

Stock Idea Note - Welspun Corporation Ltd.

Company Overview

Welspun Corporation Ltd. (WCL) is one of the largest players in the global steel line-pipe industry, with a diverse presence across energy, water, infrastructure, construction, and specialised industrial sectors. The company's core manufacturing portfolio includes large-diameter line pipes, ductile iron pipes, and stainless steel bars. In 2023, WCL strategically expanded into the building materials segment through the acquisition of Sintex, India's leading brand in water tanks and plastic products, adding water storage tanks, interior and electrical products, plastic pipes, and TMT bars (produced across seven plants) to its portfolio. To further strengthen its presence in the plastic pipes market, the company acquired Weetek Plastics Pvt. Ltd. in 2024. With this expanded product suite, WCL has evolved into an integrated provider of pipes and building materials serving multiple infrastructure-related industries.

The company has five manufacturing facilities for the pipes segment across India, US and KSA (Kingdom of Saudi Arabia), with an aggregate installed capacity of 3,306 KMTPA and upcoming additional capacity of 950 KMTPA:

(Figures in KMTPA)	HSAW	HFIW	LSAW	EWR	DPI
India	956	-	350	200	600
USA	350	350	300*	-	-
KSA	500	-	350*	-	350*

*Upcoming greenfield capacity, expected to be operational in Q1FY27

Notably, WCL's product mix is undergoing a strategic shift. The line pipes currently dominate sales volumes at 74% in Q2FY26, followed by DI pipes at 23% and stainless steel at 3%. However, the Q2FY26 order book of 8,555 KMT worth Rs. 23,500 crore reflects a sharp pivot, with stainless steel bars and pipes accounting for 81% of volumes followed by line pipes at 15% and DI pipes at 4%, thereby positioning stainless steel as the company's key growth driver going forward.

Investment Rationale

WCL expanding capacities to capture rising global pipe demand, driven by US LNG & data centers, KSA Vision 2030, and India infrastructure build out

- US: WCL is the largest pipe manufacturer in the US and uniquely positioned with its 6' - 60" OD LSAW offering, including double jointing and coating for critical oil & gas and infrastructure projects. The US market presents two major growth drivers. Firstly, the rising LNG exports which is expected to increase from 16 bcf/d to 25 bcf/d over the next three years through capacity expansion in the Permian Basin and Alaska. Secondly, the rapid development of data centres which require dedicated natural gas pipeline infrastructure to meet surging energy needs. These trends collectively amount to an estimated 13,000-14,000 km of new pipelines, positioning WCL's LSAW expansion to capture a significant share of this demand and deliver margin-enhancing growth.
- KSA: Saudi Arabia has long been a major demand centre for pipes, driven by its significant oil and gas exports. Under Vision 2030, the Kingdom is fast-tracking infrastructure development, including 4,000 km of new O&G pipelines and 2,000 km of large-diameter transmission lines for desalinated water, along with significant investments in sewage and water distribution networks. To tap into this growth, WCL is expanding its presence through two greenfield projects, 350 KTPA LSAW and 350 KTPA DPI, positioning itself to meet both energy and water infrastructure demands.
- India: WCL has 64% of its installed capacity within India, establishing a strong domestic foundation while also promoting exports of LSAW pipes for critical applications such as deep offshore and sour service pipelines. In India, ongoing investments in oil and gas infrastructure and large-scale water transmission and distribution projects continue to serve as significant tailwinds.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

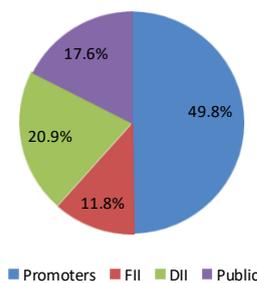
Sector Outlook Positive

Stock	
CMP (INR)	793
Target Price (INR)	942
NSE Symbol	WELCORP
BSE Code	532144
Bloomberg	WLCO IN
Reuters	WGSR.BO

