Welspun Specialty Solutions Limited

September 21, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	26.54 (Reduced from 37.39)	CARE AA (CE); Stable	Reaffirmed; Outlook revised from Negative
Long-term / Short-term bank facilities	285.00	CARE AA (CE); Stable / CARE A1+ (CE)	Reaffirmed; Outlook revised from Negative
Short-term bank facilities	15.00	CARE A1+ (CE)	Reaffirmed

Details of instruments/facilities in Annexure-1.

Unsupported rating (LT/ST)	**CARE A+ / CARE A1 [Reaffirmed]**

Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for the credit enhanced debt

The reaffirmation of the ratings assigned to the bank facilities of Welspun Specialty Solutions Limited (WSSL) factors in the credit enhancement (CE) in the form of an unconditional and irrevocable corporate guarantee (CG) extended by Welspun Corp Limited (WCL) towards the timely servicing of debt obligations. The above rating is solely based on CARE Ratings Limited's (CARE Ratings') view of the guarantor's (WCL's) credit profile, and accordingly, the rating rationale highlights the credit risk assessment parameters for the guarantor.

CARE Ratings expects WCL to efficiently manage WSSL to enable the latter to maintain adequate funds to meet the payment obligations in a timely manner.

Rationale and key rating drivers of WCL

The reaffirmation of the ratings of the bank facilities and instruments of Welspun Corp Limited (WCL) continues to factor in its strong business risk profile, supported by its dominant position in the steel pipe business with a diverse geographical presence in India, the US, and Saudi Arabia.

The ratings further consider the strong order book position as on June 30, 2023, for the supply of 0.645 (Million Metric Tonne) MMT of line pipes from its India and US operations valued at ₹8,675 crore, providing revenue visibility for the next 18-24 months. In addition, the company also has received an order book under its ductile iron (DI) pipes and specialty steel business aggregating to ₹1,350 crore as on June 30, 2023. CARE Ratings Limited (CARE Ratings) expects the firm order book position under DI pipes, turnaround in the performance from Q4FY23 of the specialty steel business held under Welspun Specialty Solutions Limited which also has an order book position of 3,864 MT valued at ₹156 crore and the strong order book position under the line pipes business both, in India and the US will enable the company to improve its operating cash flows at a level similar to pre-COVID 19.

The debt-funded (70%) greenfield expansion undertaken by WCL under its subsidiaries in terms of setting up pig iron (PI) and ductile iron (DI) manufacturing and thermo-mechanically treated (TMT) re-rolling plants at Anjar, Gujarat, has been commissioned in July 2022, and commercial production has begun from December 2022. The company has orders to supply 149,000 MT of DI pipes valued at ₹1,195 crore as on June 30, 2023, providing revenue visibility for the newly-commissioned project. For TMT bars, the company has distributors and retailers in Gujarat for marketing the products, and since commissioned, the company has sold close to 17,000 MT of TMT bars valued at close to ₹92 crore in FY23.

The company has completed the acquisition of Sintex Prefab Infra Limited and Sintex-BAPL Limited in February 2023 and March 2023, respectively. It has also started monetising the moveable assets (scrap) acquired from ABG Shipyard Limited (ABG) and expects to liquidate the entire scrap by the end of Q1FY25.

During FY23, WCL reported a total operating income (TOI) of ₹9,800 crore. Its profitability was impacted due to the stabilisation cost incurred on the newly-commissioned capex, the volatile steel prices, and the low business in the US. Although the company had confirmed orders in the US, the execution of these orders was to start from Q1FY24 and major order execution to happen in Q2FY24 and Q3FY24. The demand for pipelines in the US is expected to increase with the rising demand of oil and gas (O&G) in the US and European markets due to the curtailment of O&G distribution from Russia and Ukraine.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

WCL's capital structure moderated in FY23 with the loan availed for acquisition and the planned capex, the lower cash accruals due to minimal business in the US, and the volatile steel prices impacting the profitability margins of the company. However, the operating performance in Q1FY24 and the reduction in debt indicates a gradual improvement in the financial ratios. The financial risk profile is supported by the liquidity position with cash and cash equivalents of ₹1,960 crore as on June 30, 2023.

