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IPO Report

27th May '25

Snapshot

Company is a stainless-steel tubes and pipes manufacturer based in India having over 14 years of experience. Company's 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 ("Products" or "Stainless Steel Products"). 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.

VALUATION

Company is bringing the issue at price band of Rs 130-140 per share at p/s multiple of approx. 25x on post issue annualized FY25E PAT basis.

Company has specialised production of stainless-steel tubes and pipes along with international accreditations and product approvals. Company with customer diversification , international presence , extensive and effective quality control, strategic location of manufacturing facility and fully integrated production along with experienced and qualified team & consistent financial Performance is looking strong bet to remain invested in.

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Price Band (Rs./Share)	130-140
Opening date of the issue	28th May '2025
Closing Date of the issue	30th May '2025
No of shares pre issue	4,41,94,700 Eq Shares
Issue Size	Rs 220 Cr
Fresh Issue	Rs 220 Cr
Face Value (Rs/ share)	Rs10/share
Bid Lot	100

BIDDING DETAILS

QIBs (Including Anchor)	50% of the offer (Approx 84,61,538 Eq Shares)
Non-Institutional	15% of the offer (Approx 25,38,462 Eq Shares)
Retail	10% of the offer (Approx 59,23,077 Eq Shares)
Lead managers	Monarch Network Capital
Registrar to the issue	MUFG Intime India Pvt Ltd

WHAT WE LIKE

Specialised production of Stainless-Steel tubes and pipes

Company is a tubes and pipes manufacturer, specialising in the production of seamless and welded products in a single metal category, i.e., stainless steel. Since its inception, company have been catering to customers (both domestic and international) in only one metal segment, as a result, over the years company have built expertise in terms of the production process, inventory management and sale of products in the stainless-steel tubes and pipes segment, as well as the ability to accurately assess and respond to customer preferences in this segment..

Customer Diversification & International Presence

Company's Products cater to diversified industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors, both domestically and internationally. In the domestic market, company sell its products to stockists, engineering, EPC and industrial companies. In particular, company have a stockist based in Maharashtra authorised to exclusively sell its products in India. In International markets, company supply its Products through stockist. In the United States, company have a stockist authorised to exclusively sell its products in United States market.

Consistent Financial Performance

Company have demonstrated consistent growth in terms of revenues and profitability. Company's revenue from operations has grown from ₹1,940.28 million in Fiscal 2022 to ₹3,998.61 million in Fiscal 2024, registering a CAGR of 27.26% in last three years. Similarly, company's profit after tax has grown from ₹16.36 million in Fiscal 2022 to ₹183.00 million in Fiscal 2024, registering a CAGR of 123.64% in last three years. Company do not have any long-term contracts and operate on a purchase order basis.



COMPANY BACKGROUND

Company market its Products under the brand, “*Scoda Tubes Limited*” . Company’s Products are used by a diverse range of customers like engineering companies, EPC and industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors. In addition, company operate a hot piercing mill for the production of mother hollow, which is the principal raw material for company’s stainless-steel seamless products. Currently, company’s hot piercing mill has a production capacity of 20,000 MT per annum. Company’s ability to produce its principal raw material enables company to achieve backward integration of its seamless products’ processes, allowing company to control its production costs and reduce reliance on suppliers. Currently, any quantities of mother hollow in excess of company’s captive consumption are sold in the open market. In addition to its manufacturing business of seamless tubes/pipes and welded tubes and pipes, company also generate revenue from sale of services which consists of revenue earned from job work services like annealing, straightening, pickling and marking provided to other customers.

Company have one manufacturing plant which is strategically located at Ahmedabad-Mehsana Highway, Rajpur, Kadi, Mehsana, Gujarat (“**Manufacturing Facility**”) 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 company in reducing its logistics costs. Company’s 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, company’s 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, company have storage facility at its Manufacturing Facility for the purposes of holding inventory of raw materials and finished products.

