Welspun Corp Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Reaffirmed** (CARE AA+ / CARE A1+)
Outlook	**Stable** (Current) vs **Stable** (Previous)
Key Drivers of Change	1. **Profitability Expansion:** PBILDT/tonne rose 21% to ₹14,413 (FY26) from ₹11,922 (FY25), driven by high-margin US Line Pipe orders. 2. **Net Cash Status:** Massive deleveraging achieved; moved from ₹692 Cr net debt (FY25) to **₹202 Cr Net Cash (FY26)** despite heavy capex. 3. **Order Visibility:** Robust order book of **₹25,750 Cr** provides ~1.5x revenue cover for the next 18-24 months. 4. **Asset Monetization:** Realized **₹724 Cr** in Q1FY27 via 4.5% stake sale in EPIC (Saudi Arabia) for debt repayment/capex.
Rated Instruments	• **ST-BG/LC:** ₹5,984 Cr (CARE A1+) • **Long-term Bank Facilities:** ₹784 Cr (CARE AA+; Stable) • **Commercial Paper:** ₹600 Cr (CARE A1+) • **NCDs:** ₹40 Cr (CARE AA+; Stable)
Key Observations	• **(+) Global Dominance:** Top-tier player in India and USA; beneficiary of US LNG exports and AI data center power demand. • **(+) Financial Discipline:** Gearing at 0.39x; Interest Coverage improved significantly to **10.50x** (vs 5.24x YoY). • **(+) Strategic Shift:** Diversified into DI pipes, TMT bars, and plastic pipes (Sintex) to reduce O&G cyclicality. • **(-) Domestic Headwinds:** DI Pipe segment underperforming due to **Jal Jeevan Mission (JJM) funding slowdown**, causing margin compression. • **(-) Execution Risk:** Remaining capex of **~₹1,800 Cr** (Total plan ₹5,482 Cr) scheduled for FY27; timely ramp-up is critical. • **(-) ESG Concerns:** High GHG emissions (1.37M CO2e) and high employee attrition (19%).
Investor Impact	• **Growth:** Strong US demand offsets domestic water infra sluggishness; US LSAW plant is a key future catalyst. • **Margins:** Shift toward higher-margin US orders to sustain PBILDT despite competitive pricing in India. • **Leverage/Dilution:** Extremely low risk; Net Cash position and high internal accruals (GCA ₹2,064 Cr) negate the need for equity dilution.
Agency Analysis	**Same Agency (CARE):** Rating reflects the realization of the "Positive" outlook assigned in 2024. The current reaffirmation at AA+ validates the company's ability to maintain a superior capital structure while executing a massive ₹5,500 Cr capex cycle. Financial metrics (Net Cash) are now actually stronger than the rating threshold, suggesting a potential future upgrade if ROCE stays >25%.
Final Inference	**Real improvement.** WCL has successfully de-risked its balance sheet into a Net Cash position while simultaneously expanding capacity. The equity story is now a play on high-margin US energy infrastructure and AI power needs, which provides a cushion against domestic government spending delays.