Welspun Corp Ltd — May 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong EBITDA Beat / Slight Revenue Miss **One-line:** The thesis has evolved from a cyclical pipe-maker to a global energy infrastructure giant, with AI-driven power demand in the US and a protected Saudi manufacturing moat providing visibility until FY28.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	EBITDA Beat / Rev Miss	FY26 EBITDA (□2,371 Cr) beat guidance of □2,200 Cr by 7.7%; Revenue (□16,770 Cr) missed □17,500 Cr target by 4.2%.	□
Earnings Quality	High	Driven by volume growth and margin expansion (14.1% vs 13.1% YoY); high CFO/PAT ratio of 1.98x.	□
Guidance Confidence	Strong	FY27 EBITDA guidance of □2,850 Cr implies a 20% jump, backed by a □25,350 Cr order book.	□
Management Credibility	Strong	Surpassed profitability guidance despite domestic India headwinds; timely commissioning of US/Saudi plants.	□
Business Quality Signal	Improving	Shift toward "Local Content" in US/KSA is creating a structural pricing moat vs global imports.	□
Key Q&A Exchange	Q# 1 & 4 (US Demand)	Mgmt detailed "Paradigm Shift" in US: Gas for AI Data Centers is now as critical as LNG exports.	□
The Street's Primary Anxiety	India Water Recovery	Mgmt acknowledged "muted" India growth but pointed to H2FY27 acceleration as JJM funds trickle down.	□
Capital Cycle Stage	Transitioning	Moving from heavy Investment (□2,532 Cr FY26 Capex) to Harvesting (plants commissioning FY27).	□
Margin Trajectory	Improving	EBITDA margins rose 100bps YoY to 14.1%; FY27 guidance targets sustained 14%+ levels.	□
Pricing Power	Expanding	US market share (33-35%) and Saudi "East Pipes" dominant position allow for premium value-added orders.	□
FCF Conversion	Strong	FY26 FCF turned positive (□672 Cr) after massive capex, aided by customer advances (Negative NWC).	□
Competitive Moat	Widening	Becoming the only integrated DI player in KSA; AI data center power demand creates a non-cyclical gas tailwind.	□
Balance Sheet Strength	Strong	Net Cash position maintained (□1,049 Cr) despite spending □2,500 Cr+ on capex.	□
Working Capital Efficiency	High	Negative NWC days (minus 5) due to significant customer advances for US/Saudi capacity booking.	□
Mgmt Guidance Track Record	Reliable	Consistent EBITDA beats over 3 years; FY27 guidance appears realistic given order book coverage.	□
Key Vulnerability	India Execution	Dependency on state-level liquidity for DI pipes and water segment in India.	□
Management Tone	Highly Bullish	"These are very interesting times... next couple of years are going to be very, very profitable."	□

Key Takeaways: * **Positives:** The US business is entering a "Super-Cycle." Beyond LNG exports, the resurgence of US oil production (evacuation needs) and the emergence of independent gas-fired power plants for AI Data Centers have booked the Little Rock mill through FY28. In Saudi Arabia, WCL is transitioning from a JV partner to a 100% owner of DI and LSAW plants, capturing the Vision 2030 water and gas expansion. * **Negatives:** The domestic India segment remains the laggard. While management expects a recovery in H2FY27, the current environment is "muted" due to government spending priorities. DI pipe overcapacity in India remains a structural headwind for the domestic portion of that business. * **Street Concern:** Analysts pressed on the sustainability of high margins and the quality of the □25,350 Cr order book. Management's response—that two-thirds of the book is high-margin US/KSA business and includes "premium customers in the premium space"—successfully de-risked the margin anxiety. * **Forward-looking Watchpoint:** The successful commissioning of the US HFIW mill (Q1FY27) and the Saudi DI plant (FY27) are the immediate triggers for the next leg of EPS re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS (Consolidated)