Company’s basic raw material includes SS round bars for seamless products and SS coils for welded products. Company procure its raw materials based on market availability, pricing and quality mainly through steel manufacturers, suppliers and stockists based in India. Company’s cost of materials consumed (including purchase of stock in trade and changes in inventory) in company’s operations amounted to ₹ 2,451.68 million, ₹2,619.70 million, ₹2,126.12 million and ₹1,610.81 million, representing 67.88%, 65.52%, 69.68%, and 83.02% of company’s revenue from operations for the nine months period ended December 31, 2024 and for the Fiscals 2024, 2023 and 2022, respectively.

Company cater to both the domestic as well as the international markets. In the domestic market, company sell its Products to stockists, engineering, EPC and industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors. In particular, company have a stockist based in Maharashtra authorised to exclusively sell company’s products in India. In the United States market, company have a stockist authorised to exclusively sell its products in the United States market. Further, company supply its Products through stockists in Italy, Germany, Austria and Eastern European markets. For the nine months period ended December 31, 2024, company supplied to a total of 26 stockists in the domestic and international markets. In For the nine months period ended December 31, 2024, company have exported to 11 countries including United States, Germany, Netherlands, Italy, Spain and several others. The revenues from exports aggregated to ₹ 1,009.96 million, ₹832.24 million ₹ 941.21 million and ₹592.14 million for nine months period ended December 31, 2024 and for the Fiscals 2024, 2023 and 2022, respectively, and as a percentage of company’s revenue from operations, were 27.96%, 20.82%, 30.84%, and 30.52%, respectively.

Company is an ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified by TUV SUD South Asia Private Limited. Company follow internationally recognized standard manufacturing practises, including ASTM standards, ASME standards and EN standards. Company’s Products sold to the European market are certified under PED 2014/68/EU and ADW/AD 2000 - Merkblatt - W0 from TUV Nord. Further, company hold accreditation from the Indian Boiler Regulation for manufacturing and supply of stainless steel seamless and welded products, DNVCP- 0252 certification for steel pipes and fittings and DNV marine certificate for application in ship building and marine industry. Company also comply with relevant standards stipulated by Engineers India Limited and have made an application for renewal of its Bureau of Indian Standard licence for stainless steel seamless pipes and tubes for general service.



INVESTMENT RATIONALE

<i>Extensive and Effective Quality Control</i>	All company's products adhere to national and international standards and go through extensive quality control procedures by trained and experienced personnel. As on March 31, 2025, company have a quality control team comprising of 14 dedicated personnel, working to ensure that company adopt and maintain high quality standards at all its manufacturing stages, from raw materials to the production of the final Products. Company's raw materials and final products undergo rigorous quality control checks and are subject to various mandatory tests, including positive material identification test, spectrochemical analysis, eddy-current tests, ultrasonic testing and dye penetration testing. Company is also in a position to offer supplementary tests, in accordance with further requests of its customers to ensure that the products delivered can meet their expectations.
<i>Experienced and Qualified Team</i>	Company's promoters and senior management team is well experienced in this industry both from marketing and distribution of products in this sector. Company's Promoters, Samarth Patel, Jagrutkumar Patel, Ravi Patel, Saurabh Patel, Vipulkumar Patel have an average experience of approximately 08 years in stainless steel seamless and welded tubes and pipes industry in addition to expertise across marketing, procurement, finance, accounting and customer relationship management. Their extensive experience and understanding of the business have been instrumental in building customer satisfaction and maintaining relationships.
<i>Strategic location of Manufacturing Facility and fully integrated production</i>	Company's current manufacturing facility is strategically located to enable easy and seamless access to key ports and junctions for efficient supply of Products. Company's manufacturing facility is in close proximity, of around 360 kilometres from the Mundra port, which is a key port for exports, and Inland Container Depot which is located 23 kilometres away, ensuring sound access and connectivity aiding company in reducing its logistics costs. Currently, company have 18 production lines for its seamless products and 2 production lines for its welded products.
<i>Customer Diversification & International Presence</i>	As on December 31, 2024, company have built up a broad and geographically diversified customer base with more than 232 active customers for the Fiscal 2025. This varied customer-base results in greater revenue diversification and more sustainable operations in the longer term, hedging company's business operations from potential sector-specific risks and reducing the market risk of being over dependent on a single industrial sector or geographical location. In Fiscal 2024, company exported its products to customers in 16 countries. During the nine-month period ended December 31, 2024, company exported to 11 countries. The revenues from exports aggregated to ₹ 1,009.96 million, ₹832.24 million ₹941.21 million and ₹592.14 million for the nine months period ended December 31, 2024 and for the Fiscals 2024, 2023 and 2022, respectively, and as a percentage of its revenue from operations, were 27.96%, 20.82%, 30.84%, and 30.52%, respectively.



