

Rinkle Vira  
rinklevira@rathi.com

### Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	2,200
Fresh Issue (No. of Shares in Lakhs)	157.1
Offer for Sale (No. of Shares in Lakhs)	-
Bid/Issue opens on	28-May-25
Bid/Issue closes on	30-May-25
Face Value	Rs. 10
Price Band (Rs)	130-140
Minimum Lot (shares)	100

### Objects of the Issue

- Capex towards expanding production capacity of seamless & welded Pipes and tubes
- Funding incremental working capital & General purpose

➤ Fresh issue: ₹ 2,200 million

➤ Offer for sale: NIL

Book Running Lead Managers	
Monarch Network Capital Ltd	
Registrar to the Offer	
MUFG Intime India Private Ltd	

Capital Structure (₹ Million)		Aggregate Value
Authorized share Capital		650.0
Subscribed paid up Capital (Pre-Offer)		441.9
Paid up capital (Post - Offer)		599.1

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	90.0%	73.7%
Public & Others	10.0%	26.3%
Total	100.0%	100.0%

### Financials

Particulars (Rs. In Million)	Q3 FY25	FY24	FY23	FY22
Revenue from operations	3,611.7	3,998.6	3,051.2	1,940.2
Operating expenses	3,005.4	3,410.7	2,703.5	1,840.5
EBITDA	606.3	587.9	347.7	99.7
Other Income	23.0	26.2	26.5	10.2
Depreciation	133.7	163.8	114.7	15.2
EBIT	495.6	450.3	259.5	94.7
Interest	162.0	190.9	115.8	71.7
PBT	333.6	259.4	143.7	23.0
Tax	84.4	76.3	40.4	6.7
Consolidated PAT	249.2	183.1	103.3	16.3
EPS	4.2	3.1	1.7	0.3
Ratio	Q3 FY25	FY24	FY23	FY22
EBITDAM	16.8%	14.7%	11.4%	5.1%
PATM	6.9%	4.6%	3.4%	0.8%
Sales growth		-	31.1%	57.3%

### Company description

Incorporated in 2008, Scoda tubes Ltd. based in Ahmedabad, engages in manufacturing stainless-steel tubes and pipes. Its products are broadly categorized into: (i) seamless tubes/pipes; and (ii) welded tubes and pipes, under five (5) product lines, namely, (i) stainless steel seamless pipes; (ii) stainless steel seamless tubes; (iii) stainless steel seamless "U" tubes; (iv) stainless steel instrumentation tubes; and (v) stainless steel welded tubes and "U" tubes ("Products" or "Stainless Steel Products").

The Company markets its products under its own brand and serves a wide range of industries, including Oil & Gas, Chemicals, Fertilizers, Power, Pharmaceuticals, Automotive, Railways, and Transportation, primarily through engineering, EPC, and industrial companies. The company operates a hot piercing mill with an annual capacity of 20,000 MT to manufacture mother hollow its key input for stainless steel seamless tubes. This in-house production capability supports backward integration, enabling better cost control and reduced dependence on external suppliers.

The company has one manufacturing plant which is strategically located at Ahmedabad-Mehsana Highway, Rajpur, Kadi, Mehsana, Gujarat. As of December 31, 2024, our Manufacturing Facility has a total installed capacity of 20,000 MT per annum of mother hollow, 10,068 MT per annum of seamless products and 1,020 MT per annum of welded products.

The company cater to both the domestic as well as the international markets. In the domestic market, they sell Products to stockists (Maharashtra, US), engineering, EPC and industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors.

Additionally, any quantities of mother hollow in excess of captive consumption are sold in the open market. In addition to its manufacturing business of seamless tubes/pipes and welded tubes and pipes, the company also generates revenue from sale of services which consists of revenue earned from job work services like annealing, straightening, pickling and marking provided to other customers.

### Valuation & outlook

Scoda tubes Ltd is involved in the manufacturing and marketing of stainless-steel tubes and pipes since 14 years. A key differentiator in Scoda Tubes' manufacturing process is its hot piercing mill, which is utilized for the production of mother hollows the primary raw material used in the manufacture of stainless steel seamless tubes.

The company leverages a modern manufacturing process that enables cost-effective production, enhancing operational efficiency. It has an order book worth Rs. 130 cr. on hand. Rising demand across the industries bodes well. This being capital intensive segment, surplus working capital availability post IPO and the completion of proposed expansion will further improve its top and bottom lines going forward.

On valuation parse, based on annualised FY25 it is seeking PE of 25.2 times, FY24 earnings PE stands at 45.9 times and post issue market cap comes at Rs 8,387 Mn with this the issue is fully priced. We believe that company's key differentiator is its manufacturing process of its crucial raw material which enables backward integration, enabling Scoda Tubes to exercise greater control over production costs, reduce dependence on third-party suppliers, and improve overall operational efficiency. As the issue is fully priced we give "Subscribe for long term" rating for the issue.

