



“Welspun Corp Limited
Q2 & H1 FY '26 Earnings Conference Call”

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MODERATOR: **MR. ANIRUDH NAGPAL – JM FINANCIAL
INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Welspun Corp Q2 FY '26 Earnings Conference Call hosted by JM Financial.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please press “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Anirudh Nagpal from JM Financial. Thank you, and over to you, sir.

Anirudh Nagpal: Thanks, operator, and welcome, everyone, to the call. I will first thank Welspun Corp for giving JM Financial the opportunity to host today's call.

So, without much ado, I will hand over the call to Mr. Salil Bawa – Head, Investor Relations, Welspun Group, to introduce the management. Over to you, Salil.

Salil Bawa: Thank you, Anirudh, and good afternoon to all of you. I welcome all of you to the Q2 FY '26 Earnings Call of Welspun Corp Limited.

Present along with me today on this forum are Mr. Vipul Mathur – Managing Director and CEO; Mr. Percy Birdy, Chief Financial Officer, Welspun Corp; Mr. Yashovardhan Agarwal – Director, Sintex; I also have Goutam Chakraborty, who heads Investor Relations for Welspun Corp.

You must have received the Results and Investor Presentation of the company, which are also available on the stock exchanges as well as on the company's website. As usual, we will start this forum with opening remarks by the leadership team. Post that we will open the floor for your questions.

During the discussion, we may be making references to the presentation which has been uploaded. Should you have any queries that remain unanswered after this earnings call, you may reach out to any one of us.

With that, let me hand over the floor over to Mr. Vipul Mathur – MD and CEO of Welspun Corp. Over to you, sir.

Vipul Mathur: Thank you, Salil. And a very good afternoon to all my friends and colleagues. Welcome to our Q2 and H1 FY '26 Earnings Conference Call.

I greatly appreciate all of you joining this call today. And I hope that you had a chance to look at our Presentation, what we have uploaded along with our Results.

I think so, it is a very comprehensive document which we have, as practice, we have loaded so that all our investors have an absolutely fair insight as to what is happening in the company. But nevertheless, I would still start my discussion giving a brief key operational and the financial highlights of the concluding quarter.

The key operational highlights are:

Our line pipe sales volume for India and U.S. stands at more than 250,000 tons. Our DI pipe sales volume stood at almost 80,000 tons. Our SS Bar and Pipes sales volume at 7,000 tons and 1,700 tons respectively. Our Sintex absolutely on the growth part recorded a sale of Rs. 150 crore for this quarter. And I am very happy to report that our consolidated order book stands at a record high at Rs. 23,500 crore, the highest probably in the last 10 years or ever.

With this strong order book and the executions capability, what our company has demonstrated over Q1 and Q2, it clearly reflects and sets the ball rolling for the next two quarters. Also, this order book gives us a clear visibility for the next two years, at least more than two years in the American market and almost more than a year for all our businesses in other territories.

On Sintex, on the pipe side of it, we have successfully expanded our footprints in Chhattisgarh and Punjab. I am very happy to report that our Bhopal OPVC plant is now fully operational. And a lot of focus is being brought on brand building and channel expansion. And we will talk about it a little more in detail in my subsequent conversation.

The key financial highlights are:

Our Q2 FY ' 26 EBITDA, Quarter 2 EBITDA, stood at Rs. 626 crores, highest ever quarterly EBITDA. If you would have noticed, we have been demonstrating consistent growth over the last six quarters with improved margins. So, on quarter-on-quarter basis, if you see our EBITDA, you would have noticed the growth with improved margins.

Our annualized ROCE, return on capital employed, also stood at 24% and that also on a year-on-year basis is only going up.

The PAT for the quarter stood at Rs. 440 crore, up by 53% on Y-on-Y basis. Despite the CAPEX spend of Rs. 950 crore during H1 of FY ' 26, we continue to maintain net cash position in our balance sheet. That clearly reflects the financial prudence and the free cash flow our existing businesses are generating. On top of it, we have been also able to significantly reduce our finance cost, which has gone down by 41% on a Y-on-Y basis.

Our credit rating for long term stands at AA+, with a stable outlook.

We are very much on track and aligned with our annual guidance. If you recollect, my friends, for FY ' 26, we had given an EBITDA guidance of Rs. 2,200 crores. And in H1, we have already touched Rs. 1,186 crores. With two more quarters to go, confirmed order book in hand, and our

execution capability not being under any stress or under challenge, we are very confident to deliver and achieve, if not exceed, the guidance what we have given to the market.

Let me also take you through the business environment as to what because there seems to be a lot of volatility happening globally, which all of you are noticing. I think so, we will deep dive into each and every region because every region is unique for us. And I would like to give our input and my thoughts to that.

First and foremost, let me first cover America. At this point in time, as you know, we have a very, very strong order book in America. I am very pleased to announce and report that yesterday we received two more orders from our two large customers in America, all totally amounting to more than \$715 million. This is one of the largest orders we would have received in the last couple of years. This is a very clear indication that the American market stays very, very strong, buoyant, and being a local there, being one of the largest pipe manufacturing companies, we are getting benefited out of it.