The above rating strengths are offset by the volatility associated with crude O&G and steel prices impacting the demand for pipelines, the order book in the line pipe segment, and the regulatory risk in the geographies in which it operates. However, with the current order book, the operations in the US and Saudi Arabia will be occupied for the next 18-24 months, while the operations in India will continue to be benefitted from the government's thrust on initiatives like the Nal se Jal project for the water pipelines and the city gas distribution project for the O&G sector in India. The export markets are currently driven by orders being executed for the Australia and Middle East regions and the prospective orders in the European markets.

Outlook: 'Stable'
The revision in the rating outlook from 'Negative to 'Stable' factors in the completion of the planned capex and part monetisation of the moveable assets (scrap) acquired from ABG Shipyard Limited (ABG) and the healthy order book position as on June 30, 2023, providing revenue visibility for the next 18-24 months. The financial health indicators, which had moderated due to the debt availed for the capex and the acquisition, are expected to improve in the medium term, with no additional capex other than maintenance capex going forward and the prioritisation of cash flows towards debt reduction.

Key rating drivers of Welspun Specialty Solutions Limited

The reaffirmation of ratings assigned to the bank facilities of WSSL considers the operational and financial linkages with the WCL (WCL holds 50.03% stake in WSSL with the completion of the scheme of amalgamation). The ratings derive strength from the redefined product mix, with the management primarily focusing on the production of stainless steel (SS) bars, seamless pipe, and tube products. The modernisation capex undertaken by WSSL was completed recently and with the start of Steel Melting Shop (SMS) in Q3FY22, the company has been able to improve sales for SS long products. With WCL parentage, WSSL has a stronger presence across the market segments, access to new markets and product offerings which is expected to translate into better earnings and improved operational cash flows going forward.

The above rating strengths are offset by the weak financial risk profile and liquidity position due to past losses which has led to dependence on group companies/parent for support. The ratings also remain constrained by the inherent cyclicality in the steel industry.

Outlook: 'Stable'
Stable outlook reflects the rated entity is likely to showcase sustained improvement in performance (considers the improvement in the operational performance of the company from Q3FY23 onwards) which coupled with favourable demand scenario in the domestic market shall enable it to improve its business risk profile over the medium to long term period.

Rating sensitivities of Welspun Corp Limited: Factors likely to lead to rating actions
Positive factors

- WCL's ability to improve its consolidated operating profitability margin to more than 12% on a sustained basis.
- Low leveraged capital structure, with overall gearing (including the corporate guarantee [CG]) not more than 0.30x.
- Sustenance of return on capital employed (ROCE) above 25% and improvement in the interest coverage ratio (ICR) above 8.00x.

Negative factors

- On a consolidated level, the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 8% and TOI less than ₹9,000 crore on a sustained basis.
- Increase in the adjusted overall gearing (including CG) above 1.10x.
- Net debt/PBILDT of more than 2.50x over the next 12-18 months.

Rating sensitivities of Welspun Specialty Solutions Limited: Factors likely to lead to rating actions
Positive factors

- Improvement in the sales volume for stainless steel and pipes, leading to growth and sustenance of the revenue beyond ₹500 crore.
- Improvement in the credit metrics and sustained growth visible at the PBILDT level; PBILDT margin of more than 9% on a sustained basis.
- Improvement in credit profile of WCL.

Negative factors

- Low demand for stainless steel and seamless pipes, resulting in lower-than-expected revenues and margin.
- Any further deterioration in the credit metrics and withdrawal of support from group entities, particularly from WCL.

- Deterioration in credit profile of WCL.

Analytical approach:
For Credit Enhanced debt: The rating to the bank facilities of WSSL factors in the credit enhancement in the form of an unconditional and irrevocable corporate guarantee extended by WCL towards timely servicing of debt obligations.

Unsupported/Standalone rating: Standalone. Furthermore, the operational, financial and management linkages with WCL have been considered while arriving at the ratings.

