

Welspun Specialty Solutions Limited

September 28, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	235.00	CARE AA-; Stable / CARE A1+	Assigned
Long-term / Short-term bank facilities	RBI	-	-	Withdrawn
Long-term bank facilities	RBI	65.00	CARE AA-; Stable	Assigned
Short-term bank facilities	RBI	-	-	Withdrawn
Commercial paper	RBI	50.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Unsupported rating	Withdrawn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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has withdrawn ratings of 'CARE AA+ (CE); Stable/CARE A1+ (CE)' and unsupported ratings of 'CARE AA-/CARE A1+' assigned to bank facilities of Welspun Specialty Solution Limited (WSSL) and have simultaneously assigned 'CARE AA-; Stable/CARE A1+', pursuant to the release of the unconditional and irrevocable corporate guarantee extended by Welspun Corp Limited (WCL; rated 'CARE AA+; Stable/CARE A1+').

Ratings assigned to bank facilities and instruments of WSSL derive strength from its strategic importance to its parent, WCL, and strong operational, managerial and financial linkages. WCL holds a 55.17% stake in WSSL, and the entities share a common brand, management oversight, treasury functions, customer base and distribution network. WCL has also demonstrated support through equity infusion and funding arrangements.

Ratings also factor in WSSL's steady growth in sales volume. Total operating income (TOI) increased by ~20% in FY26, driven by a 37% growth in sales volume. Ratings also factor in comfortable leverage and debt coverage indicators. The company's liquidity remains strong, backed by sizeable liquid investments, low utilisation of fund-based working-capital limits and absence of term-debt.

These strengths are partially offset by moderate and volatile profitability and low-capacity utilisation, which constrain operating efficiencies. Timely stabilisation and ramp-up of enhanced bright-bar facility remain key rating monitorable. Ratings further remain constrained by moderate order-book position, customer concentration and exposure to inherent cyclicality in the steel-industry. Profitability also remains susceptible to volatility in scrap, nickel, ferroalloys, natural-gas prices and foreign-exchange rates, geopolitical uncertainties and export-related restrictions.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations supported by improvement in capacity utilisation above 50%, and improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 8% on a sustained basis.
- Improvement in the credit profile of WCL or strengthening operational and financial linkages with the parent.

Negative factors

- Low demand for stainless steel (SS) and seamless pipes, resulting in lower-than-expected revenues and margin.
- Deterioration in credit metrics due to higher than anticipated debt-funded capex.
- Deterioration in the credit profile and/or weakening linkages with WCL.

Analytical approach: Standalone

Standalone; operational, financial, and management linkages with WCL have been considered while arriving at ratings. CareEdge Ratings has applied parent notching framework for arriving at ratings.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook reflects that the rated entity is likely to maintain its market position, which, coupled with the favourable demand scenario, with the optimum capacity utilisation of the added capacity, will enable it to sustain its healthy business risk profile in the medium-to-long term.

Detailed description of key rating drivers**Key strengths****Strategic importance to WCL through product diversification and operational linkages**

Since WCL is already involved in carbon steel pipes, the SS pipe range offered by WSSL provides WCL with the advantage of product diversification. Moreover, SS pipes typically achieve higher selling prices due to their greater value addition compared to carbon steel pipes sold by WCL. As a result, WSSL has maintained strong PBILDT per tonne. Carbon steel pipes (from WCL) and SS pipes (from WSSL) are widely used in sectors such as oil and gas and thermal power, where WCL already has a solid presence. This overlap in customer base and end-use industries creates operational synergies between WSSL and its parent company.