Primarily, if you see that there is a paradigm shift which is now happening in America. Earlier, we were all talking about the Permian gas going to the Gulf Coast for LNG exports. We are now seeing a shift. Apart from that what LNG exports are happening, we are also now seeing a shift because of mushrooming of the data centers, which is likely to happen in America. These data centers are energy guzzlers. And each data center requires a huge dedicated power supply, and that power supply requires a huge amount of gas for generating that power. So, this is one major shift which is now capturing American market. And I think so that this sustained growth of data centers coupled up with AI and the leadership which America want to have in this particular field is giving us a sort of a clear visibility for next three to five years, if not more.

Conservatively, if we look at it, there are more than 250 data centers which are being discussed at this point in time. This is a very conservative estimate I am sharing. These numbers are varying anything between 200 to 1,200. But realistically, we feel that there is a significant number of data centers which are going to come up. And along with that, there will be a huge demand for gas which is going to come up.

We have to also understand that the energy grid system in U.S. is not able to meet this type of requirements, which means that if these data centers have to grow and if they have to thrive and they have to deliver and perform, they are putting up their own captive power plants. And those captive power plants are completely dependent on gas. And for those gas to transport from Permian Basin, these lines are going to come up. So, this is a new value chain which seems to be emerging into America and which is over and above LNG export. And I think so these two streams of business, the LNG export and the pipelines carrying gas to the power plant for data centers, these two streams are now going to be the way forward in the American market for the next couple of years.

As Welspun, we being the largest supplier of pipe and manufacturer of pipe, are definitely going to benefit out of the same. And the orders what we have received, one of the orders what we

have received, which we announced yesterday, is for supply of pipes for that data center only. So we, as a pipeline manufacturer, also are a part of that value chain. Earlier, we were part of the value chain for LNG exports. Now we are also a part of the value chain for data centers.

So, this is a major shift which seems to be happening in the U.S. market. And we have already made a beginning with that, with the large order of what we got yesterday. There are multiple opportunities which are emerging even at this point in time. And I am very, very sure that in times and weeks and months to come, we would have much more opportunities coming up on the table.

With this booking in hand, our Little Rock mill is completely booked till FY ' 28. And as I mentioned earlier, we are still seeing a continued demand. So, U.S. continues to be a very strong focus market. And we being one of the largest players, one of the most established and most credible players, I am sure that we will be able to leverage our position.

From U.S., if we move on, let me also give as to the Indian market. First, let's talk about Indian market, about water. The Indian market, the water sector in the Indian market has been slightly depressed over the last few quarters because of the fund crunch which we have been noticing. It appears that this fund crunch is now going to get over. We feel that starting next year or maybe the early part of next year, we are expecting the funds flows to come into the system and we would see the demand coming back into the market.

There are huge projects which are being discussed at this point in time for the water. Primarily, they are more around interlinking of rivers and distribution. We are seeing states like Madhya Pradesh, states like Maharashtra, and states like Rajasthan, which are taking a lead in terms of capturing interlinking of rivers. All put together, the demand between all these three states put together could be in excess of almost 4 to 5 million tons of pipe over the next couple of years' time. And this is what, with our presence, we have a presence in Gujarat, with our presence in Madhya Pradesh, and our ability to serve with Rajasthan from either of these states, I think so Welspun is very well-positioned to capture this upcoming demand of interlinking of rivers.

Apart from interlinking of rivers, there is also a huge push which is going to come up for distribution across all these three states. And that is where we see that the subdued demand, which our DI pipes have seen in the last one or two quarters, is going to rebound. We are very hopeful that this Jal Jeevan mission, the funding under the Jal Jeevan mission, which got slightly stalled for certain reasons, will come back into the play, and we would see an uptick coming back into the domestic oil and gas, large diameter pipes for water transmission, and small diameter pipes, which is DI pipes for distribution. We are very confident that in the next few months this water business will completely be back on track.

As regards oil and gas for India, we are seeing a huge push coming up for development of natural gas pipelines. We understand that the global price of natural gas is likely to go down over the period of time, which will be extremely beneficial for an energy-hungry nation like India. We are very confident that once those prices come into a very, very attractive range, which could

just be a matter of time, there will be a huge demand for LNG, for the gas pipelines and network, which will be developed here in India.

We are seeing a strong demand already in place for our small diameter pipes, which is the ERW pipes, which are used for city gas distribution. We are seeing a lot of work happening at a lot of geographical areas. The pricing is attractive, and at this point in time, this will again be one of the growth drivers for our oil and gas business for India.

The third and the most important piece for our growth drivers in India is our oil pipes for export. We have seen a very healthy order book, and more importantly, a very qualitative order book for our oil and gas exports in pipes for India. If you see our performance, earning performance, there has been a significant contribution coming up from India in India entity also, which is nothing else but from exports. So that reflects both the quantity as well as the quality of the order books from our export business.