**Company's Operations**

Scoda tubes Ltd is stainless-steel tubes and pipes manufacturer based in India having over 14 years of experience. Their products are broadly categorised into: (i) seamless tubes/pipes; and (ii) welded tubes and pipes, under five (5) product lines, namely, (i) stainless steel seamless pipes; (ii) stainless steel seamless tubes; (iii) stainless steel seamless "U" tubes; (iv) stainless steel instrumentation tubes; and (v) stainless steel welded tubes and "U" tubes. Seamless pipes are pipes without a seam (end joints) and are manufactured using Round Bars whereas welded pipes are manufactured by welding the flat steel strips into a round / circular shape.

Scoda Tubes Limited operates under its proprietary brand name and is engaged in the manufacturing and sale of stainless steel seamless and welded tubes and pipes. The company serves a diversified clientele comprising engineering, EPC (Engineering, Procurement, and Construction), and industrial companies across a broad spectrum of end-user industries such as Oil & Gas, Chemicals, Fertilizers, Power, Pharmaceuticals, Automotive, Railways, and Transportation. A key differentiator in Scoda Tubes' manufacturing process is its hot piercing mill, which is utilized for the production of mother hollows—the primary raw material used in the manufacture of stainless steel seamless tubes. The company's hot piercing mill currently has an installed production capacity of 20,000 metric tonnes per annum. This in-house capability facilitates backward integration, enabling Scoda Tubes to exercise greater control over production costs, reduce dependence on third-party suppliers, and improve overall operational efficiency. Surplus mother hollow volumes, beyond captive consumption requirements, are monetized through sales in the open market. In addition to its core manufacturing operations, Scoda Tubes also generates ancillary revenue through the provision of value-added job work services. These services include annealing, straightening, pickling, and marking, which are offered to third-party customers. This segment contributes to the company's revenue diversification strategy while leveraging existing operational infrastructure.

Particulars	Business Segment							
	9M FY ended December 31,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
Seamless products	3,070.0	85.0%	3132.8	78.3%	2833.2	92.8%	1699.3	87.5%
Welded products	22.5	0.6%	15.7	0.3%	70.3	2.3%	125.4	6.4%
Others (Sales of Mother hollow & scrap)	480.7	13.3%	823.7	20.5%	140.2	4.5%	115.3	5.9%
<b>Total</b>	<b>3,573.3</b>	<b>98.9%</b>	<b>3971.8</b>	<b>99.3%</b>	<b>3,051.2</b>	<b>99.7%</b>	<b>1,940.2</b>	<b>99.9%</b>

The company has one manufacturing plant which is strategically located at Ahmedabad-Mehsana Highway, Rajpur, Kadi, Mehsana, Gujarat in close proximity of around 360 kilometres from the Mundra port, which serves as a key port for exports, and is located 23 kilometres from Inland Container Depot, ensuring sound access and connectivity, and aiding us in reducing our logistics costs. Their Manufacturing Facility utilizes a plot of land measuring 21,199 sq. mtrs. and has separate seamless and welded divisions with product-specific equipment and machineries, including hot piercing mill, pilger mills, expanding machine, cold drawing lines, bright annealing furnace, eddy current testing machine, hydro testing machine, Spectro testing machine, tensile testing machine TIG/MIG welded tube mill, etc. As of December 31, 2024, Manufacturing Facility has a total installed capacity of 20,000 MT per annum of mother hollow, 10,068 MT per annum of seamless products and 1,020 MT per annum of welded products. Further, they have storage facility at their Manufacturing Facility for the purposes of holding inventory of raw materials and finished products.

Scoda Tubes Limited serves both domestic and international markets. Domestically, it supplies products to stockists and companies in sectors such as Oil & Gas, Chemicals, Fertilizers, Power, Pharmaceuticals, Automotive, Railways, and Transportation. The company has appointed an exclusive stockist in Maharashtra for India and another in the United States for the U.S. market. It also supplies through stockists in Italy, Germany, Austria, and Eastern Europe. For 9M FY25, Scoda Tubes catered to 26 stockists across domestic and international markets and exported to 11 countries, including the U.S., Germany, Netherlands, Italy, and Spain. Export revenues stood at ₹1,009.96 million during this period, contributing 27.96% of revenue from operations, compared to 20.82%, 30.84%, and 30.52% in FY24, FY23, and FY22, respectively.

Particulars	Revenue from Domestic & Exports							
	9M FY ended December 31,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
Domestic Sales	2601.7	72.0%	3,166.3	79.1%	2,110.0	69.1%	1,348.1	69.4%
Exports	1009.9	27.9%	832.2	20.8%	941.2	30.8%	592.1	30.5%
<b>Total</b>	<b>3611.7</b>	<b>100%</b>	<b>3,998.6</b>	<b>100%</b>	<b>3,051.2</b>	<b>100%</b>	<b>1,940.2</b>	<b>100%</b>

The Company completed the construction of our in-house hot piercing mill for the production of mother hollows in May 2022, with a capacity of 20,000 MT per annum. Since mother hollows are only used as the principal raw material for seamless products (but not welded products), they shifted their focus to the production of seamless products in Fiscal 2023 and Fiscal 2024, thereby resulting in a decrease in revenue derived from welded products in Fiscal 2023 and Fiscal 2024.