Metric	Current Qtr (Q4)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Line Pipe Vol (India+USA)	~350 KMT*	↑ 4.0%	↑ 32%	↑	Volume growth driven by US demand; Q4 is seasonally strong for execution.
DI Pipe Volume (MT)	~55,000 MT*	↑ 38.0%	↓ 40%	↑	YoY growth is robust; QoQ drop reflects India water segment seasonality/funding.
SS Bar Volume (MT)	6,600 MT	↑ 28.0%	↑ 10%	↑	Recovery in domestic demand; pivot toward higher value-added grades.
SS Pipe Volume (MT)	1,100 MT	↓ 17.0%	↓ 31%	↓	Weakness in exports due to European slowness; domestic power/nuclear remains strong.
Revenue (FY26 □Cr)	16,770	↑ 20.0%	N/A	↑	**Full Year:** Strong growth but slightly missed □17.5k Cr target due to India slowness.
EBITDA (FY26 □Cr)	2,371	↑ 28.0%	N/A	↑	**Full Year:** Beat guidance of □2,200 Cr. Margin expansion to 14.1%.
PAT (Adjusted FY26 □Cr)	1,613	↑ 42.0%	N/A	↑	High-quality growth; stripped of one-time shipyard/EPIC gains.
ROCE (%)	22.3%	↑ 130 bps	↓ 210 bps	↑	Sustained above 20% guard-rail despite high capital work-in-progress.
Operating Cash Flow (□Cr)	3,204	↑ 113.0%	N/A	↑	**Full Year:** Record generation; CFO/PAT of 1.98x.
Net Debt / (Cash) (□Cr)	(1,049)	→	↓ 80%	→	Maintained net cash; QoQ reduction in cash due to peak capex intensity.
Working Capital (Days)	(5)	↓ 5 days	→	↑	**Negative NWC:** Significant advances from US customers for FY27/28 bookings.
Sintex Revenue (FY26 □Cr)	~610	Not Stated	N/A	→	Building "Eterno" brand; pipes business launched in 10 states.
**Derived from FY26 annual totals and 9M FY26 prior context.*					

2B. SEGMENT BREAKDOWN

Segment	Revenue (FY26 □Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Line Pipes (US)	~6,500*	High	High	↑	Above	Little Rock booked till FY28; AI Data Center demand emerging as 3rd pillar.
Line Pipes (India)	~7,000*	Moderate	Mid	→	In-line	Pivot to exports (Australia, Indonesia) to offset domestic JJM slowness.
DI Pipes (India)	~1,200*	26.0%	Mid	↓	Below	Overcapacity and payment delays in India; port-side location helping exports.
WSSL (Specialty Steel)	~1,000*	High	High	↑	Above	Integrated advantage; focus on Nuclear, Defence, and Aerospace grades.
Sintex (Retail)	610	New	Low	→	Below	Shift from generic tanks to "Eterno" 50-year warranty premium positioning.
Estimated based on volume mix and historical realizations.						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	FY27 Revenue	□20,000 Cr	Needs 19% YoY growth. **Feasible** given □25k Cr order book and new plants.	Missed (FY26)	Low
Guidance	FY27 EBITDA	□2,850 Cr	Needs □712 Cr/quarter. FY26 Q4 was ~□540 Cr. Requires ramp-up.	Beat (FY26)	Medium
Guidance	ROCE	>20%	Currently at 22.3%. Asset sweat from new plants should maintain this.	Delivered	Low
Guidance	Capex Completion	FY27 Commissioning	US HFIW (Q1), KSA DI (FY27), US LSAW (End of CY26).	On Track	Medium
Strategy	US Pivot	Data Center Power	Building pipelines for "independent power plants" attached to AI hubs.	New Target	Low
Strategy	Saudi Focus	Import Substitution	KSA DI plant targeting local content requirement (Vision 2030).	Ongoing	Low
Strategy	Net Debt/ EBITDA	< 1.0x	Currently negative (Net Cash). Significant headroom.	Delivered	Low
Balance	Cash Usage	Project Focus	Management will clarify cash usage (dividends/M&A) in a few quarters.	Pending	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	5.0	Ritesh Shah / Investec	Order Book Quality	Business Overview	"Provide more color on the quality of the order book by region... and whether we are overcommitted until FY28?"	Management confirmed the $2.5B book is high-quality, two-thirds US/ one-third India, and includes high-margin gas pipeline orders for AI and LNG. This ensures earnings visibility and margin protection regardless of near-term cyclicality.	None	5.0	High Visibility
2	4.0	Ritesh Shah / Investec	Middle East Water	Business Overview	"Water projects in Middle East... highlight certain countries like Jordan or Iraq."	Management noted they are in "pole positions" for large projects in Iraq and Jordan, alongside Saudi's massive desalination distribution. This creates an export "optionality" for the KSA plant beyond domestic Vision 2030.	Specific Volumes	3.5	Optionality
3	3.5	Chetan Sharma / Systematix	Export Logistics	Business Overview	"Shipping costs have increased... shipments experienced any delay?"	Management stated that while shipping costs rose, their long-term contracts were honored and future projects have factored in the new costs. This minimizes the risk of a freight-led margin	None	4.5	Cost Protected