This business is further likely to grow. We are seeing a huge traction for pipeline projects all across Middle East and Southeast Asia. And so these are the two key major markets. We are seeing a lot of business still emerging. And with Welspun in the in the forefront, we will continue to be able to leverage this capability.

So, all in all, India, if you look at it, we see the water demand definitely is bound to come up. There is no doubt in our mind that it is just a matter of time. And the oil and gas demand is going to continue to be strong, both from a domestic perspective and from an export perspective. So, we feel that the next three to five years' time, beyond that, it is difficult to predict, but at least next three to five years' time seems to be fairly optimistic for our business here in India.

Let me also give you some flavor about Saudi, because that is another third market where Welspun is heavily present. If you see under Saudi Vision 2030, the government is working to guarantee long-term water security to public-private partnership. Large storage reservoirs and integrated transmission system linking coast with inland cities.

There is a huge desalination capability which is being developed. Those desalinated waters will be moved to feed into cities, and that is where large diameter pipelines are being used. This has been the case for the last three years, and looking at the demand at this point of time, this seem will be the case for at least next three to five years' time.

A testimony to that would also be, I am sure you would have noticed, with a very strong performance which our associate company, East Pipe, has given. They have delivered the highest ever EBITDA in this particular quarter. I am sure, my friends, you would have seen that. This is a clear testimony that the demand and the future, what lies in Saudi Arabia with respect to water.

When it comes to oil and gas, Aramco is on a major capital expenditure spree. They have already announced a \$10 billion investment year-on-year basis for the next 10 years' time. They are in the process of developing multiple offshore fields and for which they will be requiring a hell of

a lot of pipes over a period of time. That is what our genesis of our investment in our longitudinal mill in Saudi Arabia.

The theme still remains that they would like to use every gas for their domestic consumption and oil for exports. They are absolutely buoyant. They have very clearly stipulated their production enhancement in their production level, and they are completely aligned to Vision Saudi 2030, where they are committed to enhance their volumes. We will see a lot of development happening both on the onshore side, as well as on the offshore side, as well as for development of new energy, which is hydrogen and carbon capture.

All these businesses into this energy space, oil and gas space and energy space are with Welspun being going to be a local mill out there, we should be able to capitalize upon the same. We are very optimistic and buoyant about the Saudi market, and I am sure that in times to come, you would see the incremental revenues and margins coming into Welspun Corp balance sheet once we are fully stabilized there starting next year.

As regards the DI pipes, the Saudi market, there is a huge demand which is currently being serviced, mostly from imports. Almost two-third of the DI requirements seems to be serviced through imports. With our DI plant now coming in play by the end of this financial year, we should be able to capture that demand and which will be catered more domestically rather than dependent on the imports. We are seeing a huge demand at this point in time. We have already very actively started our discussion with all the local players and all the local users, and I am very happy to report the type of encouragement which we have been receiving from them.

All in all, if you look at it, our foray into the Saudi market and our enhanced presence into the Saudi market will be the next area of growth which will come into Welspun Corp's consolidated balance sheet.

Let me also cover our SS Bar and Pipe business, which is about Welspun specialty steel. Our quarterly pipe sales volume reached an all-time high. The bar sales volume for the quarter remained very steady. But on the pipe side of it, we are seeing a huge traction. On the steel side of it, we are seeing things slightly moderated because of the tariff conditions, but I believe that it will only be a matter of time when things will get rationalized. And even the stainless steel bar or steel business will also see a massive uptick as what we are seeing in our pipe business.

However, EBITDA growth both on Y-o-Y and quarter-on-quarter basis stood higher than revenue growth, driven by better operating leverage. We have added more than 20 customers during H1 of FY '26. Our IBR accreditation of alloy steel blast and tubes have progressed, and we are expecting completing completion in the coming quarter.

Our new bright bar project construction is in full swing, and the commissioning is also expected in this particular quarter.

Our key focus and the projected growth drivers shall be the sectors like energy, defense, space, oil and gas, petrochemicals, engineering and public infrastructure. I am sure all these sectors will stimulate the demand for the stainless steel pipes and bars. Welspun Specialty Steel remains committed to actively engage with these customers, both in domestic and international market, and will maintain their operational performance, positioning the company for stability and further growth.

This, as you know, friend, this is a very boutique company. We are the only one which is completely integrated, which means that we make our own steel, we make our own bars, and through those bars, we make our own pipes. This is the unique proposition, what we have in this particular setup. The demand in India, both in defense and nuclear and the power, is going to go up exponentially. All of us are noticing that. And these pipes will see a massive application in this particular area.

So we are very, very confident about the growth of this particular company. And you would see that on a quarter-on-quarter basis, they have only been improving for the last four or five quarters. And I am very sure that they have a very extremely bright future.

Coming back to our Building Material vertical, which comprises of two businesses. One is our TMT bars and other is our Sintex. In Sintex, on the water storage tanks business, we have continued to focus on our channel expansion, brand building, premiumization and digitalization, our strategic shift towards secondary driven sales through enhance visibility and demand generation.