Particulars	Top 3,5,10 customers of PTY Yarn fabric							
	9M FY ended December 31,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
Top customers	668.2	18.5%	650.1	16.2%	498.1	16.3%	130.0	6.7%
Top 3	1,334.2	36.9%	1,149.0	28.7%	798.4	26.1%	327.6	16.8%
Top 5	1,589.1	44.0%	1,462.0	36.5%	1,004.4	32.9%	480.0	24.7%
Top 10	2,086.9	57.7%	1,910.1	47.7%	1,374.3	45.0%	771.5	39.7%

The top 10 customers in Fiscal 2024, Fiscal 2023 ad Fiscal 2022 are not exactly the same, although some of these top customer had remained consistent over the three fiscal years. As company's business grew over these three fiscal years, they gained new customers, some of whom had purchased more of their products than the existing customers, resulting in a shift in the ranking in revenue contribution of the earlier top customers.

#### Manufacturing Facility and Capacity Utilization

Currently, company's manufacturing facility is situated on a plot of land measuring approximately 21,199 sq. mtrs., of which approximately 15,034 sq. mtrs. of land is owned by us and 6,165 sq. mtrs. of land is leased by them. Their manufacturing facility is located at Ahmedabad-Mehsana Highway, Rajpur, Kadi, Mahesana, Gujarat in close proximity, of around 360 kilometres from the Mundra port, a key port for exports, and Inland Container Depot located 23 kilometres away.



As on December 31, 2024, it has 18 production lines for seamless products and 2 production lines for welded products at their manufacturing facility. As on December 31, 2024, manufacturing facility has a total installed capacity of 20,000 MT per annum of mother hollow, 10,068 MT per annum of seamless tubes, pipes, "U" tubes and instrumentation tubes and 1,020 MT per annum of welded products and "U" tubes. The Company completed its Mother Hollow manufacturing plant in May 2022. Since mother hollows serves as a raw material for seamless products, they focused on manufacturing seamless products to fully utilize capacity and optimize the backward integrated capacity to enhance the seamless products capacity. This strategic focus on maximizing the production of seamless products led to a reduction in both revenue contribution and capacity utilization for welded products. None of the inventory of mother hollow is written off.

Fiscal	Seamless				Welded				Mother Hollow				
	Particulars	Production Capacity (MT per Annum)	Actual Production (MT)	% of Utilization	Sales Volume (MT)	Production Capacity (MT per Annum)	Actual Production (MT)	% of Utilization	Sales Volume (MT)	Production Capacity (MT per Annum)	Actual Production (MT)	% of Utilization	Sales Volume (MT)
2022	4,410	3,905	88.5%	3,874	1,020	463	45.30%	6.7%	-	-	-	-	-
2023	6,540	6,061	92.6%	5,865	1,020	123	12.00%	16.8%	20,000	6,500	32.5%	-	-
2024	10,068	7,165	71.7%	6,862	1,020	39	3.8%	24.7%	20,000	9,900	49.5%	2,133	
9M FY25	10,068	7,954	79.0%	8,075	1,020	86	8.40%	39.7%	20,000	9,950	49.8%	1,689	

#### Strengths

##### ➤ Specialized production of Stainless-Steel tubes and pipes

The company is a dedicated manufacturer of stainless-steel tubes and pipes, specializing in both seamless and welded variants within a single metal category—stainless steel. Since inception, the company has maintained a focused approach by serving only the stainless-steel segment across domestic and international markets. This strategic concentration has enabled the company to develop deep expertise in stainless-steel production processes, inventory management, and customer engagement. Over time, this specialization has enhanced the company's capability to effectively gauge and respond to evolving customer preferences within the segment. Leveraging this domain expertise, the company offers a broad range of customized stainless-steel tubes and pipes, differentiated by length, thickness, and grade specifications tailored to end-user requirements. This focused approach has positioned the company as a preferred supplier for customers seeking specialized and high-quality stainless-steel tube and pipe solutions, supporting strong customer acquisition and retention.

##### ➤ International Accreditations and product approvals

The company is an emerging brand in the stainless-steel tubes and pipes industry, with a presence across both seamless and welded product segments. It adheres to internationally recognized manufacturing standards, including ASTM, ASME, and EN, and operates a certified manufacturing facility accredited with ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 by TUV SUD South Asia Private Limited. Products exported to Europe are certified under PED 2014/68/EU and AD 2000-Merkblatt W0 by TUV Nord. The company also holds Indian Boiler Regulation (IBR) approval for seamless and welded tubes and U-tubes, DNV-CP-0252 certification for steel pipes and fittings, and DNV marine certification for shipbuilding applications. Additionally, it complies with specifications such as DNV (Germany), Norsok (Norway), EIL (India), IBR (India), PED (EU), and BIS (India). Certifications from Bureau Veritas Marine (France) and RINA Marine (Italy) are currently under application, while Lloyd's Marine (UK) certification has been obtained. The company has also applied for renewal of its BIS license for general service seamless pipes and tubes. These technical capabilities and accreditations have enabled the company to

serve approximately 349 customers in Fiscal 2024 and 236 customers during the nine-month period ended December 31, 2024, across diverse sectors including oil and gas, chemicals, fertilisers, power, pharmaceuticals, automotive, railways, and transportation. The company's comprehensive certifications and sectoral expertise position it strongly to address customer needs across the stainless-steel tubes and pipes market.

