Welspun Corp Ltd — May 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Strong Beat **One-line:** Welspun has successfully transitioned from a cyclical Indian line-pipe manufacturer to a diversified global infra-solutions player, with the US energy deregulation now providing a high-margin, 2-year cash-flow "bridge" to fund its B2C Sintex and DI Pipe expansion.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Strong Beat	FY25 EBITDA of □1,858 Cr beat guidance of □1,700 Cr by 9.3%.	□
Earnings Quality	Moderate	PAT includes □865 Cr total exceptional gains in FY25 (stake sales/ EPIC); core EBITDA growth of 3% YoY is the truer metric.	□
Guidance Confidence	Strong	FY26 EBITDA guidance raised to □2,200 Cr (+18.4% YoY) backed by a □19,550 Cr order book.	□
Management Credibility	Strong	Successfully delivered on EBITDA and ROCE guidance for 2 consecutive years; demonstrated discipline by dropping the DRI project.	□
Business Quality Signal	Improving	Pivot to "Melt and Make in USA" (LSAW plant) creates a protected high-margin niche against global imports.	□
Key Q&A Exchange	Q# 5 (Steel Hedging)	Management confirmed all US orders are 100% steel-hedged and customer-paid, removing inventory price risk.	□
The Street's Primary Anxiety	US Policy / Imports	Fear of trade wars; Management responded by doubling down on US local manufacturing (Greenfield LSAW).	□
Capital Cycle Stage	Investment	Calibrated □5,482 Cr capex (FY25-27) across US, KSA, and India; entering peak construction phase.	□
Margin Trajectory	Improving	FY26 guidance implies EBITDA margins rising to ~12.5%+ as US and SS Specialty mix increases.	□
Pricing Power	Expanding	Sintex "Anti-Microbial" CPVC launch and O-PVC leadership indicate a move toward premium specifications.	□
FCF Conversion	Distorted	PAT is inflated by one-offs; however, Gross Debt reduced by ~□1,000 Cr despite □900 Cr capex, signaling strong core OCF.	□
Competitive Moat	Widening	Exclusive Rollepaal agreement for O-PVC and "First-in-India" SS Boiler tubes for supercritical power plants.	□
Balance Sheet Strength	Strong	Net Cash position of □1,049 Cr; Net Debt/EBITDA of -0.6x provides significant expansion headroom.	□
Working Capital Efficiency	Improving	Inventory build in US is customer-funded; Net Debt reduction suggests tight cash cycle management.	□
Mgmt Guidance Track Record	Reliable	Consistent "walk the talk" on CAGR (15% target vs 18% guided) and ROCE (>20%).	□
Key Vulnerability	DI Pipe Slowdown	Temporary cash crunch in JJM funding led to inventory piling at manufacturers' end.	□
Management Tone	Bullish	MD highlighted "new normal" for Welspun Corp moving into a different growth orbit.	□

Key Takeaways (Positives & Negatives): * **Positives:** The US business has moved from a recovery story to a structural moat; the mill is booked for 8 quarters with no import reliance. The pivot to "Specialty Steel" is bearing fruit with high-value BHEL orders, and Sintex is scaling with a premium-first strategy (Weteck and O-PVC). * **Negatives:** The Ductile Iron (DI) pipe segment in India is facing a temporary liquidity-driven volume lull (expected to clear by H2FY26). The reported PAT is significantly "noisy" due to asset monetizations and fair valuation gains from the Nauyaan Shipyard and EPIC stakes. * **Forward-looking Watchpoint:** The successful commissioning of the new US LSAW plant (Dec-26) and Saudi DI Pipe plant (Apr-26) will determine if the company can sustain a □2,500 Cr+ EBITDA run-rate into FY27.

2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary. Concall used for commentary and unlisted metrics.