Detailed description of the key rating drivers:

Key strengths of WCL
Strong business risk profile
WCL is one of the dominant players in the steel line pipe business, with an established track record of over two decades and demonstrated capabilities in the supply of line pipes for complex projects in the O&G as well as water segments. WCL has a global pipe production capacity of 2.15 million tonne per annum (MTPA), with an aggregate capacity of 1.25 MTPA at three locations across India, 0.525 MTPA capacity in the US, and 0.375 MTPA capacity through a JV in Saudi Arabia. In FY23, the company sold 1.002 MMT of line pipes, aided by its established relationships with reputed overseas and domestic customers. The requirement of sophisticated infrastructure in such business results in high entry barriers for new players, thereby limiting the competition, and thus, strengthening WCL's business risk profile.

Satisfactory order book position, providing medium-term revenue visibility
WCL's globally confirmed order book position for India and the US operations stand at 0.645 MMT, translating into a sales value of around ₹8,675 crore as on June 30, 2023, and a consolidated order book of ₹10,026 crore, thus providing it medium-term revenue visibility. In addition to the above, the company has an active bid book of more than 2 MMT, with orders in the O&G and water segments. For the Indian market, the demand for large-diameter pipes in the O&G segment is mainly driven by gas grid development and the oil pipeline network by domestic oil companies, while the demand for small-diameter pipes is driven by city gas distribution (CGD) projects. The US operations entirely supply to the O&G segment, while in Saudi Arabia, the order book is mainly driven by water orders from Saline Water Conversion Corporation (SWCC). The order book across geographies has aided the group in diversifying its revenue profile over the years.

Improved performance in Q1FY24
In Q1FY24, WCL reported a TOI of ₹4,069 crore and a PBILDT of ₹369 crore. For Indian operations, the order book stood at 236,000 MT as on March 31, 2023, of which the company has executed orders to supply 100,000 MT, and with 104,000 MT of new orders received during the quarter, the order book stood at 240,000 MT as on June 30, 2023. For the US operations, the order book as on March 31, 2023, was 399,000 MT, the orders executed during the quarter were 80,000 MT, and with new orders of 11,000 MT received, the order book stood at 330,000 MT as on June 30, 2023.

Moderation in financial risk profile and profitability indicators in FY23
The financial risk profile, marked by overall gearing and total debt (TD) to gross cash accruals (GCA), stood at 1.02x and 9.80x, respectively, as on March 31, 2023, moderated from 0.64x and 3.90x, respectively, as on March 31, 2022, with debt availed for the capex for PI, DI pipes and the TMT Bars manufacturing facility and acquisitions.

WCL, on a standalone level, earned a PBILDT margin of 9.76% for FY23. On a consolidated level, the profitability was impacted due to the stabilisation cost incurred on the newly-commissioned capex, the one-time inventory write-off, and the fixed cost incurred in the US. The business in the US picked up in H2FY23. The profitability is expected to improve in FY24 with revenue from the new businesses and the healthy order book for both, the Indian and the US operations.

The company has completed its capex funding and acquisitions and has no major investments in the pipeline. The repayment of maturing debt, the strong order book of 0.645 MMT valued at ₹8,675 crore, the stabilisation of greenfield projects, the cash flow generation from these projects and the exiting business of line pipes, as envisaged, is expected to improve the company's financial risk profile going ahead. The financial risk profile is supported by cash and liquid investments balance of ₹1,960 crore as on June 30, 2023.

Acquisition of Sintex-BAPL Limited
To increase its presence in the B2C segment and foray into the plastic or polymer products business, WCL has acquired Sintex-BAPL Limited. Sintex is a well-known brand with a distribution (around 900) and retail (around 13,000) network. The company can leverage this distribution network for its products such as TMT, DI pipes, ERW, etc. The resolution plan submitted by Propel Plastic Products Private Limited was approved and completed on March 29, 2023, with Sintex-BAPL Limited becoming a subsidiary of WCL.

Monetisation of ABG's assets
WCL, along with Nauyaan Shipyard Limited, has acquired the assets of ABG for ₹659 crore plus taxes. To fund the acquisition, WCL has taken a short-term loan of ₹400 crore. WCL has acquired partly-built obsolete ships and scrap, which is estimated to

be over around 160,000 MT, 165 acre of land, and 1,000 metre of water frontage. The company has sold part of ABG's assets to a steel trader for ₹360 crore plus GST in March 2023. Furthermore, the contract to sell another ₹160 crore of scrap is in the process. WCL plans to liquidate the scrap by the end of Q1FY25 and some scrap will be used by the steel division of the company. As on July 31, 2023, the company has received ₹245 crore from scrap sale and the balance is expected to be received by the end of FY24. The loan availed for the acquisition has been completely repaid in August 2023 as against March 2024.