➤ **Customer Diversification & International Presence**

The company's products serve a diverse customer base across multiple industrial sectors, including oil and gas, chemicals, fertilisers, power, pharmaceuticals, automotive, railways, and transportation, in both domestic and international markets. In the domestic market, sales are primarily conducted through stockists, engineering firms, EPC contractors, and industrial companies. Notably, the company has appointed an exclusive stockist based in Maharashtra for the distribution of its products across India. In international markets, the company primarily distributes its products through stockists. In the United States, it has established an exclusive stockist arrangement for the sale of its products within the U.S. market. These distribution strategies support efficient market access and enable targeted customer servicing across geographies.

Particulars	Revenue from category of customers							
	9M FY ended December 31,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in million)	(%)	(in million)	(%)	(in million)	(%)	(in million)	(%)
Stockists	935.0	25.8%	932.4	23.3%	717.3	23.5%	298.5	15.3%
Engineering Companies	1228.4	34.0%	1891.2	47.3%	1205.5	39.5%	1016.5	52.3%
EPC Contractor	387.0	10.7%	305.2	7.6%	113.5	3.7%	10.8	0.5%
Export – Stockists	1009.9	27.9%	832.2	20.8%	941.2	30.8%	592.1	30.5%
Industrial Companies	51.2	1.4%	37.3	0.9%	73.6	2.4%	22.2	1.1%
Total	3,611.7	100%	3998.6	100%	3051.2	100%	1940.2	100%

As of December 31, 2024, the company has established a broad and geographically diversified customer base, comprising over 232 active customers in Fiscal 2025. This diversification supports revenue stability and enhances the sustainability of operations over the long term by mitigating risks associated with sector-specific downturns and geographic concentration.

Particulars	Revenue from operations from exports							
	9M FY ended December 31,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in million)	(%)	(in million)	(%)	(in million)	(%)	(in million)	(%)
Germany	485.7	13.4%	366.6	9.1%	211.2	6.9%	66.0	3.4%
United States	123.5	3.4%	88.3	2.2%	140.4	4.6%	67.9	3.5%
Spain	113.0	3.1%	98.5	2.4%	277.5	9.1%	237.3	12.2%
Netherlands	111.1	3.0%	132.6	3.3%	108.5	3.5%	91.0	4.6%
Switzerland	99.4	2.7%	0	0	0	0	0	0
Others	77.0	2.1%	146.1	3.6%	203.4	6.6%	129.7	6.7%
Total	1009.9	27.9%	832.2	20.8%	941.2	30.8%	592.1	30.5%

In Fiscal 2024, the company exported its products to customers across 16 countries, while during the nine-month period ended December 31, 2024, exports were made to 11 countries. Export revenues amounted to ₹1,009.96 million for the nine-month period ended December 31, 2024, and ₹832.24 million, ₹941.21 million, and ₹592.14 million in Fiscals 2024, 2023, and 2022, respectively. As a proportion of revenue from operations, exports contributed 27.96%, 20.82%, 30.84%, and 30.52% in the respective periods, underscoring the company's consistent international presence and growing global footprint.

➤ **Strategic location of Manufacturing Facility and fully integrated production**

The company's manufacturing facility is strategically located to provide seamless access to key transportation infrastructure, thereby ensuring efficient logistics and distribution. Situated approximately 360 kilometers from Mundra Port—one of India's major export gateways—and 23 kilometers from the nearest Inland Container Depot, the facility benefits from robust connectivity, contributing to reduce logistics costs and enhanced export efficiency. As of the reporting date, the facility houses 18 production lines for seamless stainless-steel products and 2 lines for welded products. In May 2022, the company commissioned an in-house hot piercing mill with an annual capacity of 20,000 MT for the production of mother hollow, the primary raw material used in seamless pipe manufacturing. This backward integration initiative enhances cost efficiency, reduces dependency on external suppliers, and improves quality control, thereby strengthening production capabilities. The integrated nature and scale of the manufacturing operations allow the company to deliver products at competitive prices, positioning it among the leading stainless-steel tube and pipe manufacturers in India. Furthermore, this vertically integrated setup provides operational flexibility to respond to dynamic market demands and cater to a diverse customer base. The company remains committed to ongoing investments in manufacturing infrastructure to support long-term growth and maintain market competitiveness.

**Strategies:**

➤ **Increase existing production capacity**

The Indian government's imposition of anti-dumping and countervailing duties on imports of stainless-steel tubes and pipes from China and Vietnam has created a supportive regulatory environment for domestic manufacturers. These measures have improved capacity utilization and margins for Indian players and are expected to continue driving industry growth. In response, the company has significantly expanded its manufacturing footprint since 2016, increasing its land bank from 9,429 sq. mtrs. to 69,411 sq. mtrs. by December 2024. Key acquisitions include adjacent land for seamless product expansion and parcels 10 km and 7 km from the existing facility for welded product manufacturing. This strategic expansion aligns with the industry's

space-intensive nature and positions the company to scale operations, optimize costs, and meet rising demand effectively. As of December 31, 2024, Manufacturing Facility has an installed production capacity of 20,000 MT per annum of mother hollows, 10,068 MT per annum of seamless products and 1,020 MT per annum of welded products. Through the abovementioned acquisition of land and procurement of machines, they will add an additional nine (9) production lines for seamless products and five (5) additional production lines for welded products. The capacity for stainless steel seamless products will be increased by approximately 10,000 MT per annum to reach a total capacity of 20,068 MT per annum, and the capacity for stainless steel welded products will be increased by approximately 12,130 MT per annum to reach a total capacity of 13,150 MT per annum