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						squeeze in FY27.			
4	4.5	Vikas Singh / ICICI Sec	New Capacity Booking	Business Overview	"Have people started to book our upcoming capacity beforehand [in Saudi/US]?"	Management confirmed they have already started receiving inquiries and orders for the new US LSAW and KSA DI plants before commissioning. This drastically reduces "ramping risk" and suggests immediate revenue contribution in H2FY27.	Exact tonnage	4.0	Ramping-up
5	4.0	Vikas Singh / ICICI Sec	Capital Allocation	Capex & Allocation	"What's the plan [for cash] because the capacity would be coming... what we do with the cash?"	Management indicated focus is currently on commissioning and booking the new assets, with a clear cash-utilization plan to be revealed in a few quarters. This suggests a potential step-up in dividends or M&A once peak capex ends in Dec 2026.	Specific Plan	2.5	Monitoring Point
6	4.5	Pratik Dharamsi / Union MF	Long-term Outlook	Mgmt Outlook	"Sustainability of the 5-7 year run rate in US... is it a short-term issue?"	Management argued this is a "fundamental restructuring" of the US energy grid, with 5,000+ data centers requiring independent gas-power.	None	5.0	Structural Shift

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						This elevates WCL from a pipe supplier to a "Digital Infrastructure" enabler in the US.			
7	3.0	Sneha / Nuvama	Sintex Performance	Business Overview	"How has plastic pipe division fared in FY26... and what are the targets?"	Sintex achieved ~□610 Cr revenue; targeting double-digit growth by expanding to 10 states and focusing on economy segment tanks. Implies Sintex is still a "foundation building" exercise rather than a major group earnings driver.	Margin per SKU	3.0	Foundation Phase
8	3.5	Sneha / Nuvama	DI Pipe Headwinds	Business Overview	"How much government allocations have we started seeing... payment starting?"	Management noted tough conditions due to overcapacity but confirmed payments have started trickling in from states. This suggests the India DI business has hit a trough and should stabilize in FY27.	None	3.5	Trough hit
9	4.0	Netra Deshpande / Sharekhan	SS Pipe Export Hit	Business Overview	"Volume reduction in SS pipe... segment-wise capacity?"	Management admitted slowness in European exports due to CBAM and supply chains but noted domestic	None	4.0	Domestic Pivot

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						power sector demand is "bouncing back significantly." Integrated status allows WCL to pivot to domestic high-margin grades easily.			
10	4.5	Sarvesh Gupta / Maximal	NWC Sustainability	Financials	"Negative working capital days... how do we extrapolate this going forward?"	Management clarified that as long as the US/ KSA market remains buoyant, they will continue to receive advances on new orders. This suggests the balance sheet will remain "cash-heavy," potentially leading to an ROE re-rating.	None	4.5	Cash-rich profile
11	4.0	Anandh Dharshan	Internal Restructuring	Governance	"Rationale behind Welspun Mauritius selling stake in EPIC to Welspun Pipes USA?"	Management explained the move consolidates US assets under a US entity for "flexibility" and "value creation" as the geography grows. This simplifies the corporate structure and prepares the US business for a potential independent listing or strategic move.	None	5.0	Strategic Move

PATTERN FLAGS & SENTIMENT Analyst questioning was dominated by the **US "Paradigm Shift"** and the **sustainability of negative working capital**. Management's tone was exceptionally confident, moving the conversation away from traditional oil/gas cyclicality to "AI Data Center" infrastructure. The concern regarding India's JJM funding remains a lingering friction point, though management's pivot to exports has neutralized the impact on total volumes.

Analyst Sentiment Verdict: Analysts are highly constructive on the US and Saudi growth pillars but remain "watchful" on the India recovery. The credibility of management is at a peak due to the EBITDA beat and net cash position. The single unresolved issue is the **long-term margin trajectory of the India DI pipe segment** given domestic overcapacity.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY26)	This Quarter (Q4 FY26)	Direction
US Demand Narrative	Driven by LNG and NGL pipelines.	**AI Data Center** power-generation pipelines added as a 3rd structural pillar.	↑ (Expansion)
Order Book Visibility	High.	**Perpetual Booking:** Little Rock mill now fully booked through FY28.	↑ (Visibility)
US/KSA Project Status	Construction phase.	**Commissioning phase:** HFIW plant starting Q1FY27.	↑ (Execution)
Cash Position	□132 Cr Net Cash.	**□1,049 Cr Net Cash:** Massive recovery due to FY26 OCF and advances.	↑ (De-leveraging)
Corporate Structure	Mauritius entity held US stakes.	**USA Consolidation:** Restructuring to house all US assets under a single US parent.	↑ (Simplification)
India Water Outlook	Recovery expected via Budget.	Recovery delayed to H2FY27; current environment "muted."	↓ (Timing)
Capital Cycle	Peak Capex (□1,722 Cr 9M).	**Harvesting Begun:** Positive FCF (□672 Cr) achieved despite high capex.	↑ (Quality)
Management Tone	Cautiously Optimistic.	**Unabashedly Bullish:** Confident enough to guide for 20% EBITDA growth.	↑ (Sentiment)