DEVEN CHOKSEY RESEARCH

SCODA TUBES LIMITED

Mfg. & Exptr. Of S.S. Tubes, Pipes, U-Tubes

Scoda Tubes Limited

IPO Note

28th May 2025

Scoda Tubes Ltd.

Rating	Issue Opens On	Issue Closes On	Listing Date	Price Band (INR)	Issue Size (INR Mn)
SUBSCRIBE	May 28, 2025	May 30, 2025	Jun 4, 2025	130 - 140	2,200

Company Overview:

- Scoda Tubes, established in 2008, stands as a prominent player in the stainless-steel pipes segment, backed by over a decade of operational expertise. The company has cultivated a strong market presence and enjoys a reputable standing among its peers, underpinned by consistent quality, industry know-how, and long-standing customer relationships.
- Scoda Tubes offers a diversified product portfolio within the stainless-steel piping segment, including hot pierced mother hollows, stainless steel seamless pipes, instrumentation tubes, general-purpose stainless-steel tubes, and U-tubes. These products cater to a broad spectrum of industrial applications, reflecting the company's technical expertise and commitment to delivering high-performance, precision-engineered solutions.
- In addition to its comprehensive product range, Scoda Tubes emphasizes the delivery of premium-quality solutions, reinforced by stringent quality control standards. The company remains committed to nurturing enduring and trustworthy relationships with its clientele, positioning customer satisfaction and long-term collaboration as core pillars of its business strategy.
- Scoda Tubes caters to a diversified clientele comprising engineering firms, EPC contractors, and industrial enterprises across critical sectors such as oil & gas, chemicals, fertilizers, power, pharmaceuticals, automotive, and railways. The company's market reach spans both domestic and international geographies, underscoring its operational scale, sectoral relevance, and global competitiveness.

Outlook and Valuation:

Scoda Tubes financial performance has outperformed its peers **during FY22-24, as its revenue and net profit growth stood at a 43.6% and 234.5% CAGR**, respectively. With the planned increase in capacity across both the segments i.e., seamless and welded pipes and tubes, the Company is well-positioned to benefit from the further scaling up of its operations, led by utilization of its backward integrated mother hollow facility. Moreover, the rising demand for stainless steel pipes and tubes, its strong export footprint, with established relationships in the US and Europe, provides revenue visibility.

Scoda Tubes' initial issue is priced at 16.4x TTM EV/EBITDA, which is ~20% discount to the peer's Avg. TTM EV/EBITDA.

Scoda Tubes appears attractively priced compared to peers, and thus we assign a "**Subscribe**" rating for listing gains. It is recommended to review the position for long-term holding (if allotted).

Particulars (In INR Mn)	FY22	FY23	FY24	9MFY25
Revenue	1,940	3,051	3,999	3,612
EBITDA	100	348	588	606
EBITDA Margin (%)	5.1%	11.4%	14.7%	16.8%
Profit After Tax	16	103	183	249
PAT Margin (%)	0.8%	3.4%	4.6%	6.9%
Net Worth	350	453	636	1,435
RONW (%)	4.7%	22.8%	28.8%	17.4%

Source: IPO Prospectus

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	15.7
Fresh issue (# shares) (Mn)	15.7
Offer for sale (# shares) (Mn)	0
Price band (INR)	130 – 140
Post issue MCAP (INR Mn)	7,945 – 8,387

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	78,57,143	1,100	Not more than 50%
NIB	23,57,143	330	Not less than 15%
Retail	55,00,000	770	Not less than 35%
Net Offer	1,57,14,286	2,200	100%

Source: IPO Prospectus

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters & Promoters Group	90.0%	66.0%
Others	10.0%	34.0%
Total	100.0%	100.0%

Source: IPO Prospectus

Objects of the Offer	INR Mn
1. Capital expenditure towards expanding production capacity of seamless and welded tubes and pipes	770
2. Funding the part incremental working capital requirements of our Company	1,100
3. General corporate purposes	330

Source: IPO Prospectus

BRLM
1. Monarch Networth Capital Limited

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	Friday, 30th May'25
Basis of Allotment	Monday, 2nd Jun'25
Initiation of Refunds	Tuesday, 3rd Jun'25
Credit of Shares to Demat	Tuesday, 3rd Jun'25
Listing Date	Wednesday, 4th Jun'25

