

Welspun Corp Ltd — 02 Dec 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at AA+ (Long Term) and A1+ (Short Term)
Outlook (Current vs Prev)	Stable vs Stable (Maintained post-2024 upgrade from AA/Positive)
Key Drivers of Change	<ol style="list-style-type: none"> Deleveraging: Gross Debt/EBITDA plummeted from 0.3x to 0.13x; Group is now Net Debt Negative. Diversification: Non-pipe segments (DI Pipes, TMT, Sintex) now contribute ~28-30% of revenue, de-risking the business from oil/gas cycles. Scale & Order Book: Revenue reached ₹13,967 Cr (FY25) with a massive order book of 1,250 KMT providing high revenue visibility. Asset Utilization: Current capacity utilization is at ~50%, offering significant headroom for growth without immediate heavy greenfield spend.
Rated Instruments	<ul style="list-style-type: none"> Letter of Credit: ₹5,290 Cr
Key Observations	<ul style="list-style-type: none"> (+) Global Footprint: Operations in India, US, and KSA mitigate regional protectionism and demand shocks. (+) Financial Fortress: Net worth improved to ₹8,050 Cr (Sept 2025) with ₹1,630 Cr cash surplus. (+) Margin Resilience: H1-FY26 PAT margin maintained at 10.0% despite commodity volatility. (+) Synergy: Successful integration of Sintex (Water tanks) and ramping up of DI Pipes (Water infra). (-) High Capex: ₹5,000 Cr planned over next 3 years may slightly moderate debt metrics (though remaining comfortable). (-) Regulatory Risk: Susceptible to changes in anti-dumping duties and government infrastructure spending/tenders.
Investor Impact	<ul style="list-style-type: none"> Growth: High; transitioning from a cyclical pipe maker to a diversified infra player. Margins: Stable; value-added products (Stainless Steel/DI Pipes) support H1-FY26 PAT of ₹1,902 Cr (pro-rata). Leverage: Extremely Low; Debt/Networth at 0.13x provides massive cushion. Dilution Risk: Low; robust internal accruals and cash reserves are sufficient to fund the ₹5k Cr capex.
Agency / Cross Analysis	<p>Same Agency: CRISIL reaffirmed the AA+ rating established in July 2024. The 2025 review confirms that the "diversification thesis" is reflecting in financials (Non-pipe revenue grew to 30%).</p> <p>Non-Cooperation: Report notes historical non-cooperation with Brickwork (2023), but CRISIL has full access to management and financials.</p> <p>Conclusion: Significant Improvement. The credit profile has transitioned from "Cyclical/Risky" to "High-Quality/Stable."</p>
Final Inference	Strong "Buy-and-Hold" Credit Signal. The shift to a net-debt-negative status while successfully diversifying into B2C/Water infra (Sintex/DI Pipes) significantly lowers the equity risk premium. Real structural improvement, not just a cyclical peak.