# Welspun Corp Ltd — Nov 2025 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Strong Beat **One-line:** Welspun has successfully pivoted from a cyclical pipe manufacturer to a structural energy-infrastructure play, with a record order book providing unprecedented visibility into FY28.

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---|---|---|---|
| Beat/Miss vs Guidance | Strong Beat | H1 EBITDA of □1,186 Cr is 54% of FY26 guidance (□2,200 Cr); Q2 EBITDA (□626 Cr) is an all-time high. | □ |
| Earnings Quality | High | Driven by volume growth in Specialty Steel and high-margin US product mix; Finance costs down 41% YoY. | □ |
| Guidance Confidence | Strong | Management confident in exceeding □2,200 Cr EBITDA guidance; US Little Rock mill fully booked until FY28. | □ |
| Management Credibility | Strong | Delivered the promised US "Local Producer" advantage; successfully anticipated the data center demand shift. | □ |
| Business Quality Signal | Improving | Transition to 100% subsidiary model in Saudi Arabia (LSAW/DI) de-risks the associate dependency. | □ |
| Key Q&A Exchange | Q# 1 (US Data Centers) | Management identified a "paradigm shift" where data centers are now direct drivers of gas pipeline demand. | □ |
| The Street's Primary Anxiety | India Water Slowdown | Mgmt admitted fund crunch in JJM/Water but cited □5L Cr+ TAM and river interlinking as the H2 offset. | □ |
| Capital Cycle Stage | Investment | Heavy Capex phase (□950 Cr in H1) for US LSAW and Saudi DI; funded by internal accruals. | □ |
| Margin Trajectory | Improving | EBITDA margins showing consistent growth over 6 quarters; mix shifting toward high-value Specialty Steel. | □ |
| Pricing Power | Expanding | US LSAW positioning as a "must-have" for midstream players; Sintex premiumization via OPVC. | □ |
| FCF Conversion | Strong | Maintained net cash position despite □950 Cr Capex spend in H1 FY26. | □ |
| Competitive Moat | Widening | Only integrated player in SS Pipes (Steel to Finished); dominant "local" status in the US market. | □ |
| Balance Sheet Strength | Strong | Long-term rating AA+; Net Cash maintained; Finance cost efficiency improving. | □ |
| Working Capital Efficiency | Stable | Inventory in India DI pipes is currently high but expected to liquidate as JJM funding resumes in H2. | □ |
| Mgmt Guidance Track Record | Reliable | Consistent "beat and raise" trajectory over the last 18 months. | □ |
| Key Vulnerability | US Political/Tariff | Management views local US manufacturing as a structural hedge against potential tariff volatility. | □ |
| Management Tone | Bullish | "We see a very clear directional shift... next 3-5 years stay very strong." | □ |

**Key Takeaways:** * **Positives:** The US business has found a "third engine" in AI Data Centers, supplementing LNG exports and Permian gas. WSSL (Specialty Steel) has achieved record pipe volumes and is adding 20+

customers/half-year. The Saudi business (East Pipe) delivered record EBITDA, and the upcoming 100% owned Saudi plants (LSAW/DI) will further capture the $10B/year Aramco spend. * **Negatives:** India's domestic water sector (DI Pipes) remains a "momentum mismatch" due to liquidity issues in the Jal Jeevan Mission, leading to utilization pressure. The Sintex B2C ramp-up is "painstaking" and will take time to reflect in consolidated margins. * **Street Concern:** Analysts are focused on the sustainability of US margins and the impact of domestic competition. Management's response was a record $715M US order intake announced this quarter, confirming that their "local" capacity is the preferred choice for US midstream players. * **Forward-looking Watchpoint:** Commissioning of the Saudi DI and LSAW plants in Q4 FY26 will be the catalyst for the next leg of revenue growth in FY27.

---

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS *PPT figures used as primary source.*