Pan-India basis, if you see, our retailers and plumbers, distributors, retailers and plumbers have gone up significantly. Today, as we speak, we have close to 500 distributors, almost close to 28,000 retailers and almost close to 65,000, 60,000 or 70,000 plumbers, influencers. This business, the B2C business, as you would know, is completely dependent on this value chain, and this is where we are absolutely focusing upon. And on a month-on-month basis, we have been gaining ground.

On the plastic pipe business, we have launched our pipe business in Chhattisgarh. We have launched in Chhattisgarh in Punjab. We have got an extremely positive feedback on the quality, the brand, and the differentiated offering what we are proposing into the market at this point in time.

On the OPVC side of it, our Bhopal plant is now fully operational. I am happy to report that we have got all the mandatory and the statutory approvals and accreditations, which are required to sell those pipes into the domestic market. I am also happy to report that we have received multiple orders for this particular product. And starting next month, we would also see execution of these projects for the OPVC pipes.

We are trying to scale up our operations to reach to cover almost 80% market on a pan India basis by March 2026. We are also trying and making our efforts that how can we deeply penetrate

into each and every state, each and every district, and each and every consumer. There is a very clear, robust strategy, which is being designed and being implemented to map and to make that impact fit. It is a work in progress. I am sure this work has to be built up little painstakingly. B2C, you understand, takes its own time. We are absolutely investing in its foundations at this point in time, and I am sure that these foundations will give us a benefit in times to come.

On the investments, what we have done globally, I just wanted to update that all those investments, whether they are in India, Saudi, or in America, they are going as per the plan. They are all on schedule. And I am sure when all these expansions will happen, which would happen anything starting from 6 months to 12 months from now, the total addressable market is going to expand for Welspun, and which is going to get reflected into our volume, in our revenues, and in our earnings as well.

I am sure that the performance over the last two quarters and during this H1 is meeting the expectations, and we are delivering what we have promised. And I am sure that the next two quarters and the subsequent two to three years' times, we should be able to sustain this incremental growth.

Last and not the least, we remain very strongly committed to sustainability, our people, and our digitalization objectives, and ensuring highest standard of governance and transparency across the organization.

With this, I would like to kindly ask the moderator to open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Nishant Vass from 360 ONE Asset Management. Please go ahead.

Nishant Vass: Just a couple of clarifications. Just on the data center piece, can you double click more on The U. S. Demand? Obviously, there are more and more data centers in U.S. that are on-site natural gas generated from a power standpoint. So, are you seeing that order come to you? If you can give more details in terms of what is the nature of this order that you received from data center as a direct order?

Vipul Mathur: No, so, Nishant, thank you very much. First and foremost, this order, what we have received, is not a direct order from a data center. This order is an order to a midstream company. We have to understand the value chain. The value chain is that there is a gas, which is there in the Permian Basin. That gas has to get transported to the consumption center through a pipeline. These pipelines, as you know, are being put through a midstream company.

Earlier, those midstream companies were all focusing on moving that gas to the Gulf Coast for LNG export. Now with this big new demand coming up for data centers, they are also diverting this gas pipelines from Permian to wherever these data centers are coming, which is in Midwest

or Arizona or in Texas or in Louisiana. So, there is a huge shift on newer pipelines which are getting created and from the same source, which is the Permian.

Nishant Vass:

And so just getting a better understanding of this because gas-based data center demand is going to be the primary driver of incremental growth considering other segments take time in terms of ramp up, potentially nuclear and other sources. On that account, considering you have a dominant position in the market, do you think this can be a significant source of incremental growth for you? And if that is the case, then what are the thoughts in terms of capacity creation more for getting to supply for this data center demand?

Vipul Mathur:

So, first and foremost, we believe this is a paradigm shift which is happening within the market, U.S. market, number one. As you rightly said, we are definitely in the pool position at this point in time, being present there and having one of the largest capacities.

Third, it is also very clear that this recent order, which is a testimony that, this demand is actually not on a piece of paper. It is actually getting crystallized. This is happening on the ground. I think so this is going to stay for a fairly, fairly long time because the type of data centers which are being discussed and their complete dependence on natural gas. So, we have to understand either they have an option to go to a grid, which is a very weak network and if it is not a very extended network in America and not too very reliable network. So, they have no other choice but to go to this captive power plant, and those captive power plants have to be fed to this gas.

The nuclear part of it, I think so it is still on a design state. It is going to take some time. We have still not seen any prototypes coming up on the ground. So, it is going to be a long haul before they will be powered to a nuclear energy. So till that time, which could be 5, 7, 10 years, we really don't know. Till that time, if this data center's demand continues to grow, they will all be powered through the gas. So, we see a very clear directional shift which is happening into that particular market. And apart from exports to LNG, this was going to be the new consumption driver.

Coming back to our capacity, Nishant, as you know, we have one of the largest capacity, number one. We have already announced adding our capacity. We are putting up a new longitudinal plant out there, which we have already announced that. It is already going. It is only a work in progress. We should be up and ready sometimes next year. And this plant, over and above our existing plants, these two plants put together would be catering to this huge demand of energy, new energy, which is demand which is coming up into the U.S. market.