➤ **Geographic expansion of their customer base**

As of December 31, 2024, the company exported stainless-steel tubes and pipes to 11 countries, reaching 16 countries during Fiscal 2024, including key markets such as the United States, Germany, the Netherlands, Spain, and others. It has established a strong distribution network with an exclusive stockist in the U.S. and additional stockists across Europe. Export revenues were ₹1,009.96 million for the nine months ended December 31, 2024, and ₹832.24 million, ₹941.21 million, and ₹592.14 million in Fiscals 2024, 2023, and 2022, respectively, contributing 27.96%, 20.82%, 30.84%, and 30.52% of operational revenue in the respective periods. This **reflects** the company's growing international footprint and brand strength. To support future growth, the company plans to expand further in the U.S. and key European markets, and enter the Middle East, targeting Kuwait and the UAE. This geographic diversification is intended to reduce market concentration risk and enhance revenue stability.

➤ **Strengthen their brand value**

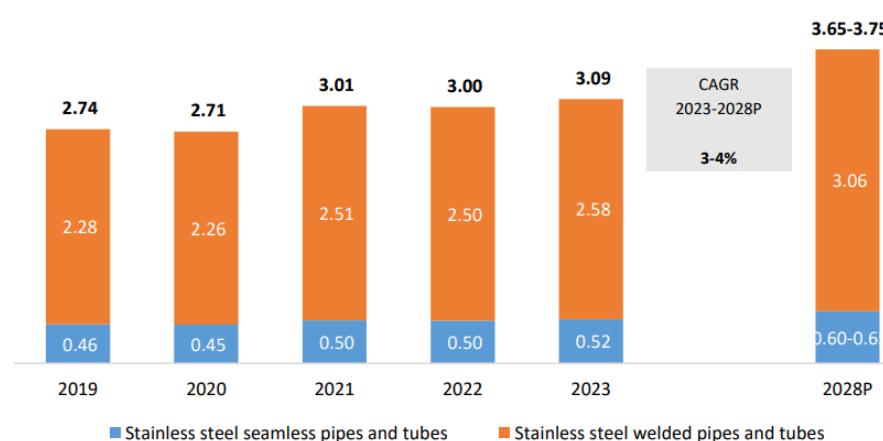
The company markets its products under the "Scoda Tubes Limited" brand and places significant emphasis on strengthening brand recognition and positioning "Scoda" as a symbol of quality in the stainless-steel tubes and pipes segment. To enhance brand visibility among key stakeholders—including stockists, engineering firms, EPC contractors, and industrial clients—the company has consistently participated in prominent international and domestic trade expos. Internationally, the company has showcased its offerings at reputed events such as Stainless Steel World (Maastricht), Wire & Tube (Düsseldorf), UK Metal Expo (United Kingdom), and Heat Exchanger World (Rotterdam and the United States). Domestically, it has participated in key industry platforms including the Global Stainless-Steel Expo, Chemtech, and Stainless Steel Expo. Looking ahead, the company aims to reinforce its brand positioning through sustained participation in such events, coupled with enhanced customer service and targeted marketing efforts, including digital outreach. These initiatives are expected to strengthen brand recall, improve market penetration, and support the company's broader growth strategy.

**Industry Snapshot**

➤ **Global and Indian stainless-steel industry**

India's stainless-steel production volume remained rangebound in fiscal 2021 due to subdued domestic demand. However, in fiscal 2022, production surged by 24% year-on-year to 2.8 million tonnes, driven by pent-up demand. In fiscal 2023, despite an increase in domestic demand, production remained rangebound as a sharp rise in imports particularly of cheaper stainless steel from China and Vietnam offset local output growth. Meanwhile, exports from India declined in fiscal 2023 due to intense competition from low-cost foreign steel in the global market. Domestic stainless-steel demand grew at a CAGR of approximately 8% between fiscals 2022 and 2024. Fiscal 2021, which was hit by pandemic, witnessed an on-year demand decline of around 12% owing to subdued consumption from key end use sectors like consumer goods and infrastructure. However, the demand for stainless steel increased robustly on-year by 27% in the following fiscal on the account of revival in consumer demand of white goods and durables and increase in government led capital expenditure towards infrastructure development. In fiscal 2024, domestic production rose by 20% year-on-year, supported by the government's strong focus on localized manufacturing and robust domestic demand for stainless steel. Domestic stainless-steel demand is expected to grow at a CAGR of 7-9% during fiscals 2024-2029 to 5.3-5.5 million tonnes per annum in fiscal 2029. Between 2023 and 2028, the demand for stainless steel pipes and tubes is expected to increase at a CAGR of 3-4% to approximately 3.65-3.75 million tonnes in 2028.