Source: IPO Prospectus

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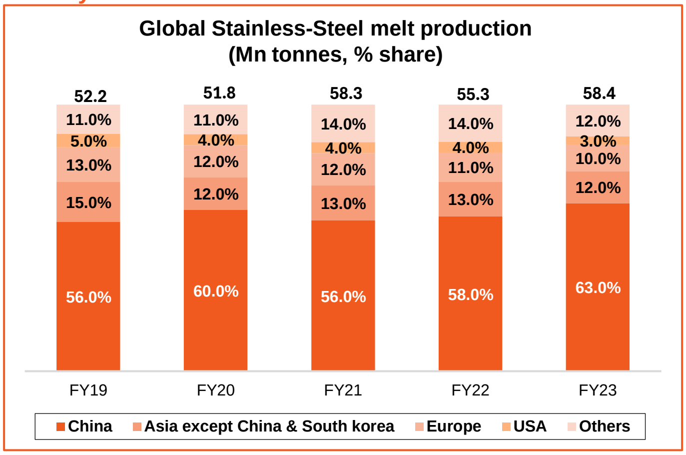
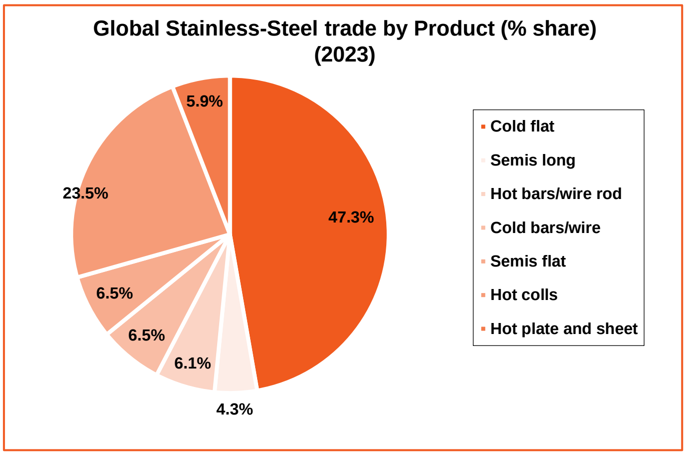
Scoda Tubes Ltd.

Industry Overview:





Source: IPO Prospectus, DevenChoksey Research

Global Stainless-Steel Industry

Production

- Global stainless-steel melt production grew at a CAGR of ~3.0% between 2019 and 2023, rising from 52.2 Mn tonnes to 58.4 Mn tons. This growth underscores sustained demand momentum, supported by infrastructure development, industrial expansion, and rising stainless steel applications across end-user industries.
- Global stainless-steel production remained rangebound in 2020 and witnessed a ~5.0% YoY decline in 2022. The contraction in 2020 was primarily attributable to pandemic-induced lockdowns and supply chain disruptions across major economies, which significantly impacted industrial output and end-user demand.
- In 2021, global stainless-steel melt production surged by 13.0% YoY to 58.3 Mn tons, driven by a sharp rebound in output across key steel-producing nations such as India, Russia, and Brazil. This recovery was supported by post-pandemic industrial normalization, improved capacity utilization, and revival in end-market demand.
- In 2023, global stainless-steel production rose by 6.0% YoY, supported by a broad-based recovery in industrial activity. China led the resurgence with a robust 15.0% YoY increase in output, expanding its share to 63.0% of global production. The sharp uptick was underpinned by the resolution of supply chain constraints and the easing of stringent Covid-19 containment measures, which had previously weighed on production momentum.

Demand

- Global demand for stainless steel grew at a CAGR of ~2.0% between 2019 and 2023, rising from 44.3 Mn tons to 47.4 Mn tons. The growth was driven by rising consumption across infrastructure, automotive, consumer durables, and industrial applications, supported by post-pandemic recovery and sustained urbanization trends.
- Flat products accounted for a dominant share of 82.0–84.0% in total global stainless-steel demand during the period, reflecting their critical application across construction, automotive, white goods, and industrial machinery.
- Global stainless-steel demand is projected to grow at a CAGR of 3.0–4.0% over the next five years, reaching 59–60 Mn tonnes by 2028.
- The demand momentum will be driven by increased consumption from end-use sectors such as consumer goods, energy and chemicals, building and construction, and automobiles, supported by global infrastructure development and rising industrialization.

Global Trade

- Asia's share in global stainless-steel exports rose from 69.0% in 2019 to 76.0% in 2023, underscoring the region's growing dominance in global trade flows.
- Asia's share in global stainless-steel imports declined from 53.0% in 2019 to 48.0% in 2023, primarily driven by the ramp-up in domestic production capacities and an increased policy emphasis on self-sufficiency. This strategic shift reflects the region's efforts to reduce import dependency and strengthen its internal manufacturing ecosystems.
- Cold flat products remained the dominant category in global stainless-steel trade flows, accounting for ~47.0% of total trade volume in 2023. This reflects their widespread application across automotive, construction, and industrial segments.
- Stainless-steel hot coils ranked second, contributing 23.5% to the overall global stainless steel trade flow, supported by sustained demand from infrastructure, heavy engineering, and capital goods industries.

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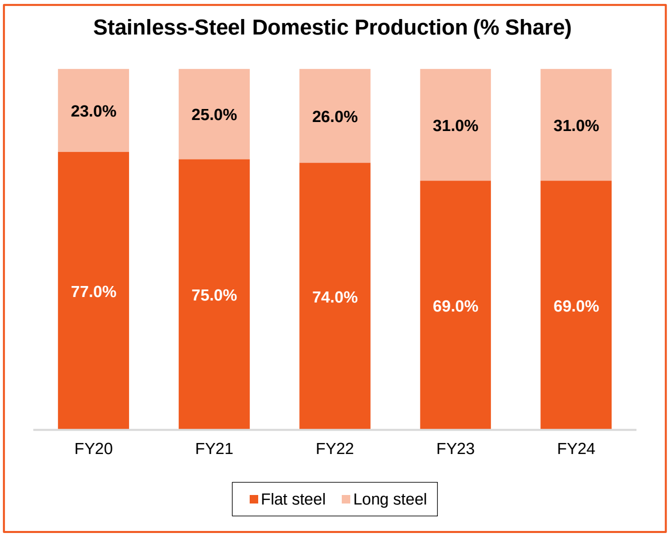
Scoda Tubes Ltd.