Nishant Vass:

And one last question on this. From a profitability standpoint, I presume this also will be similar or better than the existing in the existing projects in the U.S.

Vipul Mathur:

Fair assessment. Fair assessment. It is a very fair assessment to make, Nishant. I think so, they are, but profitability is also a factor of steel and this, that. But I would say that these are fairly profitable orders. And more than the profitability, I think so, the trust what the customer shows on to us with respect to our executional capabilities, that is more important for us. And I think

so, by getting all these orders of almost \$700 million odd orders for and largely, one of them happens to be from a data center is a clear testimony that Welspun positioning into the American market.

Moderator: Our next question comes from the line of Vikash Singh from ICICI Securities. Please go ahead.

Vikash Singh: Sir, my first question pertains to our guidance. Why haven't we increased our FY '26 guidance considering that the second half is usually pretty strong for pipe companies? Your initial commentary also suggests that. And is it because we would be expecting, we are also export orders from India would have been exhausted and that is why we are expecting second half to be a little bit weaker this time?

Vipul Mathur: Vikash, guidance is a factor of our order book and its executional timelines. I may have orders expanding over a couple of years, but all those orders have to be delivered into a particular time line. So, when we factor all those things, that which order from which mill, from what location, to which customer, in what time line, I think so all these component becomes the fact of our guidance. And, accordingly, we have given the guidance.

So, you are right. The H2, the second half of the year is definitely historically has been better than the H1 part of it, and that is what gives us a reasonable amount of confidence that once we have already received, we have all almost achieved our mid-year guidance, I am sure there is no reason that why should not we be able to accomplish or exceed the guidance given for the full year. But are we going to change it drastically? The answer is no. Because there are certain orders which have already been factored for, and they need to be executed in time.

This question will become more relevant, Vikash, for the next financial year, when we would have, when we will sit down and finalize the business plan for the next financial year, keeping all the pending businesses in mind and how we are going to execute that.

Second, by next year also, we would have additional capacities which will come on stream. And to that extent, as I said earlier, we will see a growth in volume, growth in revenue, and also growth in margins and which will mean growth in guidance as well. So, that is how we would like to play around, Vikash.

Vikash Singh: And sir, in terms of our state of the order book between India and U.S., just wanted to understand that U.S., we know that we have a visibility now till FY '28. But how we should look at the India visibility, if you could give us the orders book split? And by when you are thinking that the market would start turning around the green shoots in the water space?

Vipul Mathur: So, right now, as I said, we have almost a consolidated order book of close to exceeding 1.25 million tons between India and U.S. So for U.S., we have a clear visibility for at least more than two years. And for India, depending on the various business, for the water businesses, typically, the visibility is for, let's say, one quarter or more. But for our signature, LSAW business, which

is the export business, we still have a visibility of more than a year. So, we have a very, very strong qualitative order book, both in the water sector as well as for exports at this point in time.

And to your third question, that how the visibility also for our order book, both for exports as well as for water, I am sure that it looks very promising. Water, as I said earlier, we would see a lot of traction coming up starting the next financial year because a lot of fundamental issues with respect to cash flow and funding and this and that would have got sorted out. There would have been some very large projects in the water sector which would have got awarded. So, the fund availability with a word of large contract, I think so that fundamentally will take care of the water sector.

And on the export side of it, which is where you make your maximum money, we are seeing a huge traction at this point in time. We already have a very comfortable order book. But as I see the visibility, the pipeline of the orders, and what my teams are discussing, it gives me a clear comfort that next year could be even better.

Vikash Singh: That's all from my side.

Moderator: Our next question comes from the line of Sailesh Raja from B&K Securities. Please go ahead.

Sailesh Raja: Sir, congratulations on delivering an excellent performance in 2Q. Sir, with planned capacity addition in HFIW and the new DSAW in the U.S., so is this expansion decided by us initially primarily driven by seeing the long-term market opportunity or the push came from key customers like TC Energy and Kinder Morgan?

The reason for asking this question, if there is a specific customer that demand, does that enable faster utilization ramp up once the facilities are operational? And since you have pointed out that we have received order from data center segment that is roughly around Rs. 6,000 crores, and also, I just wanted to know this is pertaining to which type of type, DSAW or LSAW? Because if we do that calculation of 6,000 ton, it comes around 3.75 lakh tons. Just wanted to know if you can clarify on this.

Vipul Mathur: So, to your first question, that what was the genesis for our HFIW and LSAW expansion? Sailesh, you have to understand that we are present into that market for the last almost 20 years now. We are one of the largest players in that particular market. We have an extensive relationship with all the existing customers, the midstream customers, what we have. We have been absolutely focused in terms of that where, how is the growth coming, what is that we can do to help capture that growth.

At an appropriate time last year, we felt we saw that there is going to be a huge uptick in demand, which is going to happen. The demand, we knew, will happen in more in data centers, LNG, and LNG export segment. And that is the reason, key reason we went ahead, wanted to be stay ahead in the curve, and went up with our expansion for our putting up a new LSAW plant.

