the key rating sensitivity.

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

Company Profile

Incorporated in 1995, WCL manufactures manufacturing HSAW, LSAW and ERW pipes, and M.S. plates and H.R. coils. WCL is part of the Welspun Group promoted by Mr. G.R. Goenka, his son Mr. B.K.Goenka and Mr. R.R. Mandawewala. The change in name of the company from "Welspun Gujarat Stahl Rohren Ltd" to "Welspun Corp Ltd" was approved at its EGM held on April 23, 2010.

WCL raised USD 150 million by way of FCCB issue during October 2009 and USD 100 million by way of QIP issue during November 2009. The company's current pipe capacity, on a standalone basis, stands at 1.15 million tpa while the plate-cum-coil mill has a capacity of 1.50 million tpa.

On a standalone basis, WCL earned a PAT of Rs.540 crore on a total income of Rs.6,498 crore during FY10.

Analyst Contact

Name: Shailendra Gavali

Tel # 6754 3404

Mobile # 98199 71118

Email: shailendra.gavali@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 Prahaldnagar 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. Pradeep Kumar 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 – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@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>