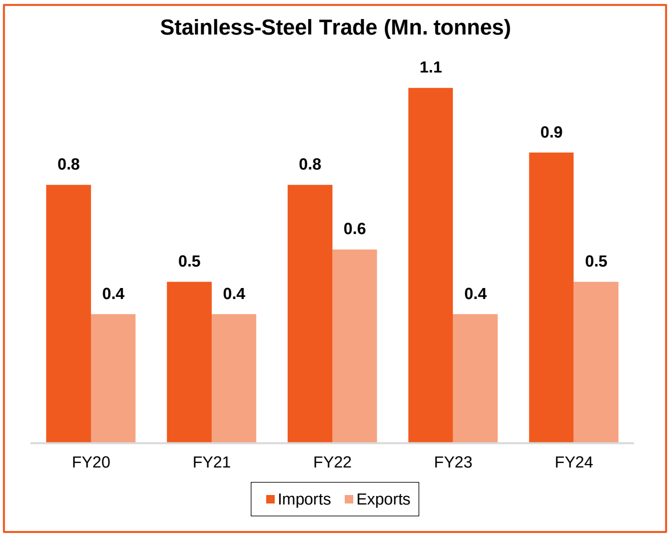
Industry Overview:

Indian Stainless-steel industry

Production and Trade

- India stands as a key global producer of stainless-steel, supported by a robust domestic manufacturing base, cost-efficient production capabilities, and rising investments in capacity expansion.
- India's domestic stainless-steel production increased from 2.3 Mn tonnes in FY20 to 3.3 Mn tonnes in FY24, registering a healthy CAGR of ~10.0%. This growth reflects rising domestic consumption, capacity enhancements, and strong demand across end-use sectors.
- Within this period, flat products grew at a CAGR of ~7.0%, while long products recorded a stronger CAGR of ~18.0%, supported by expanding applications in infrastructure, construction, and industrial manufacturing.
- Domestic stainless steel production volume grew by 20.0% YoY in FY24, supported by the government's increased emphasis on localized manufacturing and sustained growth in domestic demand across key end-use sectors such as construction, automotive, and industrial applications.





Source: IPO Prospectus, DevenChoksey Research

Demand

- India's domestic stainless-steel demand registered a CAGR of ~8.0% between FY22 and FY24, reflecting strong offtake across infrastructure, industrial manufacturing, automotive, and consumer durables segments.
- Domestic stainless-steel demand grew by 13.0% and 8.0% YoY in FY23 and FY24, respectively, primarily driven by robust demand growth of 19.0% and 25.0% in the flat and long product segments during the same period. This growth was supported by accelerated activity in end-use sectors such as construction, infrastructure, and capital goods.
- India's domestic stainless-steel demand is projected to grow at a CAGR of 7.0–9.0% over FY24–FY29E, reaching 5.3–5.5 Mn tonnes per annum by FY29E. The sustained demand momentum will be underpinned by robust consumption from key end-use sectors such as consumer goods, process industries, infrastructure, building and construction, and the automotive segment.

Scoda Tubes Ltd.

Industry Overview:

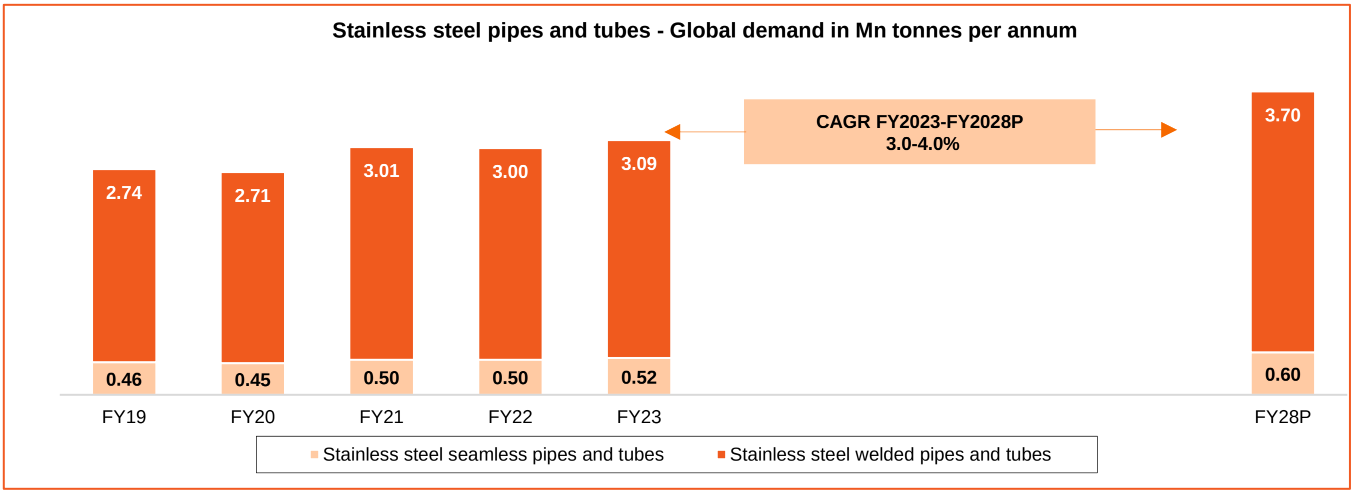
Stainless-Steel pipes and tubes industry