What happens afterward, once these pipelines are being done, the large diameter pipelines are being done, the small diameter pipelines, distribution network also get created. That is the nature of the business. And to that extent, keeping that in mind, we took a preemptive step of also putting up a upgraded HFIW mill in place. So, it was not a specific customer backed demand basis which we took a decision. It was a fundamental shift which we saw, which is likely to happen on the ground, and basis that we took that decision. And I am sure that you will agree that that whatever we took in terms of expansion were the right decision. So, our capital allocation was very, very clear and judicious. Number one.

Number two, with respect to this, the new project, the new order what we have got, it is largely a spiral pipe at this point in time, but it also has a component of a longitudinally welded pipe. And as our mill is going to come up there, we would also be able to service that requirement, this confirmed requirement out of that particular mill. So, it is a blend of both at this point in time.

Sailesh Raja: So, is it possible to give the mix? So, basically, I want to know if this DSAW will be operational by FY '28. So, how long will it take to seize that capacity?

Vipul Mathur: DSAW will be operational by '26, by next year. No. Who said '28?

Sailesh Raja: No. So, FY '28, sir. I am talking FY '28.

Vipul Mathur: Okay. We should see two years till FY '27, then FY '28.

Sailesh Raja: We can fill it by FY '28 or second half of FY '29?

Vipul Mathur: We see a demand. I mean, today, when we look at it, I think so that demand, which is going to come up both from LNG as well as our data centers and LNG terminals per se. And I am not counting offshore for the time being at this point in time. So, these because from out of the four, I am only counting demand from these three functions, which is LNG export, data center, and the LNG terminals per se. I think so we are very confident that this brings a very clear visibility and we should be able to put a maximum utilization to our DSAW mill.

Sailesh Raja: Because we are deploying around Rs. 1,100 crores here, and effectively, we can produce 2.6 lakh tons. And you always say that in U.S., we will do conservatively 250% of EBITDA. So, if we back calculate, it gives only two, three years of payback, actually, including working capital in procurement. Is this right?

Vipul Mathur: Salish, these back of the form calculations, you guys are good at that. What we see is the fundamentals of that. For us, fundamentally, that market is strong. It is going to grow. It is going to stay strong for next couple of years. And we being present there, there is no reason that we should not be leveraging out of the whole situation.

Sailesh Raja: By seeing demand, can we expect one more line of addition in DSAW in next two, three years?

Vipul Mathur: At this point in time, no, Salish. At this point in time, we have factored for the demand and what could be the share we would like to service from that. To that extent, we have already taken all the steps. At this point in time, we are not looking at anything beyond this.

Sailesh Raja: My last question, when we commissioned the DI line, the strategy was to focus both domestic as well as exports market given our proximity to the port. However, we have not exported so far, and domestically, we are seeing deferment in government CAPEX. So, despite this, we have been able to ramp up our volumes, whereas if you see one of our peers, they have curtailed production because of delaying payments from the contractors.

So, in this context, on worst case, if the domestic situation continues like this, so how do we plan to balance domestic and exports going forward? Also, along with even in our presentation, it is mentioned that there is an anti-dumping investigation initiated by Saudi. So, what is our export strategy for DI and a broader plan for DI business?

Vipul Mathur: So, Sailesh, first and foremost, the DI market has been into stress. There has been no doubt about it. But we continue to have a very strong order book at this point in time. It is almost close to 300,000 tons of order book what we have. It is a confirmed order book. So, to that extent, we do not see sort of an immediate pressure at least in terms of volume. There will be a pressure in terms of pricing, but not in terms of volume, number one.

Number two, the fund crunch situation is not going to stay in perpetuity. As we are very confident, it is just a matter of time, a matter of one more quarter, and things has to improve, and they will improve. There is no doubt about that.

Third, we have already started exporting DI pipes in some small scale, and the initial response what we have got from the market in which we have already exported is extremely good. So, we will definitely ramp up our portfolio for exports out of India at this point in time and in days to come. But we will have to first see that currently, the percentage would be less because our domestic demand in order books is strong. And if for any reason it goes down, which I do not believe, then we have also parallely started working with the export market, seeded there. And if we have to ship, we will be ready to ship that.

To your last point, KSA has started the anti-dumping duty investigation. That is a fair point. Yes. They have already started doing that. You also must keep in mind that Welspun's DIP facility in KSA will also come up by March of 2026, and these anti-dumping investigations will definitely be of significant help to our local entity, our local production facility, which we are setting up in Saudi Arabia. So, we are sitting on both the sides. We see a strategic advantage having with this investigation because it will help us stabilizing our Saudi entity much expeditiously and faster.

Sailesh Raja: Just one thing. Sir, this Mauritius entity is very similar to parent entity.

Moderator: Mr. Raja, I am extremely sorry to interrupt, but can you please rejoin the question queue for your follow-up questions?

Sailesh Raja: Yes.

Moderator: Our next question comes from the line of Sneha Talreja from Nuvama Wealth Management. Please go ahead.

