

Press Release
WELSPUN BAPL PRIVATE LIMITED
January 22, 2025
Rating Assigned and Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	55.00	ACUITE A Stable Upgraded	-
Bank Loan Ratings	45.00	-	ACUITE A1 Upgraded
Total Outstanding Quantum (Rs. Cr)	145.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating from 'ACUITE A-' (read as ACUITE A minus) to 'ACUITE A' (read as ACUITE A) on the bank facilities of Rs.55.00 Crore and the short term rating from 'ACUITE A2+' (read as ACUITE A two plus) to 'ACUITE A1' (read as ACUITE A one) on the Rs.45.00 Crore bank facilities of Welspun BAPL Private Limited (WBPL). The outlook is 'Stable'.

Acuite has assigned its the long-term rating of 'ACUITE A' (read as ACUITE A) on the bank facilities on Rs.45.00 Crore bank facilities of Welspun BAPL Private Limited. The outlook is 'Stable'.

Rationale for Recommendation

The upgrade reflects the comfort from comprehensive product portfolio, continuous orders from OEM's (Hyundai, TVS, Maruti, KIA, TATA Motors, Mahindra & Mahindra, etc.), healthy financial risk profile, moderate working capital operations and adequate liquidity profile of the company. However, these strengths are partly offset by the susceptibility to volatility in raw material prices and high client concentration.

About the Company

Mumbai Based, Welspun BAPL Private Limited (erstwhile Plastauto Private Limited) was incorporated on July 12, 2021 as Tubular Pipes Private Limited. The name of the Company was subsequently changed to Plastauto Private Limited on October 18, 2022. The Company is engaged in the business of manufacture of plastic moulded plastic components for the automotive industry. The Company's business was earlier part of auto division of Sintex BAPL Limited (Sintex BAPL). Sintex BAPL had been admitted under Insolvency & Bankruptcy Code and Resolution Plan for acquisition of Sintex BAPL by Welspun Group, approved by NCLT vide its order dated March 17th 2023. Post the scheme becoming effective, SABPL transferred automotive business to - Welspun BAPL Private Limited (erstwhile Plastauto Private Limited) for Rs. 110 Cr as on 29th of March 2023.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of WBPL to arrive at the rating.

Key Rating Drivers

Strengths

Resourceful promoters

Welspun BAPL Private Limited (erstwhile Plastauto Private Limited) is a part of the Welspun Group, with 100 per cent of the stake being held by trustee Mr. B.K. Goenka on behalf of the Welspun Group Master Trust. Welspun Group, promoted by Mr. Balkrishnan G Goenka and Mr. Rajesh R Mandawewala since 1985, is headquartered in Mumbai and has presence across varied business segment such as Home Textiles, Line Pipes, Infrastructure, Steel,

Oil & Gas, Retail and Flooring Solutions. The company is planning a capital expenditure of approx. Rs. 60 Cr. which includes the purchase of 20 new machines and setting up new plant in Pune. The company already got sanction of the loan of 45 Cr. and balance will be done from internal accruals. Acuite believes that the parent company's successful track record will benefit the company in medium to long term.

Scale of Operations & Profitability

The financial year 23-24 was the first complete year of commercial operations for Welspun BAPL. They have booked the total revenue of Rs. 258.86 Cr. with operational profit of Rs. 14.07 Cr. and net profit of Rs. 8.02 Cr. in first year of commencement. The operational and net margin stood at 5.44 and 3.10% respectively for FY 23-24. As per Year to End financials, the company has recorded the turnover of Rs. 119 Cr. till September 2024 with operational profit of Rs. 11.01 Cr. and net profit of Rs. 3.95 Cr. Acuite believes that the revenue from operations will continue to grow in longer run with continuous orders backing from OEM (Maruti, KIA, TATA, Mahindra, Hyundai, etc.)

Healthy Financial Risk Profile

The financial risk profile of the company is healthy marked by tangible net worth of Rs. 134.72 Cr. as on 31st March 2024 against Rs. 124.86 Cr. in previous year 22-23 ended. It includes Rs. 30 Cr. as 0% Compulsory Convertible Debentures (CCD) held by Welspun Group which is treated as Quasi Equity. The company had also issued 0% Optionally Convertible Debentures (OCD) of worth Rs. 85 Cr. to Welspun Group. The gearing ratio stood below unity at 0.63 times for FY 23-24 against 0.68 times in FY 22-23. TOL/TNW improved and stood at 1.09 times in FY 23-24 against 1.47 times for FY 22-23. The Debt Protection Matrices i.e. DSCR & ISCR stood at 7.82 times & 7.57 times for FY 23-24. Acuite believes that the financial risk profile of the company will remain healthy in near to medium term despite debt funded capex.

Moderate Working Capital Operation

The working capital operations of the company is moderate having GCA (Gross Current Asset) days of 92 days for FY 23-24. It includes inventory holding days of 34 days and debtor days as 48 days. The working capital cycle of the business is 8 days. Acuite believes that working capital operations will remain moderate for this company on the account of nature of operations.

Weaknesses

Profitability susceptible to macro-economic factors, industry cyclicality and raw materials prices

The automobile industry is subjected to macro-economic headwinds emanating from inflationary pressure and economic slowdown. Economic downturns impact consumer spending on discretionary items, and hence slowdown in economic activity can impact industry sales and thus impact the company. However, Acuite believes the risk is mitigated to some extent as the increase in raw material prices are passed on to end customers.

Rating Sensitivities

- Movement in the scale of operations & profitability
- Timely completion of Capex planned.

Liquidity Position

Adequate

The liquidity profile of the company is adequate as generating net cash accruals of Rs. 17.36 Cr. in FY 23-24 against absence of debt obligation for the same period indicating availability of cushion for capital expenditure planned in near term. The company has a cash & balance and liquid investments worth Rs. 19.94 Cr. as on 31st March 2024. Acuite believes that going forward the liquidity profile of the company will remain adequate in near to medium term with steady accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	258.86	1.27
PAT	Rs. Cr.	8.02	(0.11)
PAT Margin	(%)	3.10	(8.63)
Total Debt/Tangible Net Worth	Times	0.63	0.68
PBDIT/Interest	Times	7.57	(6.88)

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Oct 2023	Cash Credit	Long Term	50.00	ACUITE A- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	45.00	ACUITE A2+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE A1 Upgraded (from ACUITE A2+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	24 Oct 2024	Not avl. / Not appl.	30 Nov 2030	45.00	Simple	ACUITE A Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Kartik Arora Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.