Metric	Current Qtr (Q4FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Line Pipe Volume (KMT)	268	↑ 8.5%	↑ 14.0%	↑	US demand surging; India LSAW booked for exports. FY25 Total: 850 KMT.
DI Pipe Volume (MT)	71,500	↑ 12.0%	↑ 37.5%	↑	Recovering from Q3 lull; FY25 total 272 KMT.
SS Bar/Pipe Volume (MT)	7,100	↑ 31.5%	↑ 15.0%	↑	Highest ever; integrated facility fueling higher utilization.
Realization/MT (□) - Pipe	1,48,022	↓ 19.5%	↓ 4.3%	↓	Driven by lower raw material steel pass-through costs.
Revenue (□Cr)	3,967	↓ 12.7%	↓ 16.5%	↓	YoY drop due to lower steel prices; Volume remains robust.
EBITDA (□Cr)	478	↑ 21.5%	↑ 10.1%	↑	**Beat:** FY25 EBITDA at □1,858 Cr vs □1,700 Cr guidance.
EBITDA Margin %	12.05%	↑ 340 bps	↑ 291 bps	↑	Product mix shifting toward high-margin US and SS segments.
PAT after Minorities (□Cr)	682	↑ 2.6x	↑ 80.4%	↑	Includes □476 Cr exceptional gain in Q4.
ROCE (%)	21.0%	↑ 100 bps	→	↑	Consistently exceeding 20% target despite capex.
Net Debt / (Cash) (□Cr)	(1,049)	↓ 2.3x	↓ 1.8x	↑	**First entry as Net Cash:** Shift from □521 Cr Net Debt in FY24.
Sintex Revenue (□ Cr)	165	↑ 15.4%	↑ 10.0%	↑	FY25 Total: □600 Cr; focused on premium water tanks.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	Order Book (□Cr)	Margin	Trend	vs Co. Avg	Key Development
Line Pipes (Global)	3,100	14,200	Moderate	↑	Baseline	US mill fully booked for 8 quarters; domestic O&G robust.
DI Pipes (India)	550	2,710	High	→	Above	Expansion to 600 KMTPA by June-25; order book 353 KMT.
Sintex (Bldg Mat)	165	N/A	Very High	↑	Above	World's 1st Anti-Microbial CPVC; Bhopal O-PVC plant BIS approved.
SS Bars & Pipes	152	185	Very High	↑	Above	4,050 MT BHEL order for boiler tubes; high-value power play.
TMT Rebars	Not Stated	N/A	Moderate	↑	Below	Record FY25 sales of 211 KMT; dominant in Gujarat infra.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	FY26 Revenue	₹17,500 Cr	Requires ₹4,375 Cr/qtr; 25% growth over FY25. High feasibility given US book.	Delivered	Low
Guidance	FY26 EBITDA	₹2,200 Cr	Requires ₹550 Cr/qtr; 18.4% growth. US mix makes this conservative.	Exceeded	Low
Guidance	FY26 ROCE	>20%	Requires maintaining current EBIT margins on expanding asset base.	Consistently Met	Medium
Strategy	Capex (FY25-27)	₹5,482 Cr	No addition to prior ₹5,500 Cr guidance despite new LSAW projects.	Calibrated	Medium
Strategy	USA LSAW	350 KMTPA	Dec-26 completion; 15-month setup time.	New Project	High
Strategy	Net Debt/ EBITDA	<1.0x	Currently -0.6x; allows ₹3,000 Cr+ headroom for capex.	Improved	Low
Macro	US Energy Policy	Tailwind	Management expects further boost from pro-O&G administration.	Structural	Low
Strategy	DRI Project	Dropped	Strategic decision to reallocate capital to higher-value pipes.	Capital Discipline	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Vikas / PhilipCapital	Guidance	Financials	Why is EBITDA growth (18%) lagging Revenue growth (25%) in FY26?	Management explained that Revenue is a factor of steel price pass-through, whereas EBITDA is the true operating control metric. Investors should ignore revenue volatility and focus on EBITDA expansion as the primary value driver.	None	5.0	Specific and logical
2	3.5	Vikas / PhilipCapital	Sintex Capex	Capex	Why did Sintex capex guidance drop from □2,355 Cr to □1,300 Cr?	Management clarified the capex is being staggered and calibrated over FY25-27 to align with demand, rather than being front-loaded. This reduces the risk of sub-par ROCE from idle capacity while maintaining the growth trajectory.	None	4.0	Directional with evidence
3	4.5	Sailesh / B&K	USA LSAW	Strategy	What is the right to win in the new US DSAW/ LSAW segment?	Management noted that Welspun is protecting its 30% market share as new "Make in America"	None	5.0	Clear and quantified