Sneha Talreja: Couple of questions from my end. From OPVC and Sintex channels, could it be possible to share any order book number on the OPVC side? That is first.

And secondly, what I want to understand is in the growth rate of Sintex, while you have mentioned that you have done roughly about Rs. 310-odd crores on Sintex first half number, what is your growth target here? Because as far as I understand, last year was somewhere about Rs. 600 crores to Rs. 650-odd crores is the total revenue size. Are we seeing any slowdown here in case you can just quantify that what is the growth likely to be this particular year only for the Sintex overall business?

Vipul Mathur: So, Sneha, thank you very much. First, on the OPVC side, as I said, that we have now achieved, we have started the commercial production. We have received all the statutory mandatory approvals and accreditations, which is required to supply pipes into the domestic market.

And, also, we now have orders from multiple stakeholders on a pan India basis for which we will be starting servicing sometimes later this, early this month or from next month. These are at this point in time, yes, I am not saying that they are huge quantities of order, but they are decent quantities of order at this point in time, what we have. But what is more important is that it is spread over at four or five locations, which means that the geographical acceptance of this pipe is what we wanted is now gaining traction.

At this point in time, what we are not following or rigorously pursuing is the volume part of it, but a wider gain and acceptance of OPVC pipes on a pan India basis. I think so that is the strategy we have been working on. And I think so, to that extent, the efforts what have been made are showing positive results, number one.

Coming back to your question on Sintex, I think the Sintex, our Sintex water storage division has been doing extremely good. As you know, it is a business of all about the distributor, dealers and influencers. That band, as it expands, the business expands on its own. The team, I think so, have been doing a phenomenal job in making that expansion.

Further, we are investing a lot in terms of branding and marketing activities and taking it directly to the consumers, making them aware about the products, what are bringing. I think so this expansion, this is gaining a lot of attention and attraction. You know, the market has been slightly subdued in the recent past. There has been a fund flow crunch into the overall market. We are all privy and all are aware of it. I think so, to that extent, they are also slightly impacted, but it

is just, you know, as the fund flow into the markets in the water sector, everything will get improved. I am sure that this growth rate will further accelerate from here.

Sintex is a, as I said earlier also, Sneha, is a work in progress. We are absolutely focusing on building absolute solid ground foundation. We are in no hurry that we want everything yesterday or tomorrow. No. We want to bring foundations. We want to make clear foundation with respect to the quality, brand, process, dealer, distributor, influencer, digital, everything. You know, we want to change the game in this particular market. It takes its own time. We will be investing that particular time and energy behind it because we see that is what is going to create a long-term intrinsic benefit for this organization.

Sneha Talreja:

That's helpful. And last thing, you also mentioned about Nal Se Jal scheme coming back, and Amrut 2.0, you have been really positive on about government spending coming back. And you are also present into DI, OPVC, all sort of pipes, which is where you actually see the benefit coming majority to? Will it be DI? Will it be OPVC? Will it be HDP? Where do you see incremental flows of the water supply coming to any categories that you would want to highlight here?

Vipul Mathur:

Sneha, this will be across all the categories. See, HDP will have a roll up to a particular size. OPVC will have a roll beyond that size, and third, DIP will have a role where OPVC will stop. So, if you see in the whole value chain, on the lower diameter, it will be HDP. In the smaller diameters, it will be OPVC. And in the medium to bigger diameters, it will be DIP. All three of them are a part of the same value chain, and we have been present into all three of them, we are covering the entire value chain. So, once the Nal Se Jal scheme funding and Amrut 2.0 funding will start trickling back, which is just a matter of time, we will see growth across all the three product lines.

Moderator:

Our next question comes from the line of Bhavin Chera from ENAM Holdings. Please go ahead.

Bhavin Chheda:

Just few question. First on the CAPEX. So, we have spent Rs. 950 crores in H1. And if I see your Quarter 1 slide which you had given, so our 2 years CAPEX plans was Rs. 5,500 crores. So, roughly, what would be the breakup? Second half, how much you plan to spend and balance would be in FY '27, that is how we should model it?

Percy Birdy:

Yes. Bhavin, hi, this is Percy here. I will take that answer the question. So, we had announced CAPEX of about INR 5,500 crores odd, and it was spread over three, four years, starting from FY '25. So, as you know, FY '25, you already spent close to about INR 1,000 crores, and in H1 this year also, it is about INR 950 crores. So, combining the two, about Rs. 2,000 crores is done.

What is remaining is another 3,500. I think in H2 of this year, it will slightly pick up the pace, so as our Saudi and U. S. projects are moving fast, at a fast clip. So, you can expect another maybe 1,500 for H2. So that means for this fiscal year, you can expect about, I would say, 1,000 plus 1,500, so about 2.5. But our goal is...