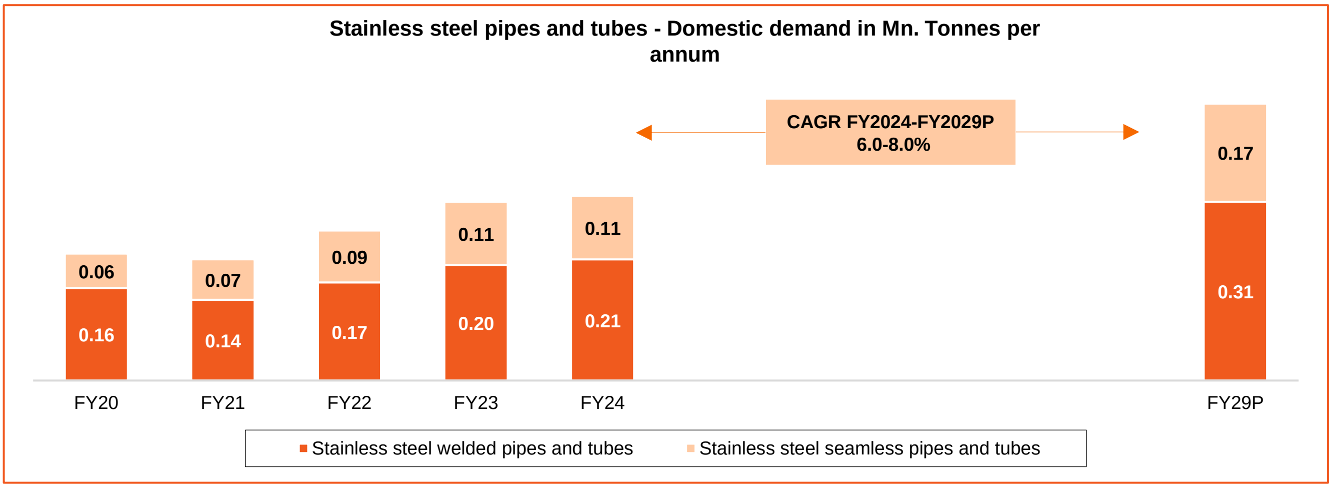
Introduction and Demand

- Global demand for stainless steel pipes and tubes grew at a CAGR of ~3.0%, rising from approximately 2.7 Mn TPA in 2019 to ~3.1 Mn TPA in 2023. The market continues to be dominated by welded products, which account for 80–85% of total volumes. Looking ahead, the industry is expected to expand further, reaching ~3.65–3.75 Mn TPA by 2028, driven by infrastructure, energy, and process industry applications.
- China remains the largest consumer of stainless-steel pipes and tubes globally, accounting for approximately 40.0% of total global demand.
- India's domestic demand for stainless steel pipes and tubes grew at a ~9.0% CAGR from 0.23 Mn tonnes in FY20 to 0.32 Mn tonnes in FY24, with welded variants maintaining a stable 65.0% share and seamless pipes comprising the remaining 35.0%.
- India's domestic demand for stainless steel pipes and tubes is projected to grow at a CAGR of 6.0–8.0% over FY24–FY29, reaching 0.45–0.47 Mn tonnes by FY29, driven by robust growth across key sectors including construction, automotive, oil & gas, chemicals, and food & beverage.

Global Trade Analysis

- India's imports of stainless-steel pipes and tubes declined at a CAGR of ~5.0% between FY21 and FY24, reaching 0.056 Mn tonnes. The contraction was primarily driven by anti-dumping duties on Chinese seamless pipes and tubes, aimed at protecting domestic manufacturers.
- India's exports of stainless-steel pipes and tubes declined at a CAGR of ~8.0% between FY22 and FY24, reaching 0.064 Mn tonnes in FY24. The decline was largely attributed to an inflationary environment in key export markets and geopolitical disruptions during FY23 and FY24





Source: IPO Prospectus, DevenChoksey Research

Scoda Tubes Ltd.

Company Overview

Product Portfolio:

- Scoda Tubes focuses exclusively on **manufacturing stainless-steel tubes and pipes**, which forms the core of its specialization and competitive advantage.
- The product range comprises stainless steel seamless pipes, seamless tubes, seamless U-tubes, hydraulic and instrumentation tubes, as well as stainless steel welded tubes including U-tubes, which are **engineered for use in extreme critical operating conditions such as high pressure, high temperature, and corrosive environments**.
- The **company's tubes and pipes comply with global technical standards including ASTM, ASME, EN, DIN, IBR, and PED, making them suitable for mission-critical infrastructure and industrial applications**.
- The company's products find application **across a wide array of industries and systems including heat exchangers, condensers, boilers, chemical processing units, and fluid transmission lines**.
- Scoda Tubes' ability to provide tailored specifications in terms of dimensions, grades, and finishes further strengthens its positioning with engineering procurement and construction (EPC) companies and industrial end users.
- The emphasis on **delivering on-time, precision-built, certified, and custom-fit tubular products** has enabled the company to earn the trust of both domestic and global clientele.