Sustained improvement in TOI, despite moderation in profitability

The company's operating performance improved in the last few years, driven by a sustained increase in sales volume. The company's sales volume increased from 10,928 metric tonnes (MT) in FY23 to 32,481 MT in FY26, registering a compound annual growth rate (CAGR) of ~44%. Consequently, TOI increased from ₹431 crore in FY23 to ₹895 crore in FY26. TOI grew by around 20% in FY26 over FY25 despite moderation in blended sales realisation from ₹3.03 lakh per MT in FY25 to ₹2.68 lakh per MT in FY26, driven by 37% increase in sales volume. Despite improvement in operating scale, PBILDT margin moderated from 7.15% in FY25 to 6.30% in FY26. PBILDT per tonne also declined from ₹22,543 in FY25 to ₹17,373 in FY26. This decline reflects moderation in blended sales realisation, changes in product mix and lag in the pass-through of increase in raw-material and energy costs. In Q1FY27, TOI remained largely stable at ₹194 crore as compared to ₹201 crore in Q1FY26. Blended sales realisation improved to ₹3.00 lakh per MT from ₹2.03 lakh per MT, while PBILDT per tonne improved to ₹22,642 from ₹20,549. However, the PBILDT margin moderated to 7.40% in Q1FY27 from 8.05% in Q1FY26.

The company increased bright bar capacity from 24,000 MT to 84,000 MT, which is under stabilisation. The low-value added black bars will be further processed into bright bars, resulting in overall improvement in product mix. The company had an order book of around ₹200 crore at FY26-end (₹254 crore as on September 30, 2025). Pipe and tube order coverage was around three months, while steel order coverage was around two months. As informed by the management, the orderbook position broadly continued in Q1FY27.

Comfortable financial risk profile

The company's financial risk profile improved significantly in FY26, supported by an increase in net worth and reduction in debt level. Net worth increased to ₹456 crore as on March 31, 2026, from ₹396 crore as on March 31, 2025. As on March 31, 2026, the debt profile comprised majority working-capital borrowings and letter of credit (LC) acceptances, with no outstanding term debt. Consequently, overall gearing, including LC acceptances, improved to 0.41x as on March 31, 2026, from 0.50x as on March 31, 2025, while PBILDT interest coverage improved to 2.19x from 1.21x.

Key weaknesses**Inherent cyclicality in the steel industry**

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

Susceptible to raw material price fluctuation and foreign exchange fluctuation risk

The company's primary raw materials include SS scrap, nickel and ferrochrome, prices which remain volatile, considering these are commodity products. Adverse movement in raw material prices may impact the group's margins due to time lag between procurement and passing it on to customers.

Liquidity: Strong

WSSL's liquidity position is strong, supported by cash and liquid investments of around ₹155 crore as on March 31, 2026, low average fund-based working-capital utilisation of ~7% for 12 months ended June 2026, and absence of term-debt repayments. WSSL had current ratio of 1.42x as on March 31, 2026. Liquidity is further supported by expectation of gross cash accruals of

~₹50 crore and adequate undrawn bank lines. However, working capital intensive operations, particularly sizeable inventory and receivables, remains a monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Risk factors	
Environmental	Energy consumption and renewable transition: Moderate Total energy consumption increased to 374,079 GJ in FY26, compared to 310,406 GJ in FY25, primarily alongside the increase in production. However, energy intensity improved by 9.5% y-o-y to 9.32 GJ per metric tonne of bloom, from 10.30 GJ per metric tonne in FY25. Renewable electricity accounted for ~58% of total electricity consumption, up from 31% in FY25, and exceeded 70% in Q4FY26.
	Environmental emissions: Low In FY26, WSSL reduced its Scope 1 and Scope 2 emission intensity by ~35%, from 1.06 tCO₂e per metric tonne of bloom in FY25 to 0.69 tCO₂e per metric tonne of bloom. Total Scope 1 emissions stood at 12,724 tCO₂e, while Scope 2 emissions declined to 14,972 tCO₂e from 19,445 tCO₂e in FY25. The higher renewable electricity share and use of low-emission energy sources supported the reduction in emission intensity.
	Solid Wastage & recycling: Moderate Total waste generated increased to 12,030 metric tonnes in FY26, compared to 6,625 metric tonnes in FY25, largely due to higher slag generation alongside increased production. Hazardous waste included 75.88 metric tonnes of ETP sludge and 9.48 metric tonnes of empty containers. WSSL recycled 427 metric tonnes of waste and reused or repurposed 11,527 metric tonnes of slag. Hazardous waste is segregated, stored in designated areas, and routed through vendors or recyclers authorised by the Pollution Control Board.
Social	Gender diversity- Low As on March 31, 2026, women represented 12.5% of the Board of Directors, with one woman director out of eight. Female representation stood at ~10% among employees, with 28 women out of 292 employees, and ~1% among workers, with seven women out of 775 workers.
	Attrition rate: Moderate The turnover rate for permanent employees improved to 25.7% in FY26, from 34.4% in FY25. The turnover rate for permanent workers also declined to 17.0% in FY26, from 24.9% in FY25.
	Safety standards: Adequate WSSL has implemented an occupational health and safety management system covering 100% of its plant operations, supported by safety committees, regular audits, hazard identification and risk assessment processes, and the WELSAFE digital platform. The company reported zero lost-time injury frequency rate and zero lost-time incidents in FY26.
Governance	Board independency- Majority As at March 31, 2026, 50% of the Board comprised independent directors, with four independent directors out of a total of eight. The Board composition complied with the applicable corporate governance requirements, including the requirement for at least half of the Board to comprise independent directors where the chairperson is a non-executive promoter director.
	Participation of board members: Active Five Board meetings were held in FY26, with average director attendance of ~87.5%. All four independent directors attended all five Board meetings, and the separate meeting of independent directors held on March 26, 2026, was attended by all independent directors.
	Internal financial controls: The statutory auditor concluded that WSSL had, in all material respects, adequate internal financial controls over financial reporting, and that such controls were operating effectively as at March 31, 2026.