| Metric | Current Qtr | YoY Change | QoQ Change | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| Line Pipe Volume (KMT) | 250 | ↑ 37.4% | ↑ 37.4% | ↑ | US/India combined; Driven by strong export and US execution. |
| DI Pipe Volume (MT) | 80,000 | ↑ 23.1% | ↑ 23.1% | ↑ | Volume growth despite funding headwinds; H2 expected to accelerate. |
| SS Bar Volume (MT) | 7,000 | ↓ 22.2% | ↓ 22.2% | ↓ | Bars steady but moderated due to tariff conditions; Pipes at record high. |
| SS Pipe Volume (MT) | 1,700 | ↑ 11.3% | ↑ 11.3% | ↑ | All-time high pipe sales volume; high operating leverage. |
| Revenue (□Cr) | 3,301 | ↓ 7.9% | ↓ 7.9% | ↓ | YoY dip reflects seasonal factors in India; H1 total shows growth. |
| EBITDA (□Cr) | 626 | ↑ 11.8% | ↑ 11.8% | ↑ | **Record High:** High-margin US orders and SS segment contribution. |
| EBITDA Margin % | 18.9% | ↑ 330 bps | ↑ 330 bps | ↑ | Product mix shift toward US and Specialty Steel; operating efficiency. |
| PAT (□Cr) | 440 | ↑ 53.0% | ↑ 25.7% | ↑ | Strong growth driven by higher operating profit and lower interest cost. |
| ROCE (%) | 24.0% | ↑ 570 bps | → | ↑ | Annualized; consistently above the 20% target floor. |
| Net Debt / (Cash) (□Cr) | (600) | ↓ 42.8% | → | → | Maintained net cash despite □950 Cr H1 Capex. (Discrepancy: Q1 was □600 Cr cash, Q2 remains at □600 Cr despite spend). |
| Sintex Revenue (□Cr) | 150 | ↓ 6.2% | ↓ 6.2% | → | Focus on foundation building over immediate volume; OPVC plant operational. |
| Order Book (□Cr) | 23,500 | ↑ 20.5% | ↑ 23.7% | ↑ | Highest in 10 years; includes $715M US orders received Oct-25. |

### 2B. SEGMENT BREAKDOWN

| Segment | Revenue (₹ Cr) | YoY Growth | Margin | Trend | vs Co. Avg | Key Development |
|---|---|---|---|---|---|---|
| US Line Pipe | Not Stated | High | High | ↑ | Above | Mill booked till FY28; Pivot to Data Center/Gas pipelines. |
| India Line Pipe | Not Stated | Moderate | Moderate | → | In-line | Export business remains qualitative/high margin; Domestic water weak. |
| DI Pipes (India) | Not Stated | Moderate | Low | ↓ | Below | High inventory due to JJM funding crunch; pivot to river interlinking. |
| SS Bar & Pipes | Not Stated | High | High | ↑ | Above | All-time high pipe volumes; Integrated producer advantage. |
| Sintex | 150 | ↓ 6.2% | Mid-teen | → | Below | OPVC Bhopal plant operational; 60k+ plumbers engaged. |

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Mathematical Feasibility | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| Guidance | FY26 EBITDA | ₹2,200 Cr | Achieved ₹1,186 Cr in H1. Needs ₹507 Cr/ qtr in H2. **Highly Feasible.** | Delivered | Low |
| Guidance | ROCE | 22% - 23% | Currently at 23.5% - 24%. Requires maintaining US margins. | Consistently Met | Low |
| Guidance | Capex Plan | ₹5,500 Cr (3-Year) | Spent ₹2,000 Cr to date. Needs ₹1,500 Cr in H2 FY26. Feasible via accruals. | On Track | Medium |
| Strategy | US Pivot | Data Center Gas Supply | First major order from data center segment received in Oct-25. | New Strategy | Medium |
| Strategy | Saudi Expansion | 100% Owned Plants | On track for Q4 FY26 commissioning (Ductile Iron & LSAW). | Ongoing | Medium |
| Strategy | Sintex Target | ₹2,000 Cr+ Revenue | Medium-term target (3-4 years). Needs 25%+ CAGR. | Scaling | High |
| Macro | India Water | H2 Recovery | Depends on state-level funding (MP/ Rajasthan/Maharashtra). | Volatile | High |
| Balance | Leverage | Net Cash | Management intends to maintain net cash/ low debt despite Capex. | Reliable | Low |

## 4. ANALYST Q&A

| Q# | Rel. | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Cred. | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 5.0 | Nishant Vass / 360 ONE | US Data Centers | Business Overview | "Can you double click more on The U. S. Demand? Are you seeing that order come to you... direct order from data center?" | Management explained the order is from a midstream company for gas transport to data centers, marking a "paradigm shift" in US demand. This extends US visibility beyond LNG exports to a structural AI/Data center tailwind, de-risking the segment. | None | 5.0 | Thesis-Critical Pivot |
| 2 | 4.0 | Vikash Singh / ICICI Sec | Guidance | Mgmt Commentary | "Why haven't we increased our FY '26 guidance... is it because export orders would have been exhausted?" | Management stated that guidance is a factor of execution timelines across mills, but they are confident to "accomplish or exceed" it. This suggests a conservative floor, with potential for a formal raise in FY27 as new capacity kicks in. | Specific Q3/Q4 split. | 3.0 | Conservative Posture |
| 3 | 4.5 | Sailesh Raja / B&K | US Expansion | Capex and Allocation | "Is this expansion... driven by long-term market opportunity or push from key customers... enables faster utilization ramp up?" | The expansion was a preemptive strategic decision based on a "fundamental shift" seen in US energy needs, not single-customer backed. This confirms high management foresight and reduces "stranded asset" risk as orders are already filling the new capacity. | None | 4.5 | Strategy Validated |