Business Model

- The company operates a vertically integrated business model, which is central to its efficiency and reliability. A key feature of this model **is the utilization of in-house hot piercing mill used to manufacture mother hollow—a critical raw material used in seamless tube production**.
- This backward integration provides **greater control over quality, ensures consistent raw material availability, control and optimize cost structure.**
- Scoda Tubes **serves a balanced mix of domestic and export customers** across various segments such **as stockists, EPC firms, and industrial manufacturers.**
- Its revenue model is **structured around a blend of long-cycle project orders and shorter-cycle recurring offtake orders**, providing both stability and scalability.
- The company also enhances **customer value by offering a range of finishing and post-processing services such as annealing, pickling, hydrotesting, eddy current testing, straightening, and marking**. These services ensure that clients receive ready-to-use, application-specific solutions with minimal downstream processing required.
- The Company has been **able to rapidly scale up its operations**, backed by strong relations with its customers, led **by its ability to deliver quality range of products in a shorter cycle** compared to its peers.

Revenue Segmentation

By Products	FY22		FY23		FY24		9MFY25	
	INR Mn	%	INR Mn	%	INR Mn	%	INR Mn	%
Seamless products	1,699	87.6%	2,833	92.9%	3,133	78.4%	3,070	85.0%
Welded products	125	6.5%	70	2.3%	16	0.4%	23	0.6%
Others*	115	5.9%	140	4.6%	823	20.6%	481	13.3%
Total	**1,940**	**100.0%**	**3,044**	**99.8%**	**3,972**	**99.3%**	**3,573**	**98.9%**

*Others include sale of mother hollows and scrap.

Source: IPO Prospectus, DevenChoksey Research

By Category of Customers	FY22		FY23		FY24		9MFY25	
	INR Mn	%	INR Mn	%	INR Mn	%	INR Mn	%
Stockists	299	15.4%	717	23.5%	932	23.3%	935	25.9%
Engineering Companies	1,017	52.4%	1,206	39.5%	1,891	47.3%	1,228	34.0%
EPC Contractor	11	0.6%	114	3.7%	305	7.6%	387	10.7%
Export - Stockists	592	30.5%	941	30.8%	832	20.8%	1,010	28.0%
Industrial Companies	22	1.1%	74	2.4%	37	0.9%	51	1.4%
Total	**1,940**	**100.0%**	**3,051**	**100.0%**	**3,999**	**100.0%**	**3,612**	**100.0%**

Source: IPO Prospectus, DevenChoksey Research

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Scoda Tubes Ltd.

Company Overview

Market Presence and Customer Base:

- Scoda Tubes has a growing international footprint, with having exported its products to over 16 countries. In FY2024, export revenues contributed 20.8% to its total turnover.
- Key overseas markets include the United States, Germany, Netherlands, Spain, Austria, Italy, and the United Kingdom.
- The company has appointed exclusive stockists in regions such as the US and India, ensuring a consistent flow of orders and improved market penetration.
- Domestically, Scoda Tubes serves a wide base of over 349 clients across EPC firms, engineering companies, and process industries.
- In the 9MFY25, it had already transacted with 236 customers. Revenue concentration has remained well balanced, with the top 10 customers accounting for 57.78% of revenue in 9MFY25, down from 65.14% in FY2023, indicating continued customer diversification.
- The company actively participates in major international and domestic trade expos including Stainless Steel World (Netherlands), Tube Düsseldorf, UK Metals Expo, and India's Stainless-Steel Expo, which have helped build brand recognition among global procurement managers.

Revenue Bifurcation:

By Sales	FY22		FY23		FY24		9MFY25	
	INR Mn	%	INR Mn	%	INR Mn	%	INR Mn	%
Domestic Sales	1,348	69.5%	2,110	69.2%	3,166	79.2%	2,602	72.0%
Exports	592	30.5%	941	30.9%	832	20.8%	1,010	28.0%
Total	**1,940**	**100.0%**	**3,051**	**100.0%**	**3,999**	**100.0%**	**3,612**	**100.0%**

Source: IPO Prospectus, DevenChoksey Research

By Geography	FY22		FY23		FY24		9MFY25	
	INR Mn	%	INR Mn	%	INR Mn	%	INR Mn	%
Germany	66	3.4%	211	6.9%	367	9.2%	486	13.5%
United States	68	3.5%	140	4.6%	88	2.2%	124	3.4%
Spain	237	12.2%	278	9.1%	99	2.5%	113	3.1%
Netherlands	91	4.7%	109	3.6%	133	3.3%	111	3.1%
Switzerland	0	0.0%	0	0.0%	0	0.0%	99	2.8%
Others*	130	6.7%	203	6.7%	146	3.7%	77	2.1%
Total	**592**	**30.5%**	**941**	**30.8%**	**832**	**20.8%**	**1,010**	**28.0%**