Generation of revenue from the recently-commissioned capex
WCL completed its capex of DI pipes and TMT bars under its subsidiaries Welspun Di Pipes Limited (WDL), Welspun Metallics Limited (WML), and Anjar TMT Steel Private Limited (Anjar-TMT) in FY23. The projects were commissioned for trial runs in July 2022 and commercial operations started in December 2022. The project cost of ₹2,500 crore has been funded through a debt of ₹1,650 crore and the balance through equity.

Under TMT bars, the company rolls steel billets supplied by WCL or purchased from outside into TMT bars and sells it to dealers or retailers. Since commencement of operations in December 2022, the company has sold 17,000 MT for ₹92 crore.

For the DI pipes business, the stabilisation took time, while the hot metal or PI facility under WML was ready to use. The company incurred a one-time inventory loss of ₹190 crore approximately on PI conversion in H1FY23. With the stabilisation of the WDL facility, 90% of the hot metal or PI produced by WML will be captively used by WDL. As on June 30, 2023, WDL has 149,000 MT of orders under DI pipes valued at ₹1,195 crore. The timely ramp-up in operations and revenues will remain a key monitorable for the group.

Amalgamation of WML with WCL
WCL has announced the amalgamation of WML with itself by way of merger or absorption. WML is an unlisted company and a wholly owned subsidiary of WCL. The entire assets and liabilities of WML is to be transferred to WCL. Since the entire share capital of WML is held by WCL, upon the scheme being effective, no shares of the company will be issued and allotted. The investment by WCL will stand cancelled in WML.
Benefits of the merger:

- The proposed merger is expected to reduce costs and help in better alignment of the day-to-day operations being into the similar line of business.
- Reduced logistics and distribution costs for both companies.
- WML is a new company that has just begun commercial production and is stabilising its operations, while WCL is an already established company with a strong balance sheet.

Key weakness of WCL
Susceptible to slowdown in end-user industries and to government policies
WCL derives more than 50% of its revenue from the O&G segment. The significant volatility in crude prices can question the viability of new explorations, thereby impacting the demand for line pipes in the O&G segment. The revival of new projects in the O&G segment in the key markets of the US and the Middle East is critical to sustain the improvement in the overall operations. Any major and continued slowdown in end-user industries will weaken the demand for line pipes and impact the performance. Furthermore, the operations remain exposed to government policies and regulations in the geographies it operates.

Key strengths of WSSL
Strategic importance of WSSL
WSSL remains of strategic importance to WCL by expanding its product offerings to include SS long products and SS seamless pipes and tubes. WSSL is focusing on supplying to sectors like defence, oil & gas, nuclear technology among others with huge export potential. The exports improved for the company with ₹153 crore of export sales in FY23 compared to ₹22.73 crore in FY22.

Relevant experience of the WCL in selling and marketing of steel products
The Welspun group has relevant experience and established track record of two decades in selling and marketing of steel products. With WSSL now a subsidiary of WCL, the former can leverage on the established distribution network of WCL to market its products. WSSL will have stronger presence across market segments, access to new markets and product offerings while having access to WCL's marketing capabilities. This could translate into better earnings predictability and improved operational cash flows.

Change in product mix to help drive volumes and improve sales realisation

WSSL's past operational performance remains sub-par with underutilisation of its capacities. The company has discontinued production of alloy-based steel and would focus on stainless steel wherein realisation is more than alloy-based products. In FY23, SS pipes volumes was higher by 39% in comparison to FY22, further realisation/tonne also improved during FY23. The company sold 6,869 MT of SS Bars in FY23 compared to 1,531 MT in FY22. For Q1FY24, WSSL made sales of 3,022 MT of SS Bars/Tubes and 1,275 MT of SS Pipes. As on June 30, 2023, the company has an order book of 3,864 MT valued at ₹155.6 crore.