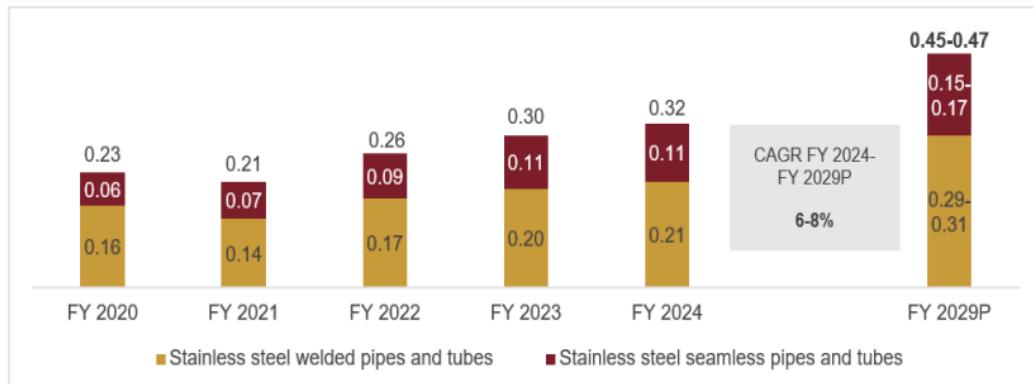
Stainless steel pipes and tubes - global demand in million tonnes per annum



➤ **Indian stainless-steel pipes and tubes industry**

Domestic demand for stainless steel pipes and tubes increased from 0.23 million tonnes in fiscal 2020 to 0.32 million tonnes in fiscal 2024, clocking a CAGR of approximately 9% during the period. The share of stainless-steel welded pipes and tubes in the overall domestic demand has largely remained at around 65% with the stainless-steel seamless pipes and tubes accounting for the rest 35% share throughout the period. Between fiscals 2024 and 2029, the domestic demand for stainless steel pipes and tubes is expected to increase at a CAGR of 6-8% to 0.45-0.47 million tonnes in fiscal 2029. This healthy growth in the demand will primarily be led by strong growths in major end use industries of stainless-steel pipes and tubes such as building and construction, automobile, oil and gas, chemical manufacturing, food and beverage, etc.

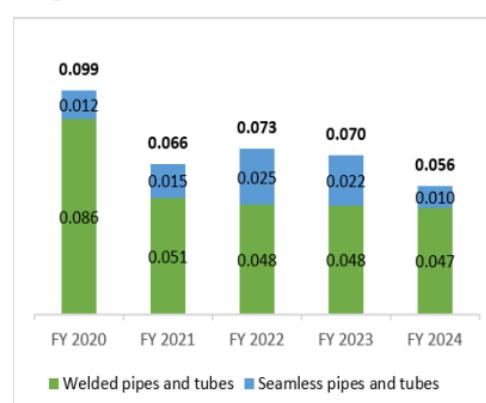
## Stainless steel pipes and tubes - domestic demand in million tonnes



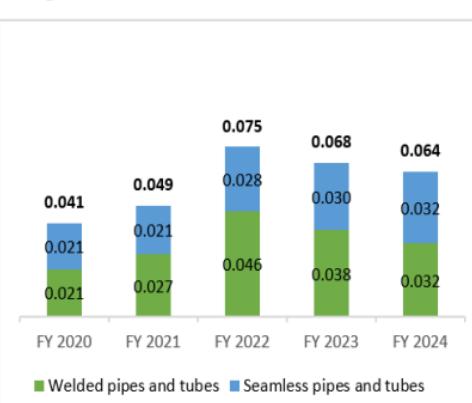
## Stainless pipes and tubes

India's imports of stainless-steel pipes and tubes fell 33% year-on-year to 0.066 million tonnes in fiscal 2021, due to weak demand from end-use sectors amid pandemic-related lockdowns. Between fiscals 2021 and 2024, imports declined at a CAGR of -5% to 0.056 million tonnes, driven by anti-dumping duties on stainless-steel seamless pipes and tubes from China. Notably, imports of seamless variants dropped at a sharper CAGR of -14% over the same period. This decline narrowed the import-export gap, turning India into a net exporter of stainless-steel pipes and tubes in fiscals 2022 and 2024. India's exports of stainless-steel pipes and tubes grew at a CAGR of 35% between fiscals 2020 and 2022, reaching 0.075 million tonnes in fiscal 2022, driven by economic recovery and pent-up demand in key markets. However, exports declined at a CAGR of -8% between fiscals 2022 and 2024 to 0.064 million tonnes, due to inflation in major export destinations, geopolitical tensions, and rising competition from cheaper foreign products, which reduced demand for Indian stainless-steel pipes and tubes.