*Others include Italy, UK, Denmark, UAE, Romania, Czech Republic, Brazil, Sweden, Austria, Saudi Arabia, Poland, Qatar, and Estonia.
Source: IPO Prospectus, DevenChoksey Research

By Customer	FY22		FY23		FY24		9MFY25	
	INR Mn	%	INR Mn	%	INR Mn	%	INR Mn	%
Top Customer	130	6.7%	498	16.3%	650	16.3%	668	18.5%
Top Three Customers	328	16.9%	798	26.2%	1,149	28.7%	1,334	36.9%
Top Five Customers	480	24.7%	1,004	32.9%	1,462	36.6%	1,589	44.0%
Top Ten Customers	772	39.8%	1,374	45.0%	1,910	47.8%	2,087	57.8%

Source: IPO Prospectus, DevenChoksey Research

Scoda Tubes Ltd.

Company Overview

Manufacturing Capacity and Expansion Plans:

- As of December 2024, Scoda Tubes had a total installed production capacity of 11,088 metric tones per annum—comprising 10,068 MT for seamless products and 1,020 MT for welded tubes.
- With a utilization rate of 72.51% in the first nine months of FY25, the company has demonstrated consistent production efficiency supported by strong order flows. Its plant located in Gujarat, offering proximity to both industrial customers and export gateways.
- To capture anticipated growth opportunities, the company is in the process of expanding its total capacity to 13,150 metric tones per annum. This includes planned enhancements to increase seamless tube capacity to 11,180 MT and welded tube capacity to 1,970 MT.
- The expansion is being funded through internal accruals and proceeds from the ongoing public offering. This step is expected to improve the company's ability to fulfill larger orders, shorten delivery lead times, and reduce per-unit production costs through improved operating leverage.

Manufacturing Capacities:

Particulars	Seamless		Welded		Mother Hollow	
	Production Capacity (MT per Annum)	% of Utilization	Production Capacity (MT per Annum)	% of Utilization	Production Capacity (MT per Annum)	% of Utilization
FY22	4,410	88.6%	1,020	45.4%	Nil	Nil
FY23	6,540	92.7%	1,020	12.1%	20,000	32.5%
FY24	10,068	71.2%	1,020	3.8%	20,000	49.5%
9MFY25	10,068	79.0%	1,020	8.5%	20,000	49.8%

Source: IPO Prospectus, DevenChoksey Research

Particulars	Seamless		Welded		Mother Hollow	
	Actual Production (MT)	Sales Volume (MT)	Actual Production (MT)	Sales Volume (MT)	Actual Production (MT)	Sales Volume (MT)
FY22	3,905	3,874	463	424	Nil	Nil
FY23	6,061	5,865	123	153	6,500	Nil
FY24	7,165	6,862	39	48	9,900	2,133
9MFY25	7,954	8,075	86	89	9,950	1,689

Source: IPO Prospectus, DevenChoksey Research

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Scoda Tubes Ltd.

Strategies

Augmenting Production Capacity

- The company plans to expand its production capacity in response to favorable government policies, such as the imposition of anti-dumping and anti-subsidy duties on imports from China and Vietnam.
- Land parcels have been steadily acquired since 2016, growing from 9,429 sq. mtrs. to 69,411 sq. mtrs., including owned and leased properties.
- Additional land has been purchased both adjacent to the current facility and at new locations to support future expansion of seamless and welded tube manufacturing.
- Nine new production lines for seamless products and five for welded products are to be added.
- The installed capacity for seamless products will increase by 10,000 MT to 20,068 MT per annum.
- The installed capacity for welded products will increase by 12,130 MT to 13,150 MT per annum.
- The company aims to improve return ratios, enhance operating leverage, and increase its customer base through capital-efficient growth.

Geographic Expansion of Customer Base

- As of December 31, 2024, the company has exported to 11 countries, and during FY24, exports were made to 16 countries.
- Key export destinations include Germany, Netherlands, Spain, USA, Italy, Austria, and Eastern Europe.
- The share of export revenue in total operations ranged from 20.82% to 30.84% in the last three fiscal years.
- Future focus is on expanding exports to the USA, Germany, Netherlands, Italy, Spain, and France.
- The company also plans to enter Middle East markets, specifically Kuwait and the UAE.
- This strategy aims to diversify revenue sources and reduce concentration risk.

Strengthen Brand Value

- The company markets its products under the brand name “Scoda Tubes Limited.”
- The company has actively participated in global expos such as Stainless-Steel World (Netherlands), Wire & Tube Dusseldorf (Germany), UK Metal Expo, and Heat Exchanger World (Rotterdam & USA).
- Domestically, the company has participated in events like Global Stainless-Steel Expo, Chemtech, and Stainless-Steel Expo.
- Future branding efforts include continued participation in trade expos, enhanced digital marketing, and improved customer service.
- These initiatives are aimed at increasing brand visibility, improving recall, and supporting long-term growth.

Risks:

Customer Concentration Risk

- The company’s top 10 customers contribute a large share of total revenue, indicating high client concentration.
- Loss of a key customer or reduction in order volumes could adversely impact revenue and margin performance.
- This dependence limits pricing flexibility and increases revenue volatility during demand shifts.