Key weaknesses of WSSL

Weak financial risk profile, leading to dependence on group companies

WSSL's financial risk profile remains weak due to operating losses in the last few years, including FY22. The continued losses have resulted in an eroding of the net worth and negative interest coverage for the said period. WSSL has been relying on support from the parent company for funding its operations. However, in FY23, the company posted operating profits and Q1FY24 is also on similar lines. CARE Ratings notes the turnaround in performance of the company with better product mix, sustenance of the same is expected to improve the financial health indicators in the medium to long term period.

Inherent cyclicity in the steel industry

The prospects of the steel industry are strongly co-related to economic cycles. The demand for steel is sensitive to trends of particular industries, viz, automotive, construction, infrastructure, and consumer durables, which are the key consumers of steel products. These key user industries, in turn, depend on various macroeconomic factors, such as consumer confidence, employment rates, interest rates, and inflation rates, among others, in the economies in which they sell their products. When downturns occur in these economies or sectors, the steel industry may witness a decline in the demand.

Liquidity: Adequate

WSSL's liquidity position is derived from the parent-level liquidity strength, which remains strong, supported by cash and cash equivalents of ₹1,960 crore as on June 30, 2023, and fund-based limit of ₹500 crore, which remained utilised at a 56% average over the 12 months ended May 2023. The company has nominal cash balance of ₹1 crore as on March 31, 2023. The average utilisation of fund-based limits stands at 43% for the past 12 months ending June 2023, whereas for the non-fund-based, it stands at 70% for the same period. The company's liquidity draws comfort from expected support from WCL.

Assumptions/Covenants: Not Applicable

Environmental, social and governance (ESG) risks

CARE Ratings believes that WCL's environment, social, and governance (ESG) profile supports its strong credit risk profile.

The steel pipe manufacturers have a significant impact on the environment owing to being energy-intensive and high-water consuming. The sector's social impact is characterised by health hazards, leading to a higher focus on employee safety involved in manufacturing activities and the well-being of the local community. WCL has been focusing on mitigating its environmental and social risks.

Key ESG targets set up by the company are below:

- WCL has a target to become carbon neutral by 2040, and to use 10% renewable energy by 2025 and 20% renewable energy by 2030.
- WCL has a target of 0.55 KL/MT and 0.40 KL/MT for FY25 and FY30, respectively. It has also set a target to become water neutral by 2040.
- WCL has set a zero-waste-to-landfill target by 2030.
- A 100% of the critical suppliers to be assessed on ESG parameters by 2025.

Applicable criteria

Policy on default recognition
Factoring Linkages Parent Sub JV Group
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Credit Enhanced Debt
Rating Outlook and Credit Watch
Short Term Instruments
Manufacturing Companies
Steel
Policy on Withdrawal of Ratings

About the credit enhancement provider - Welspun Corp Limited

WCL is the flagship company of the Welspun group. WCL is a welded pipe manufacturing company engaged in offering solutions in line pipes, with a capacity to manufacture longitudinal submerged arc welded (LSAW; used for onshore and offshore oil, gas transmission), spiral helical submerged arc welded pipes (HSAW; used for onshore oil, gas and water transmission), and electrical resistance welded (ERW; used for downstream distribution of oil, gas and water) pipes. The company also offers coating, bending, and double jointing facilities. WCL has the capacity to manufacture 2.15 MTPA of steel pipes, with plants located in India, the US, and Saudi Arabia (under JV).

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31. 2023 (Abr)	Q1FY24 (UA)
Income from continuing operations	6,488	9,800	4,069
PBILDT	462	526	369
AT (after discontinued operations)	444	199	168
Overall gearing (including LC acceptances) (times)	0.64	1.02	-
Interest coverage (times)	4.58	2.17	3.99

A: Audited; Abr: Abriged; UA: Unaudited (includes share of profit/loss from Saudi Arabia operations).
Note: The above results are the latest financial results available.

About the company and industry

Industry Classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Incorporated in December 1980, WSSL (earlier known as RMG Alloy Steel Limited) is a part of the Welspun group, with a 50.03% stake held by WCL as on March 31, 2022. WSSL operates an electric arc furnace (for alloy steel) and induction furnace (for stainless steel)-based steel melting shop, a rolling mill, and a seamless pipe manufacturing facility in Bharuch, Gujarat. It has a capacity of 150,000 tonne per annum (TPA) in steel melting shop, 100,000 TPA in rolling mill, along with 18,000 TPA in the pipes division.