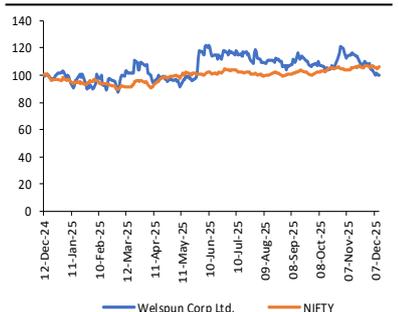
Key Data	
Nifty	26,047
52WeekH/L(Rs.)	995/664
O/s Shares (Cr.)	26.4
Market Cap (Rs, Cr.)	20,927
Face Value (Rs.)	5

Average volume	
3 months	7,47,319
6 months	6,86,547
1 year	8,45,132

Share Holding Pattern (%)



Relative Price Chart



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WCL's B2C push combines brand strength, product innovation and channel expansion to drive growth

The company is expanding its B2C segment by leveraging Sintex's strong brand recognition and Weetek's product portfolio, with aggressive growth into water storage tanks, a comprehensive range of plastic pipes including high-performance OPVC, and solutions for water recycling, reclamation, and re-harvesting, along with electrical boxes. To accommodate this growth, three new manufacturing plants are being built, with a combined capacity of 950 KMTA. With the launch of two value-added products in the anti-microbial and anti-rodent categories, the company has increased its system offerings to seven. This is expected to improve margins over the next three to four quarters. It is also expanding its distribution network, adding 99 distributors to reach 467 between Q2FY25 and Q2FY26, positioning the business for accelerated growth.

Valuation and Outlook

WCL stands out as a structurally attractive play in the pipes industry with sustainable long-term growth prospects. Demand tailwinds across the US, KSA, and India, coupled with new capacity coming online in Q1FY27 and ongoing product additions, provide strong visibility. Manufacturing across key geographies offers WCL a competitive edge by expanding market access, lowering logistics costs, and diversifying risk. The company's entry into the fast-growing plastic pipes and products segment through strategic acquisitions adds another growth lever, while an expanding distribution network positions it to scale faster. A higher mix of value-added products, rising share of stainless steel in the order book, and stable raw material prices are expected to support margin expansion in the coming quarters. WCL currently trades at a P/E multiple of 11.8x (FY26 TTM earnings), well below its three-year median of 16x, offering scope for rerating. With global demand revival and management guidance of 10-12% revenue CAGR over FY26-29 alongside 200bps EBITDA margin expansion to 15%, earnings growth is set to accelerate. On a conservative basis, valuing the company at 11x FY27E earnings, we derive a target price of Rs. 942 per share, implying an 19% potential upside over the next 12 months.

Key Financials						
YE March (INR. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	6,505	9,758	17,340	13,978	15,376	17,221
<i>Revenue Growth (Y-o-Y)</i>	-	50.0%	77.7%	(19.4%)	10.0%	12.0%
EBITDA	473	494	1,561	1,684	1,999	2,411
<i>EBIT Growth (Y-o-Y)</i>	-	4.4%	216.0%	7.9%	18.7%	20.6%
Net Profit	444	199	1,136	1,902	2,260	2,704
<i>Net Profit Growth (Y-o-Y)</i>	-	(55.2%)	470.9%	67.4%	18.8%	19.6%
Diluted EPS	16.8	7.9	42.4	72.7	85.6	102.4
<i>Diluted EPS Growth (Y-o-Y)</i>	-	(53.0%)	437.2%	71.4%	17.7%	19.6%
Key Ratios						
EBITDA margin (%)	7.3%	5.1%	9.0%	12.0%	13.0%	14.0%
NPM (%)	6.8%	2.0%	6.6%	13.6%	14.7%	15.7%
RoE (%)	10.0%	4.2%	20.3%	25.6%	23.7%	22.5%
RoCE (%)	3.4%	2.4%	16.0%	15.6%	15.5%	15.5%
Valuation Ratios						
P/E (x)	47.3x	100.6x	18.7x	10.9x	9.3x	7.8x
EV/EBITDA (x)	47.2x	46.9x	14.0x	12.4x	10.4x	8.7x
P/BV (x)	4.7x	4.5x	3.7x	2.8x	2.2x	1.7x
Market Cap. / Sales (x)	3.2x	2.2x	1.2x	1.5x	1.4x	1.2x



BP WEALTH

Tel: +91 22 61596138

Research Desk

Institutional Sales Desk

Tel: +91 22 61596403/04/05

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392