| Q# | Rel. | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Cred. | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| 4 | 4.0 | Sailesh Raja / B&K | DI Exports/ Saudi | Business Overview | "How do we plan to balance domestic and exports [for DI]... anti-dumping investigation initiated by Saudi?" | Management is seeding export markets but clarified the Saudi anti-dumping investigation actually *benefits* their upcoming local Saudi DI plant. This converts a trade barrier into a competitive moat for their Saudi subsidiary. | None | 5.0 | Moat Widening |
| 5 | 3.5 | Sneha Talreja / Nuvama | Sintex/ OPVC | Business Overview | "Could it be possible to share any order book number on the OPVC side? What is your growth target here?" | OPVC is in the early stages with focus on "geographical acceptance" across 5 locations rather than volume. Revenue growth for Sintex is currently impacted by market-wide fund crunch, making the ₹2,000 Cr target a longer-term (3-4 year) play. | Specific OPVC order value. | 3.0 | Foundation Building |
| 6 | 4.0 | Bhavin Chheda / ENAM | Capex Funding | Financials | "H1 spent ₹950 Cr... Balance would be in FY27? How much in H2?" | Management expects another ₹1,500 Cr spend in H2 FY26 as Saudi/US projects accelerate. Despite this high intensity, the commitment to "net cash" indicates very strong operational cash flows from US/ Exports. | None | 4.0 | Clear Capex Road |
| 7 | 4.5 | | Saudi Profits | Financials | "Share of associate | The performance reflects a high- | None | 4.0 | |

| Q# | Rel. | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Cred. | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | Bhavin Chheda / ENAM | | | profit of close to ₹96 crores... sustainable or one-off?" | quality, high-margin order mix in Saudi Arabia and is expected to stay in "similar vicinities." This confirms the Saudi JV as a significant earnings driver independent of the standalone business. | | | High Earnings Quality |

**PATTERN FLAGS & SENTIMENT** Analyst concern regarding the **India Water segment (DI Pipes)** was persistent, with management acknowledging a "momentum mismatch" due to government funding delays. However, management's pivot toward **US Data Center infrastructure** effectively neutralized these fears, providing a high-margin growth engine that the market hadn't fully priced in. The Saudi strategy also saw a sentiment shift—from viewing it as an export destination to a local manufacturing powerhouse.

**Analyst Sentiment Verdict:** Analysts were highly impressed by the record order book and the US performance, which offset the domestic water sector lull. The pivot to AI data center energy supply was the most significant positive surprise. Management's credibility remains high as they maintained a net cash balance sheet despite ₹950 Cr of Capex. The only remaining friction is the timing of the India water sector turnaround.

## 5. WHAT CHANGED vs PRIOR QUARTER

| What Changed | Prior Quarter (Q1 FY26) | This Quarter (Q2 FY26) | Direction |
|---|---|---|---|
| **Order Book** | ₹19,000 Cr | ₹23,500 Cr | ↑ |
| **US Visibility** | 8 Quarters | Through FY28 (10-12 Quarters) | ↑ |
| **EBITDA (Quarterly)** | ₹560 Cr | ₹626 Cr (Record) | ↑ |
| **US Demand Driver** | LNG Exports / Permian Gas | AI Data Centers (Gas transport) | ↑ |
| **Saudi Strategy** | Focus on JV (East Pipe) | Focus on 100% Owned LSAW/DI Projects | ↑ |
| **OPVC Status** | Under commissioning | Fully Operational (Bhopal) | ↑ |
| **Sintex Footprint** | Regional focus | Pan-India expansion (Chhattisgarh/Punjab) | ↑ |
| **Finance Cost** | Baseline | Down 41% YoY | ↑ |
| **Specialty Steel** | Turnaround in progress | All-time high Pipe sales volume | ↑ |
| **Guidance Feasibility** | 25% of target met in Q1 | 54% of target met in H1 | ↑ |

STOP HERE.