Applicable criteria

[Definition of Default](#)

[Notching by Factoring Linkages in Ratings](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Ferrous metals	Iron and steel

Incorporated in December 1980, WSSL (earlier known as RMG Alloy Steel Limited) was promoted by V.C Saraf and R.C Saraf and Remi group of companies. WSSL is now majorly held by WCL. WSSL has an electric arc furnace (for alloy steel) and induction furnace (for SS) based steel melting shop, a rolling mill and a seamless pipe manufacturing facility in Bharuch, Gujarat. It has a capacity of 150,000 tonnes per annum (TPA) in steel melting shop; 100,000 TPA in rolling mill and 10,000 TPA in pipes division and an 84,000 tonne peeling and polishing facility to manufacture bright bars. The company manufactures SS (ingot/blooms/bright bars) and SS seamless pipes/tubes.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	746	895	194
PBILDT	53	56	14
Profit after tax (PAT)	-4	23	5
Overall gearing (x)	0.52	0.41	NA
Interest coverage (x)	1.21	2.19	2.77

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	Not yet placed	-	Not yet placed	Not yet placed	50.00	CARE A1+
Fund-based - LT-Working Capital Limits	RBI	Simple	-	-	-	-	65.00	CARE AA-; Stable
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	0.00	Withdrawn
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-	-	-	-	235.00	CARE AA-; Stable / CARE A1+
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Forward Contract	RBI	Simple	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for 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 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	-	1)CARE AA+ (CE); Stable / CARE A1+ (CE) (26-Nov-25) 2)CARE AA+ (CE); Stable / CARE A1+ (CE) (11-Aug-25)	1)CARE AA (CE); Positive / CARE A1+ (CE) (20-Sep-24)	1)CARE AA (CE); Stable / CARE A1+ (CE) (21-Sep-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	1)CARE AA+ (CE); Stable / CARE A1+ (CE) (26-Nov-25) 2)CARE AA+ (CE); Stable / CARE A1+ (CE) (11-Aug-25)	1)CARE AA (CE); Positive / CARE A1+ (CE) (20-Sep-24)	1)CARE AA (CE); Stable / CARE A1+ (CE) (21-Sep-23)
3	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)CARE A1+ (CE) (26-Nov-25) 2)CARE A1+ (CE) (11-Aug-25)	1)CARE A1+ (CE) (20-Sep-24)	1)CARE A1+ (CE) (21-Sep-23)
4	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (11-Aug-25)	1)CARE AA (CE); Positive	1)CARE AA (CE); Stable

							(20-Sep-24)	(21-Sep-23)
5	Commercial Paper-Commercial Paper (Standalone)	ST	50.00	CARE A1+	-	1)CARE A1+ (26-Nov-25)	-	-
6	Fund-based - LT-Working Capital Limits	LT	65.00	CARE AA-; Stable				
7	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	235.00	CARE AA-; Stable / CARE A1+				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: List of entities consolidated: Not applicable

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

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