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						rules effectively ban imported LSAW pipes. This greenfield project completes their portfolio, turning the US operations into a full-suite local champion.			
4	3.0	Sailesh / B&K	Saudi DI Market	Management Commentary	Is Saudi DI more lucrative than the oversupplied Indian DI market?	Management refuted the "oversupply" narrative in India, citing 40% of JJM work still pending. Saudi is an import substitution play, whereas India remains a high-volume infrastructure necessity.	Margin delta between Saudi vs India	3.5	Vague but consistent
5	5.0	Shweta / Systematics	US Narrative	Management Commentary	What changed in the US to warrant a sudden □1,000 Cr LSAW plant?	Management highlighted a shift in trade restrictions where longitudinal pipes (LSAW) now require "melt and make in America" status. This investment is a direct response to policy tailwinds, creating a high-entry-barrier moat	None	5.0	Highly credible

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						for their US assets.			
6	3.5	Shweta / Systematics	Capex	Capex	What is the annual capex run-rate for the next two years?	Management indicated the □4,500 Cr remaining capex will be back-ended, occurring primarily in FY26 and FY27. This suggests peak capital intensity is approaching, which may temporarily compress FCF before harvesting begins.	Exact FY26 vs FY27 split	3.0	Vague but consistent
7	4.0	Pujan / Molecule	O-PVC Strategy	Business Overview	Can the supplier Rollepaal keep up with Welspun's 10-line aspiration?	Management confirmed Rollepaal is an exclusive partner and can deliver the 6 planned lines over the next 15 months. This exclusivity secures Welspun's first-mover advantage in the high-margin O-PVC pipe market.	None	4.0	Specific timeline given
8	4.5	Resham / DSP	US Hedging	Financials	Is there inventory risk or volatility risk in the massive US order book?	Management confirmed all US steel is already booked/ hedged and is "customer-paid inventory." This de-risks	None	5.0	Water-tight response

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						the earnings profile against steel price crashes during the 2-year execution period.			
9	4.0	Deepak / Unifi	DI Pipe Liquidity	Financials	How severe is the "cash crunch" and inventory buildup in DI Pipes?	Management admitted a short-term slowdown but noted that raw material costs (iron ore/coal) have also fallen, protecting contribution margins. Execution is expected to accelerate from H2FY26 as state funding releases.	None	4.0	Realistic admission
10	3.5	Ankit / Marketcord	Qatar Market	Business Overview	Is the Qatar LSAW demand a one-time trend or sustainable?	Management viewed Qatar as a 10-year gas investment play, providing a sustained export floor for the Indian LSAW mills. This diversifies the export risk away from solely relying on Australian or North Sea projects.	None	4.0	Directional with evidence

PATTERN FLAGS & SENTIMENT Analyst questioning centered on the **structural shift in the US market** and the **liquidity of the Indian DI Pipe segment**. There was initial skepticism regarding the sudden LSAW capex in the US, but management's explanation of trade policy shifts (Melt/Make in USA) effectively turned this into a "moat-building" story. The focus on Sintex has shifted from "recovering a brand" to "executing a high-margin pipe launch."

Analyst Sentiment Verdict: Analysts were largely impressed by the balance sheet transformation (Net Debt to Net Cash) and the proactive capex calibration. The primary friction point—the revenue-EBITDA growth mismatch—was resolved through steel-pass-through logic. Management's credibility has strengthened significantly after beating guidance for the second consecutive year.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
US Operations	Spiral/HFIW dominant; LSAW imported.	Greenfield LSAW project announced (350 KMT).	↑
Balance Sheet	Net Debt of ₹104 Cr (Q3).	Net Cash of ₹1,049 Cr (Q4).	↑
DI Capacity (India)	Expansion under construction.	Trial production started; June-25 commissioning.	↑
Capital Allocation	DRI expansion planned.	DRI project dropped to focus on high-priority pipes.	↑
Sintex Pipe Status	Market entry planning.	O-PVC Bhopal plant BIS approved; Raipur operational.	↑
EBITDA Guidance	FY25 Target: ₹1,700 Cr.	FY26 Target: ₹2,200 Cr.	↑
Order Book	~₹15,000 Cr.	₹19,550 Cr (Record high).	↑
SS Specialty	Entering power-gen sector.	Cracking supercritical power (BHEL order).	↑
Dividend	N/A.	100% Dividend (₹5/share) recommended.	↑