## Imports to India (million tonnes)

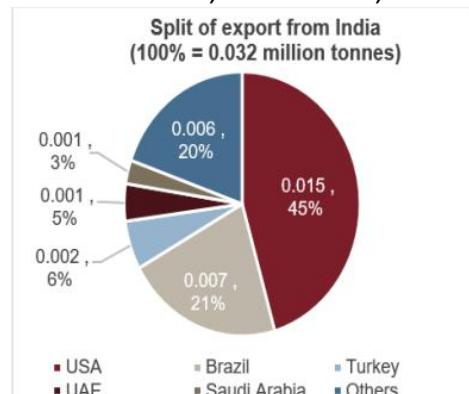
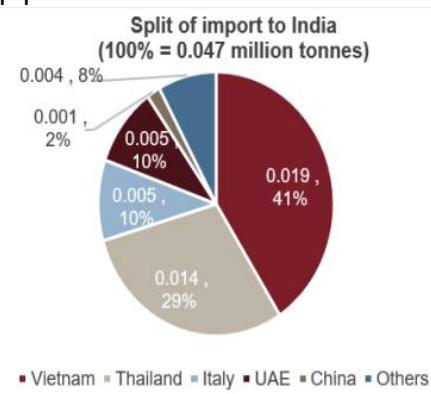


## Exports from India (million tonnes)



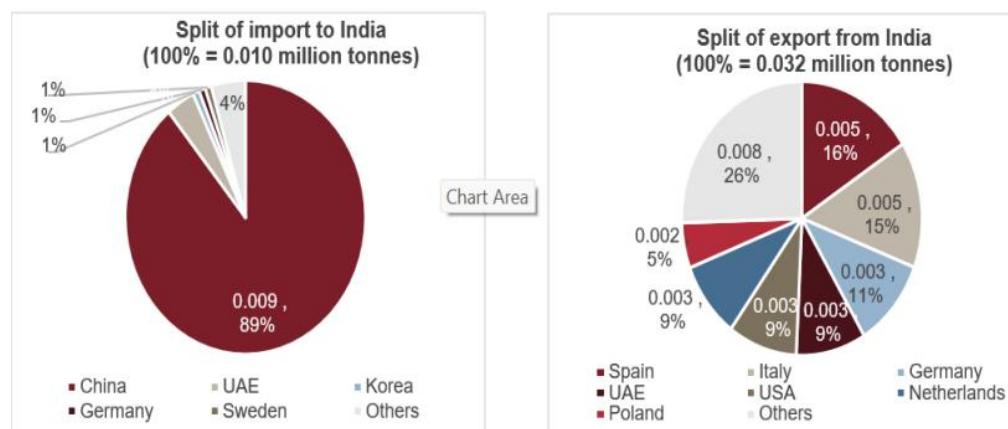
## Welded pipes and tubes

In fiscal 2024, India imported majority of stainless-steel welded pipes and tubes from Vietnam (share in total imports was ~41%), followed by Thailand (~30%) and Italy (~10%). The high import volume from Vietnam was on the account of its low cost and India's free trade agreement with the country. On the exports front, USA accounted for ~45% of total stainless-steel welded pipes and tubes export volume from India in fiscal 2024. It was followed by Brazil, which accounted for around 22% share in the overall exports from India in the fiscal. The high share of exports to USA and Brazil can be attributed to the rising demand for stainless steel pipes and tubes in various sectors such as construction, automotive, and oil & gas in both the US and Brazil.



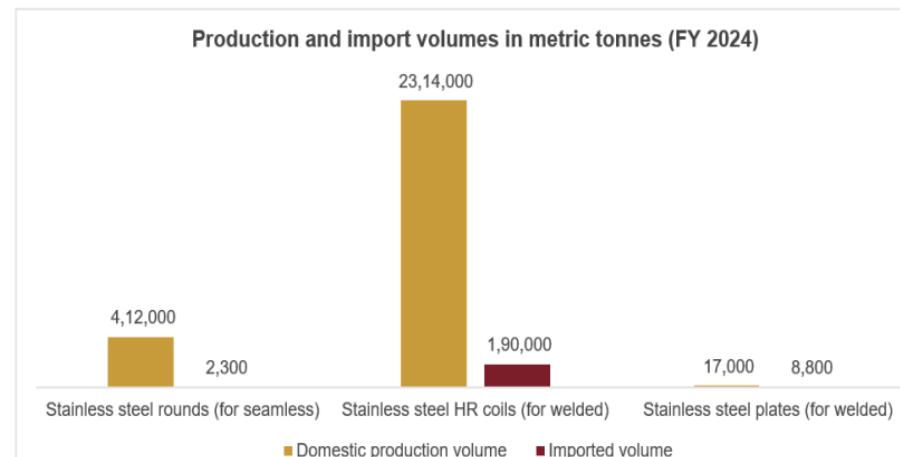
## Seamless pipes and tubes

China accounted for approximately 89% share in overall imported volume of stainless-steel seamless pipes and tubes to India in fiscal 2024, amounting to 8,692 metric tonnes. The high share of China made stainless-steel pipes and tubes in India's overall imports is on the account of preference of end consumers in India towards low-cost Chinese steel products. As far as exports are concerned, Italy, Canada, and Saudi Arabia cumulatively accounted for around one-third of India's total exported volume of stainless-steel pipes and tubes in fiscal 2024.