Exposure to Cyclical Industrial Sectors

- Key end-user industries include oil & gas, engineering, chemicals, and automotive, all of which are cyclically sensitive.
- Downturns or capital expenditure cuts in these sectors could reduce demand for stainless steel tubes and pipes.
- Sectoral dependence may constrain growth diversification and heighten exposure to economic downturns.

Dependency on Exclusive Stockists

- Scoda Tubes relies on one exclusive stockist each in Maharashtra and the United States for regional sales.
- Any disruption or termination in these arrangements could impair market access and affect revenue flow.
- The business may face logistical or operational delays if stockists underperform or do not scale with demand.

Dependence on External Suppliers for Raw Materials

- Scoda Tubes sources key inputs like stainless steel strips and mother hollows from third parties.
- Any disruption in supplier networks or cost inflation in raw materials could affect production schedules.
- The company lacks full backward integration, increasing exposure to supplier reliability and pricing risks.

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Scoda Tubes Ltd.

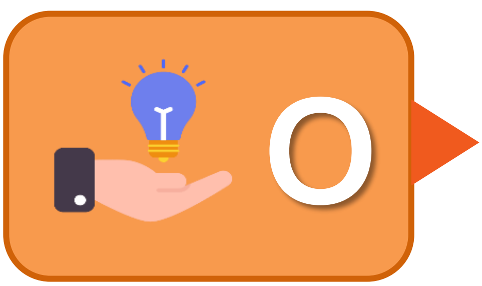
SWOT Analysis

Strengths:

- **Specialized Product Expertise –** Exclusive focus on stainless-steel tubes and pipes has enabled the company to build deep manufacturing capabilities, efficient inventory management, and the ability to offer customized, high-quality products.
- **Strategic Location and Integrated Operations –** The Gujarat-based facility provides logistical advantages with proximity to key ports and ICDs. Backward integration through in-house mother hollow production supports cost efficiency and supply stability.
- **International Accreditations and Product Approvals –** The company holds multiple global certifications (ISO, PED, DNV, IBR) that validate its adherence to stringent quality standards, enabling it to serve over 900 clients across diversified industries and international markets.
- **Diversified Customer and Geographical Base –** Broad presence across industries (oil & gas, defense, pharma, etc.) and geographies (India, USA, Europe) ensures revenue stability and reduces concentration risks.

Weaknesses:

- **Elevated Working Capital Cycle –** Debtor days increased to 82 in FY24 from 62 in FY23, resulting in a longer working capital cycle of 162 days in FY24, up from 151 days in FY23, potentially impacting cash flow efficiency.
- **Weakening Liquidity Position –** The current ratio declined from 1.22 in FY22 to 1.09 in FY24, indicating a reduced buffer for meeting short-term obligations and highlighting the need for tighter control over current liabilities and cash management.



Opportunities:

- **Policy Support and Import Duty Protection –** Government initiatives such as "Make in India" and "Aatma Nirbhar Bharat," along with policies like PLI, Jal Jeevan Mission, and PM Jivan Yojana, and ~30.0% import duties on Chinese and Vietnamese products, are expected to boost domestic demand and support the stainless-steel pipe manufacturing industry.
- **Rising Infrastructure Investments –** Increasing public and private sector investments across transportation, water supply, energy, and real estate are expected to drive sustained demand for stainless-steel tubes and pipes, supported by mega infrastructure projects and industrial corridor developments.
- **Expansion in Oil and Gas Sector –** Higher global demand for natural gas, LNG trade growth, and new pipeline infrastructure—fueled by energy transition efforts and digital transformation—are likely to support volume growth in stainless-steel welded and seamless tubes, particularly in the Middle East, Africa, and Asia-Pacific regions.

Threats:

- **Raw Material Price Volatility –** Fluctuations in stainless-steel prices may impact cost structures and margins.
- **Geopolitical and Macroeconomics Risks –** Global conflicts, trade restrictions, and oil price fluctuations may affect demand and supply chain stability.
- **Competition from Low-Cost Imports –** Influx of cheaper imports could pressure pricing and market share.

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Scoda Tubes Ltd.

Peer Comparison

Particular (9MFY25 INR Mn)	Scoda Tubes Ltd.	Ratnamani Metals & Tubes Ltd.	Venus Pipes & Tubes Ltd.	Welspun Specialty Solutions Ltd.	Suraj Ltd.
Market cap	8,387	2,01,557	29,781	21,734	7,235
EV	9,913	1,79,404	39,796	16,876	4,340
Revenue from operations	3,612	34,713	7,004	5,236	1,750
9MFY25 Growth%	NA	-2.6%	21.2%	-4.0%	-31.2%
Gross Margin (%)	17.0%	35.1%	33.3%	36.4%	42.9%
EBITDA	606	5,214	1,260	211	305
EBITDA Margin (%)	16.8%	15.0%	18.0%	4.0%	17.4%
PAT	249	3,384	692	-80	156
PAT Margin (%)	6.9%	9.8%	9.9%	-1.5%	8.9%
Net Worth	1,435	37,087	4,832	4,344	1,304
ROE (%)	17.4%	16.1%	23.6%	-1.6%	19.0%
ROCE (%)	13.7%	21.6%	28.4%	9.9%	23.5%
EPS	6.1	48.3	34.0	-0.2	10.5
P/E ratio	33.7x	37.1x	34.5x	NA	33.6x
EV/EBITDA	16.4x	34.4x	31.6x	80.1x	14.2x

 # Note: Scoda Tubes Ltd. Data is as of 9MFY25 (Not Annualized), Valuation ratios are annualized.
All INR Mn numbers are as of 31st Dec 2024, except ratios.
Market cap and EV as on 26th May 2025
Source: IPO Prospectus, Deven Choksey Research

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Valuation:

Scoda Tubes financial performance has outperformed its peers **during FY22-24, as its revenue and net profit growth stood at a 43.6% and 234.5% CAGR**, respectively, supported by its integrated manufacturing capabilities and diversified product mix across seamless and welded stainless steel tubes.