- Bhavin Chheda:** And 1,000 is already spent last year, the 3.5, right? So pending would be Rs. 2,000 crores starting FY '27. Right?
- Vipul Mathur:** Yes.
- Percy Birdy:** But our goal is, of course, to monitor the CAPEX very carefully and maintain our balance sheet in a healthy position by looking at the debt numbers, the net cash numbers as well.
- Bhavin Chheda:** Second question, just on the order book, because I think your slide says that the order book is updated till 25th October. So, U. S. order, which was received yesterday, should be added to the order because that press release also mentions order book at INR 23,500 crores. So, there looks to be some confusion between yesterday press release and today's presentation. So, what exactly is the order book number?
- Vipul Mathur:** Bhavin, let me clarify. I think if it has added any confusion, my apologies for that. The U.S. order book coincidentally came yesterday. We had a chance to update it. This Rs. 23,500 crores order book is inclusive of the recent order, the last order what we received from U.S. My apology for this, if it has created any...
- Bhavin Chheda:** So, 23,500 includes all orders.
- Vipul Mathur:** Yes.
- Bhavin Chheda:** And 1.2 in volume wise is equally spread between India and U.S., right?
- Vipul Mathur:** Broadly.
- Bhavin Chheda:** And this 23,500 doesn't include Saudi Arabia orders, APAC orders. Right?
- Vipul Mathur:** They do not. They do not.
- Bhavin Chheda:** What would be the order book there?
- Vipul Mathur:** They have an order book exceeding for more than two years at this point in time. I think so they make separate disclosures to that, Bhavin. I am sure you are tracking that. They have a very, very robust order book exceeding two years' time and very profitable order book. You see their performance for the Q2. I think so that will give you a very clear reference as to where that company is heading for.
- Bhavin Chheda:** So, you had a share of associate profit of close to Rs. 96 crores, so that reflects very strong results from Saudi operations. So, should we expect this current momentum to continue over coming quarters? Or was there any one-off in that share of profit number of Rs. 96 crores?
- Vipul Mathur:** My sense is that, a, this is a clear reflection of the mix of the order book what they have. See, it could be a little slightly on and off quarter-on-quarter basis, but from the quality of the order

book, what we see they have, it would be fair to assess that it would be somewhere in the similar vicinities. Should be. But, of course, subject to what the product mix, if they keep on changing, you will see some more aberrations coming up on the play. But broadly, I think so, this is the way we should keep in mind.

Moderator: Our next question comes from the line of Sunaina Chhabria from Chola Securities. Please go ahead.

Sunaina Chhabria: The first question that I had was the line pipe order book that was given was India and U.S. combined. Would it be possible for you to give any color on the breakup between this for India and U.S. respectively? What is the bifurcation between the two?

Vipul Mathur: Sunaina, thank you for joining. I think so, I did mention that this order book of 1.2 million is fairly even restricted between India and the U.S., which means almost close to 600,000 tons at both the location. Is that what you are looking at?

Sunaina Chhabria: Yes. I might have missed that. And just my second question is regarding this wholly-owned subsidiary that is being set up in Saudi Arabia. What would be, like, the business functionality of that?

Vipul Mathur: Wholly owned subsidiary which have already set up in Saudi Arabia is for, we are setting up a plant. We are setting up a longitudinal plant, and we are setting up a DI plant, and it is a 100% wholly owned subsidiary of Welspun Corp. That is the whole purpose and both these plants are being set up.

Sunaina Chhabria: Any time lines you could possibly give about them?

Vipul Mathur: About what? About the setting of these plants?

Sunaina Chhabria: Yes. The commissioning and the operation.

Vipul Mathur: If you see, Sunaina, we have given a very clear project update. If you see that on the DIP side of it, ductile iron pipe facility, we are still maintaining that it should be up and running by March of 2026. And for the LSAW plant, what we are seeing there is also a similar timeline. So, both of them seem to be the fourth quarter of this financial year.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Vipul Mathur: Thank you, friends. Thank you very much for joining today's conference call. I just want to reiterate a couple of things. You know, as an organization, as Welspun Corp, we have a fairly healthy order book. We are completely focused in our growth. We have seen consistent growth over the last six quarters, and I am very sure that in subsequent quarters for the next two years, you would see both growth and improved margins.

Our focus continues to be maintain profitability. You will see that we will try to maintain ROCE above 23%, 24%. We have a very healthy balance sheet. At this point in time, you see our net debt to EBITDA are less than, you know, they are almost negligible despite that all the CAPEXes we are doing, we are trying to maintain a sort of a net cash position. So, from a growth perspective, from a ROCE perspective, and from a balance sheet perspective, your company is absolutely on the right track.

From the business perspective, if you see, there is a paradigm shift, as I said, is happening both in the American market, in the Indian market, and going to be into the Saudi market. All these three markets are gunning, are growing, and they offer huge opportunities. I am sure with our philosophy of core products and core geographies, by virtue of which our reach is increasing, our total addressable market is increasing, I am very sure that the company will do extremely well in next couple of years.

With that, I would like to thank all of you once again for joining us. And if you have any questions, anything which we would have not answered to your satisfaction or you have any afterthought about it, please feel free to reach out. We will be more than happy in fullest transparency to share that with you. Once again, thank you very much for joining us today. Thanks.

Moderator:

On behalf of JM Financial, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.