

Press Release
Welspun Enterprises Limited

December 10, 2019

Rating Withdrawn

| | |
|-------------------------------------|--------------------------------------|
| Total Bank Facilities Rated* | Rs.500.00 Cr. |
| Long Term Rating | ACUITE Provisional AA (Withdrawn) |

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE Provisional AA**' (read as **ACUITE Provisional double A**) on the Rs.500.00 crore issue of proposed non-convertible debentures of Welspun Enterprises Limited (WEL).

The rating being withdrawn is in line with Acuite policy on withdrawal of rating.

WEL is the infrastructure arm of Welspun Group promoted by Mr. B.K. Goenka and Mr. R R Mandawewala. Besides Infrastructure, Welspun Group have interest in Home Textiles (Welspun India Limited) and large diameter SAW pipes (Welspun Corp Limited).

WEL is an operating as well as holding company executing Engineering Procurement and Construction contracts for construction of roads, highways and water infrastructure. The company has successfully executed Build Operate and Transfer (BOT) projects in the past and is presently focused on executing projects under Hybrid Annuity Model (HAM). Besides a presence in road infrastructure through various SPVs, WEL is also engaged in oil and gas exploration activities through Welspun Natural Resources Private Limited (WNRPL), which has a joint venture with Adani Group in Adani Welspun Exploration Limited. WNRPL has four Oil & Gas blocks of which one block is in Kutch, two blocks in Mumbai (under AWEL) and one block is in Palej (under WNRPL).

WEL's equity shares are listed on Bombay Stock Exchange and National Stock Exchange. As on June 30, 2019, the promoter and promoter group holds ~47 per cent of the equity in WEL.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-53.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

About the Rated Entity - Key Financials

| | Unit | FY19 (Actual) | FY18 (Actual) |
|-------------------------------|---------|---------------|---------------|
| Operating Income | Rs. Cr. | 1,740.18 | 998.34 |
| PAT | Rs. Cr. | 153.69 | 109.74 |
| PAT Margin | (%) | 8.83 | 10.99 |
| Total Debt/Tangible Net Worth | Times | 0.11 | 0.05 |
| PBDIT/Interest | Times | 18.07 | 22.97 |

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr) | Ratings/Outlook |
|-----------|-------------------------------------|-----------|-----------------|--|
| 20-Aug-19 | Proposed Non-Convertible Debentures | Long Term | 500.00 | ACUITE AA Provisional (SO)/Stable (Reaffirmed) |
| 29-Mar-19 | Proposed Non-Convertible Debentures | Long Term | 500.00 | ACUITE AA Provisional (SO)/Stable (Reaffirmed) |
| 20-Dec-18 | Proposed Non-Convertible Debentures | Long Term | 500.00 | ACUITE AA Provisional (SO)/Stable (Assigned) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|-------------------------------------|------------------|----------------|----------------|-------------------------------|-----------------------------------|
| Proposed Non-Convertible Debentures | Not Applicable | Not Applicable | Not Applicable | 500.00 | ACUITE Provisional AA (Withdrawn) |

Contacts

| Analytical | Rating Desk |
|--|---|
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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