

## Welspun Corp Ltd — 08 Aug 2025 Credit Rating Summary

Below is the equity-focused credit analyst summary for **Welspun Corp Limited (WCL)** based on the CARE Ratings report dated August 08, 2025.

Section	Details
<b>Agency</b>	CARE Ratings Ltd.
<b>Rating Change</b>	<b>CARE AA → CARE AA+</b> (Upgraded 1 notch)
<b>Outlook (Current vs Prev)</b>	<b>Stable</b> (Current) vs <b>Positive</b> (Previous)
<b>Key Drivers of Change</b>	<ol style="list-style-type: none"> <li><b>Aggressive Deleveraging:</b> Term debt reduced from ₹1,772 Cr (Mar-24) to ₹730 Cr (Mar-25), lowering Gearing to 0.36x.</li> <li><b>Orderbook Explosion:</b> Surge to ₹19,000 Cr (July-25) vs ₹5,710 Cr (June-24), driven by massive ₹10,000 Cr+ US orders.</li> <li><b>Margin Accretion:</b> Blended PBILDT/tonne rose to ₹11,922 (vs ₹6,577 in FY23) due to high-margin Ductile Iron (DI) pipes.</li> <li><b>Asset Monetization:</b> Inflow of ₹844 Cr from Saudi stake sale (₹378 Cr) and Shipyard sale (₹466 Cr) used for debt prepayment.</li> </ol>
<b>Rated Instruments</b>	1. <b>Short Term Bank Facilities:</b> ₹5,709 Cr
<b>Key Observations</b>	<ul style="list-style-type: none"> <li><b>Dominant Scale:</b> Global leader in LSAW/HS AW pipes with 2.18 MTPA capacity across India and USA.</li> <li><b>Revenue Visibility:</b> Massive orderbook ensures strong execution for FY26-FY27.</li> <li><b>Diversification Success:</b> Entry into DI Pipes and Sintex (BAPL) is reducing historical volatility of the Oil &amp; Gas (O&amp;G) segment.</li> <li><b>Liquidity:</b> Strong cash/investment buffer of ₹1,633 Cr (as of June 2025).</li> <li><b>Capex Risk:</b> Planned ₹5,482 Cr capex (FY26-27) is large; execution without over-leveraging is critical.</li> <li><b>O&amp;G Concentration:</b> Over 50% revenue still tied to O&amp;G, making it sensitive to crude price fluctuations.</li> <li><b>ESG Compliance:</b> New carbon trading regulations for steel plants present potential compliance/penalty risks.</li> </ul>
<b>Investor Impact</b>	<ul style="list-style-type: none"> <li><b>Growth:</b> High; 3x growth in line-pipe orderbook suggests a massive scale-up in the next 24 months.</li> <li><b>Margins:</b> Structural improvement (Q1FY26 PBILDT at 14.78%) as product mix shifts to DI and Stainless Steel.</li> <li><b>Leverage:</b> Debt protection metrics are at multi-year highs (Interest coverage &gt;5x; Net Debt/PBILDT &lt;1.2x).</li> <li><b>Execution:</b> Low dilution risk as capex is largely funded by internal accruals and non-core sales.</li> </ul>
<b>Agency / Cross Analysis</b>	<p><b>Same Agency:</b> CARE moved from "Positive" to "Upgraded" as the company met debt-reduction and order-inflow targets. Financial risk profile (TD/GCA at 1.13x) is significantly stronger than the 2.0x seen in FY24.</p> <p><b>Performance Match:</b> The upgrade is well-aligned with the sharp improvement in return ratios and deleveraging, despite the ₹13,948 Cr TOI being lower than FY24 (due to steel price cooling).</p>
<b>Final Inference</b>	<b>Strong "Buy-Side" Credit Signal:</b> This is a fundamental upgrade reflecting a transition from a cyclical pipe player to a diversified infrastructure player with a robust, de-risked balance sheet and a record-high orderbook.

**Financial Snapshot (FY25):** \* **Total Operating Income:** ₹13,948 Cr \* **PBILDT:** ₹1,655 Cr (Blended margin improving) \* **PAT:** ₹1,902 Cr (Boosted by one-offs) \* **Orderbook:** ₹19,000 Cr (Visibility for 2 years) \* **Net Debt Position:** Management targeting Net Debt Neutral/Negative despite huge capex.