# Welspun Corp Ltd — Rating update 2d Credit Rating Summary

| Section | Details |
|---|---|
| **Agency** | CARE Ratings Ltd. |
| **Rating Change** | **Reaffirmed** (NCDs: CARE AA+; ST: CARE A1+). Note: Long-term bank facilities (₹784 Cr) **Withdrawn** as they were not raised. |
| **Outlook** | **Stable** (Maintained) |
| **Key Drivers of Change** | • **Strong Order Visibility:** ₹42,000 Cr order book (2.5x FY26 Revenue) ensures growth through FY28.<br>• **Margin Expansion:** PBILDT/tonne rose to ₹14,413 (from ₹11,922 in FY25) driven by high-margin US Line Pipe demand (LNG & AI Data Centers).<br>• **Deleveraging:** Shifted to **Net Cash position of ₹202 Cr** in FY26 (from Net Debt of ₹692 Cr in FY25) despite high capex.<br>• **Strategic Monetization:** Realized ₹724 Cr from 4.5% stake sale in EPIC (Saudi Arabia) to fund debt repayment and capex. |
| **Rated Instruments** | • **ST-BG/LC:** ₹5,984 Cr |
| **Key Observations** | • **(+) Global Dominance:** 2.02 MTPA line pipe capacity with strategic footprints in India, USA, and Saudi Arabia.<br>• **(+) Liquidity Buffer:** Robust cash/investments of ₹3,766 Cr as of March 2026.<br>• **(+) US Tailwinds:** Massive demand from US LNG infrastructure and AI data center power needs.<br>• **(-) Domestic Headwinds:** Ductile Iron (DI) pipe segment (20% capacity) facing margin compression due to Jal Jeevan Mission (JJM) funding slowdown.<br>• **(-) Project Risk:** ₹1,800-2,000 Cr capex remaining for FY27 (LSAW USA, DI Saudi) requires timely commissioning.<br>• **(-) Input Volatility:** 85% of costs linked to HR Coils/Iron Ore; susceptible to commodity price swings. |
| **Investor Impact** | • **Growth:** High revenue visibility; US operations acting as a valuation moat.<br>• **Margins:** Shift toward higher-margin US orders to sustain consolidated EBITDA.<br>• **Leverage:** Management committed to Net Debt/PBILDT <1.0x; currently in a superior "Net Cash" state.<br>• **Dilution Risk:** Minimal; internal accruals and stake sales are covering ₹5,500 Cr capex. |
| **Agency / Cross Analysis** | **Evolution:** Upgraded from CARE AA (Positive) in late 2024 to **CARE AA+ (Stable)** in 2025, now reaffirmed.<br>• **Drivers:** The shift from "Positive" to "AA+" was earned through the US turnaround and successful net debt reduction.<br>• **Conclusion: Improvement.** Credit profile is at its strongest decadal point, transitioning from a debt-heavy pipe manufacturer to a diversified, net-cash global energy infrastructure player. |
| **Final Inference** | **Real Fundamental Improvement.** The rating reflects a structural shift where US profits are cross-subsidizing domestic expansion and deleveraging. For equity, the "Net Cash" status amidst a massive capex cycle is a rare and highly bullish credit signal. |