Brief Financials (₹ crore)	March 31, 2022 (A)*	March 31. 2023 (A)	Q1FY24 (UA)
Income from continuing operations	181.90	430.99	162.83
PBILDT	0.23	29.88	19.84
PAT (after discontinued operations)	-32.44	-13.74	11.14
Overall gearing (including LC acceptances)* (times)	42.80	15.24	-
Interest coverage (times)	0.01	0.98	2.37

A: Audited; UA: Un-Audited; *Restated financials for FY22
The financials have been reclassified as per CARE Ratings' standards.

Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating history for the last three years: Please refer Annexure-2
Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3
Complexity level of the various instruments rated: Annexure-4
Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term loan		-	-	30-09-2025	26.54	CARE AA (CE); Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	160.00	CARE AA (CE); Stable / CARE A1+ (CE)
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	125.00	CARE AA (CE); Stable / CARE A1+ (CE)

Non-fund-based - ST-Forward contract		-	-	-	15.00	CARE A1+ (CE)
Un Supported rating-Un Supported rating (LT/ST)		-	-	-	0.00	CARE A+ / CARE A1

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST*	125.00	CARE AA (CE); Stable / CARE A1+ (CE)	-	1)CARE AA (CE); Negative / CARE A1+ (CE) (29-Mar-23) 2)CARE AA (CE); Negative / CARE A1+ (CE) (24-Jan-23) 3)CARE AA (CE); Stable / CARE A1+ (CE) (30-Jun-22) 4)CARE AA (CE); Stable / CARE A1+ (CE) (16-Jun-22)	1)CARE BBB- (CW with Developing Implications) (03-Dec-21)	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST*	160.00	CARE AA (CE); Stable / CARE A1+ (CE)	-	1)CARE AA (CE); Negative / CARE A1+ (CE) (29-Mar-23) 2)CARE	1)CARE AA (CE); Stable / CARE A1+ (CE) (03-Dec-21)	-

						AA (CE); Negative / CARE A1+ (CE) (24-Jan-23) 3)CARE AA (CE); Stable / CARE A1+ (CE) (30-Jun-22) 4)CARE AA (CE); Stable / CARE A1+ (CE) (16-Jun-22)		
3	Un Supported rating-Un Supported rating (LT/ST)	LT/ST*	0.00	CARE A+ / CARE A1	-	1)CARE A+ / CARE A1 (29-Mar-23) 2)CARE A+ / CARE A1 (24-Jan-23) 3)CARE BBB- / CARE A3 (30-Jun-22) 4)CARE BBB- / CARE A3 (16-Jun-22)	1)CARE BBB- (CW with Developing Implications) (03-Dec-21)	-
4	Non-fund-based - ST-Forward contract	ST	15.00	CARE A1+ (CE)	-	1)CARE A1+ (CE) (29-Mar-23) 2)CARE A1+ (CE) (24-Jan-23) 3)CARE	-	-

						A1+ (CE) (30-Jun-22) 4)CARE A1+ (CE) (16-Jun-22)		
5	Fund-based - LT-Term loan	LT	26.54	CARE AA (CE); Stable	-	1)CARE AA (CE); Negative (29-Mar-23) 2)CARE AA (CE); Negative (24-Jan-23) 3)CARE AA (CE); Stable (30-Jun-22)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:

Name of the Instrument	Detailed Explanation
A. Financial covenants	
I.TOL/TNW to be maintained at 4:1	
II.DER to be maintained at 3:1	
B. Non-financial covenants	
I. Welspun Corp Ltd/Welspun Group directly/indirectly should maintain unencumbered shareholding of the borrower throughout the tenor of the facilities.	
II. Welspun Group to retain management control of the borrower through out the tenor of the facilities.	

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - ST-Forward Contract	Simple
5	Un Supported Rating-Un Supported Rating (LT/ST)	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For the detailed Rationale Report and subscription information, please visit www.careedge.in