With the planned increase in capacity across both the segments i.e., seamless and welded pipes and tubes, the Company is well-positioned to benefit from the further scaling up of its operations, led by utilization of its backward integrated mother hollow facility. Moreover, the rising demand for stainless steel pipes and tubes, its strong export footprint, with established relationships in the US and Europe, provides revenue visibility.

Scoda Tubes' initial issue is priced at 16.4x TTM EV/EBITDA, which is ~20% discount to the peer's Avg. TTM EV/EBITDA.

Scoda Tubes appears attractively priced compared to peers, and thus we assign a "**Subscribe**" rating for listing gains. It is recommended to review the position for long-term holding (if allotted).

Valuation Table

Company name	CMP	Market cap (INR Mn.)	Revenue Growth	EBITDA Margin	EV/EBITDA		P/E		ROE	
			9MFY25	9MFY25	FY24	TTM	FY24	TTM	FY24	TTM
Scoda Tubes Ltd.	140	8,387	NA	16.8%	17.3	16.4	45.8	33.7	28.77	17.4%
Ratnamani Metals & Tubes Ltd.	2,876	2,01,557	-2.6%	15.0%	20.1	24.2	31.4	37.1	19.9	16.1%
Venus Pipes & Tubes Ltd.	1,465	29,781	21.2%	18.0%	27.2	18.1	44.7	34.5	21.2	23.6%
Suraj Ltd.	394	7,235	-31.2%	17.4%	11.8	20.8	18.6	33.6	17.6	19.0%

 # Note: Scoda Tubes Ltd. Data is as of 9MFY25 (Not Annualized)
Source: Bloomberg, Deven Choksey Research

Scoda Tubes Ltd.

Financials:

Income Statement (INR Mn)	FY22	FY23	FY24	9MFY25
Revenue	**1,940**	**3,051**	**3,999**	**3,612**
Operating Expenditure	1,840	2,703	3,411	3,005
EBITDA	**100**	**348**	**588**	**606**
EBITDA Margin %	**5.1%**	**11.4%**	**14.7%**	**16.8%**
Other Income	10	27	26	23
Depreciation	15	115	164	134
Interest	72	116	191	162
PBT	**23**	**144**	**259**	**334**
Exceptional Items	0	0	0	0
Tax	7	40	76	84
PAT	**16**	**103**	**183**	**249**
PAT Margin (%)	**0.8%**	**3.4%**	**4.6%**	**6.9%**

Cash Flow (INR Mn)	FY22	FY23	FY24	9MFY25
Net Cash Flow from Operating Activities	(469)	203	23	54
Net Cash Flow from Investing Activities	(334)	(385)	(466)	(426)
Net Cash Flow from Financing Activities	802	179	443	383
Net Increase/(Decrease) in Cash	(1)	(2)	(0)	11
Cash & Cash Equivalents at the Beginning	**4**	**3**	**1**	**0**
Cash & Cash Equivalents at the End	**3**	**1**	**0**	**11**

Balance sheet (INR Mn)	FY22	FY23	FY24	9MFY25
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	106	621	816	780
Capital Work-in-Progress	346	0	0	88
Intangible Assets	0	1	1	1
Investments	5	9	9	9
Other Financial Assets	3	50	62	64
Other Non-Current Assets	98	62	156	292
Current Assets				
Inventories	626	995	1,119	1,336
Trade Receivables	353	516	893	1,081
Cash and Cash Equivalents	7	104	224	487
Other Financial Assets	2	1	3	13
Other Current Assets	16	24	21	134
Total Assets	**1,561**	**2,383**	**3,304**	**4,285**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	13	13	13	442
Other Equity	337	440	623	994
Total Equity	**350**	**453**	**636**	**1,435**
Liabilities				
Non-Current Liabilities				
Financial Liabilities	0	0	0	0
Borrowings	382	438	575	507
Lease Liabilities	4	4	4	4
Other Non-current liabilities	3	4	9	8
Current Liabilities				
Borrowings	717	955	1,452	1,515
Lease Liabilities	0	0	0	0
Trade Payables	87	475	539	683
Other Financial Liabilities	0	1	2	3
Other Current Liabilities	18	52	88	131
Total Liabilities	**1,211**	**1,930**	**2,668**	**2,849**
Total Equity and Liabilities	**1,561**	**2,383**	**3,304**	**4,285**

Source: IPO Prospectus, Deven Choksey Research

Scoda Tubes Ltd.

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