### Raw material for manufacturing stainless steel seamless pipes and tubes

Primary raw material for manufacturing stainless steel welded pipes and tubes (electric resistance welded and submerged arc welded pipes and tubes) is flat stainless steel, primarily in the form of hot rolled (HR) coils/sheets/strips or plates. Welded pipe manufacturers source flat steel in these forms from Jindal Stainless and Shah Alloys Steel, etc. In fiscal 2024, India produced ~2.3 million tonnes of stainless-steel hot rolled coils, a key raw material used in the manufacturing of stainless welded pipes and tubes. Out of the total production of HR coils, the share of ISPs was very low with only SAIL producing HR coils to the tune of 0.13 million tonnes in the fiscal. Further, only 0.19 million tonnes (just 8% of domestic production volume in the fiscal) of stainless-steel HR coils were imported during the fiscal. Approximately 412,000 metric tonnes of stainless-steel plain rounds and approximately 17,000 metric tonnes of stainless-steel plates were produced in fiscal 2024. The imported volumes in India amounted to ~2,300 and ~8,800 metric tonnes for stainless steel rounds and plates, respectively.



In fiscal 2024, India produced ~2.3 million tonnes of stainless-steel hot rolled coils, a key raw material used in the manufacturing of stainless welded pipes and tubes. Out of the total production of HR coils, the share of ISPs was very low with only SAIL producing HR coils to the tune of 0.13 million tonnes in the fiscal. Further, only 0.19 million tonnes (just 8% of domestic production volume in the fiscal) of stainless-steel HR coils were imported during the fiscal. Approximately 412,000 metric tonnes of stainless-steel plain rounds and approximately 17,000 metric tonnes of stainless-steel plates were produced in fiscal 2024. The imported volumes in India amounted to ~2,300 and ~8,800 metric tonnes for stainless steel rounds and plates, respectively.

### Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Revenue from operation (₹ million)	EPS	P/E	Return on Networth (%)	NAV per equity share (₹)	P/BV
Scoda tubes Ltd	8,387	10	3,998.6	5.5*	25.2*	28.7%	2.31	60.9*
<b>Peer Group</b>								
Ratnamani Metals & Tubes Ltd	2,03,970	2	50,590.9	89.1	31.9	19.9%	448.0	6.4
Venus Pipes Tubes Ltd	29,950	10	8,021.9	42.3	30.7	21.1%	200.0	5.6
Welspun Specialty Solutions Ltd	21,730	6	6,966.7	1.1	27.1	67.1%	1.7	19.2
Suraj Ltd	7,080	10	3,306.6	11.7	34.7	17.5%	66.7	5.7

\*P/E & P/B ratio based for Scoda is annualized based at the upper price and of IPO, and other on closing market price as of 27<sup>th</sup> May 2025. Other financial details consolidated audited results as of FY24.

**Key Risks**

- **Customer Concentration Risk**– Company's business is primarily concentrated among its top 10 customers. A loss or significant reduction in orders from any of these key customers, particularly the largest one, could materially impact the company's business performance and financial health.
- **Dependence on Stockist Network**– Business relies on a network of stockists, including exclusive partners in Maharashtra (India) and the United States, for the sale and distribution of its products. Any disruption, termination, or underperformance in these arrangements could adversely impact the company's business operations and financial performance.
- **Raw Material Dependency Risk**– Company's business and profitability are closely tied to the availability and cost of raw materials, sourced primarily from third-party suppliers. Any supply disruptions or price volatility could adversely affect the company's operations and financial performance.
- **Capital Expenditure Risk**– Ongoing capital expenditure towards welded pipes, despite low capacity utilization, may not yield a proportional increase in revenue, potentially impacting returns on investment.
- **Working Capital and Market Responsiveness Risk**– Scoda Tubes Limited operates with prolonged working capital cycles and an extended cash conversion period. Inability to adapt swiftly to market demand and customer preferences could adversely impact its operations, cash flows, and financial performance

**Valuation & Outlook**

Scoda tubes Ltd is involved in the manufacturing and marketing of stainless-steel tubes and pipes since 14 years. A key differentiator in Scoda Tubes' manufacturing process is its hot piercing mill, which is utilized for the production of mother hollows the primary raw material used in the manufacture of stainless steel seamless tubes.

The company leverages a modern manufacturing process that enables cost-effective production, enhancing operational efficiency. It has an order book worth Rs. 130 cr. on hand. Rising demand across the industries bodes well. This being capital intensive segment, surplus working capital availability post IPO and the completion of proposed expansion will further improve its top and bottom lines going forward.

On valuation parse, based on annualised FY25 it is seeking PE of 25.2 times, FY24 earnings PE stands at 45.9 times and post issue market cap comes at Rs 8,387 Mn with this the issue is fully priced. We believe that company's key differentiator is its manufacturing process of its crucial raw material which enables backward integration, enabling Scoda Tubes to exercise greater control over production costs, reduce dependence on third-party suppliers, and improve overall operational efficiency. As the issue is fully priced we give "**Subscribe for long term**" rating for the issue.

**DISCLAIMER:****Analyst Certification**

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

**Anand Rathi Ratings Definitions**

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

**Ratings Guide (12 months)**

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

**Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014**

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024 ) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trade opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates****Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report**

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

**NOTICE TO US INVESTORS:**

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2025. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer-Deepak Kedia, email id - [deepakkedia@rathi.com](mailto:deepakkedia@rathi.com), Contact no. +91 22 6281 7000.

Grievance officer-Madhu Jain-email id- [grievance@rathi.com](mailto:grievance@rathi.com), Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.

Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.