OBJECTS OF OFFER

The Issue comprises of the fresh issue of up to [●] Equity Shares, aggregating up to ₹ 2,200.00 million of Company. Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Capital expenditure towards expanding production capacity of seamless and welded tubes and pipes;
2. Funding the part incremental working capital requirements of company;
3. General corporate purposes.

RISKS

Company's Business is primarily concentrated with its top 10 customers. Any loss of company's single largest customer or any number of company's top ten customers or a reduction in purchases by any of them could adversely affect company's business, results of operations and financial conditions.

Source:RHP

INDUSTRY OVERVIEW

Indian stainless-steel pipes and tubes industry

5.1. Demand

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. West region of India, having states like Gujarat and Maharashtra with high share of expenditures towards infrastructure development and high concentration of oil and gas industry, is the major consumption hub for stainless steel pipes and tubes in India. In particular, the region accounts for around 36-40% of the overall domestic stainless-steel pipes and tubes demand on the account of high consumption from key end-use sectors like oil, gas, chemical, automobile, and construction in western states. Southern states like Tamil Nadu and Andhra Pradesh are home to many oil refineries and oil exploration sites, chemical industries, rapidly urbanizing cities of Chennai, Mysore, Hyderabad, and Amravati, automobile plants, and thus account for 25-28% of overall domestic demand of stainlesssteel pipes and tubes in India. North region, which has multiple food, beverage, chemical and automobile manufacturing plants, accounts for 22-25% of the domestic demand for stainless steel pipes and tubes. Eastern zone of India accounts for the rest 12-14% of the domestic demand.


Consolidated Financials

(Rs in Mn)

Financials	FY22	FY23	FY24	9M FY 2025
Total Revenue (A)	1940.28	3051.28	3998.61	3611.71
Total Expenditure (B)	1840.39	2703.44	3410.7	3005.43
EBIDTA	99.89	347.84	587.91	606.28
EBIDTA Margin	5.15	11.40	14.70	16.79
Other Income	10.25	26.57	26.27	23.09
Depreciation	15.29	114.77	163.87	133.71
EBIT	94.85	259.64	450.31	495.66
Interest	71.75	115.88	190.92	162.03
PBT	23.10	143.76	259.39	333.63
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	23.10	143.76	259.39	333.63
Exceptional	0.00	0.00	0.00	0.00
PBT	23.10	143.76	259.39	333.63
Tax	6.74	40.40	76.39	84.49
PAT	16.36	103.36	183.00	249.14
NPM	0.84	3.39	4.58	6.90
ROE%	4.68	22.81	28.77	17.36
EPS	0.72	2.60	4.60	6.08
Eq Cap	12.84	12.84	12.84	441.95
Net Worth	349.78	453.11	636.12	1,435.46

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Scoda Tubes Limited</i>	<i>10.00</i>	<i>4.60</i>	<i>--</i>	<i>28.77</i>	<i>15.99</i>
Peers					
Ratnamani Metals & Tubes Limited	2.00	89.18	31.93	19.90	448.07
Venus Pipes & Tubes Limited	10.00	42.36	30.77	21.17	200.05
Welspun Specialty Solutions Limited	6.00	1.18	27.15	67.11	1.76
Suraj Limited	10.00	11.72	34.79	17.57	66.74

(Source: RHP)



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