

## Welspun Corp Ltd — 01 Dec 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (CareEdge)
Rating Change	AA → AA+ (Upgraded by 1 notch)
Outlook (Current vs Prev)	Stable (Current) vs Positive (Previous)
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>Aggressive Deleveraging:</b> Term loans reduced from ₹1,533 Cr (FY24) to ₹491 Cr (FY25); Gearing improved to 0.36x from 0.61x.</li> <li><b>Robust Order Book:</b> ₹23,500 Cr confirmed orders as of Oct-25, providing strong revenue visibility for FY26–FY27.</li> <li><b>Margin Expansion:</b> Blended PBILDT/tonne rose to ₹11,922 (vs ₹6,577 in FY23) due to higher-value Ductile Iron (DI) pipes.</li> <li><b>Asset Monetization:</b> Realized ₹378 Cr from Saudi stake sale and ₹466 Cr from Nuayaan Shipyard sale, used for debt prepayment.</li> </ol>
Rated Instruments	• <b>ST Bank Facilities:</b> ₹5,709 Cr
Key Observations	<p><b>Strengths:</b> Dominant global player in O&amp;G pipes; Strong US order book visibility until FY28; Successful diversification into DI Pipes/TMT/Stainless Steel; H1FY26 PBILDT margins rose to 14.84%.</p> <p><b>Risks:</b> Massive ongoing capex of ₹5,482 Cr (₹3,500 Cr+ remaining) poses execution risk; &gt;50% revenue concentration in volatile O&amp;G segment; High employee attrition (23%).</p>
Investor Impact	<p><b>Growth:</b> High visibility via ₹23.5k Cr order book.</p> <p><b>Margins:</b> Structural uptrend as DI pipes/SS segments increase in mix.</p> <p><b>Leverage:</b> Net debt/PBILDT &lt; 1.2x; Management targeting "Net Debt Neutral" despite large capex.</p> <p><b>Dilution Risk:</b> Low; internal accruals and asset sales are funding growth.</p>
Agency / Cross Analysis	<p><b>Same Agency:</b> Upgraded from AA (Positive) to AA+ (Stable).</p> <p><b>Drivers:</b> Significant debt reduction and sustainment of interest coverage &gt;5x. The agency transitioned the "Positive" outlook into a formal upgrade as WCL proved its ability to deleverage while executing large capex.</p> <p><b>Conclusion: Improvement.</b> Fundamental strengthening of the balance sheet and product diversification.</p>
Final Inference	<p><b>Real fundamental improvement.</b> The upgrade signals WCL has successfully de-risked its balance sheet through asset sales and is now better positioned to absorb the ₹5.4k Cr capex cycle without stressing credit metrics.</p>