SCODA TUBES LIMITED

May 27, 2025

SMC Ranking

★½☆☆☆ (1.5/5)

Issue Highlights

Industry	Stainless-steel tubes and pipes
Fresh Issue (Shares)	15714286
Net Offer to the Public	1,57,14,286
Issue Size (Rs. Cr.)	204-220
Price Band (Rs.)	130-140
Offer Date	28-May-25
Close Date	30-May-25
Face Value	10
Lot Size	100

Issue Composition

	In shares
Total Issue for Sale	1,57,14,286
QIB	78,57,143
NIB	23,57,143
Retail	55,00,000

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	90.04%	66.43%
QIB	0.00%	13.12%
NIB	9.96%	11.28%
Retail	0.00%	9.18%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

1. Capital expenditure towards expa
2. Funding the part incremental working capital requirements of the Company
3. General corporate purposes.

Book Running Lead Manager

- Monarch Networth Capital Limited

Name of the registrar

- MUFG INTIME INDIA PRIVATE LIMITED (FORMERLY LINK INTIME INDIA PRIVATE LIMITED)

Scoda Tubes is an India-based manufacturer with over 14 years of experience specializing in stainless steel tubes and pipes. The company operates across two primary product segments—seamless and welded tubes/pipes—which are further categorized into five key product lines: stainless steel seamless pipes, seamless tubes, seamless “U” tubes, instrumentation tubes, and welded tubes and “U” tubes. These high-quality products are marketed under the brand name “Scoda Tubes,” a name that reflects the company’s industry expertise and reputation for reliability. Scoda’s offerings cater to a broad range of industries, including engineering firms, EPC companies, and industrial clients in sectors such as oil and gas, chemicals, fertilizers, power, pharmaceuticals, automotive, railways, and transportation. As of December 31, 2024, Scoda Tubes’ manufacturing facility has an annual installed capacity of 20,000 metric tonnes (MT) for mother hollow, 10,068 MT for seamless products, and 1,020 MT for welded products. Any surplus mother hollow not used internally is sold in the open market. In Fiscal Year 2024, the company partnered with 49 stockists to strengthen its presence in both domestic and international markets. Scoda Tubes now exports to 16 countries, including major markets such as the United States, Germany, the Netherlands, Italy, Spain, and France, showcasing its growing global footprint and commitment to quality.

Strength

Specialised Production of Stainless-Steel Tubes and Pipes: Scoda Tubes is a dedicated manufacturer of stainless-steel tubes and pipes, specialising in both seamless and welded products. Since inception, the company has focused exclusively on the stainless-steel segment, building deep expertise in production processes, inventory management, and customer service. This singular focus enables Scoda Tubes to accurately assess and fulfil specific customer requirements in terms of product length, thickness, and grades. The company’s specialization positions it strongly in the market for high-quality, customised stainless-steel tubes and pipes, aiding in customer acquisition and retention.

International Accreditations and Product Approvals: Scoda Tubes is an emerging global brand in stainless steel tubes and pipes, with a presence in both seamless and welded categories. The company adheres to internationally accepted manufacturing standards including ASTM, ASME, and EN norms. Its manufacturing facility is certified under ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 by TUV SUD South Asia Pvt. Ltd. Products supplied to Europe are PED 2014/68/EU and ADW/AD 2000-Merkblatt-W0 certified by TUV Nord. Scoda Tubes also holds accreditations under Indian Boiler Regulation (IBR), DNV-CP-0252 for steel pipes and fittings, and DNV marine certification for shipbuilding and marine applications. The company manufactures as per specifications of DNV (Germany), Norsok (Norway), EIL

(India), IBR (India), PED (EU), and BIS (India). Applications are in process for Bureau Veritas Marine (France) and RINA Marine (Italy), and it has already received Lloyd's Marine (UK) certification. As of Fiscal 2024, the company served 349 customers and 236 customers in the nine-month period ending December 31, 2024, across sectors like oil & gas, chemicals, power, automotive, and railways, reinforcing its position as a trusted supplier.

Customer Diversification and International Presence: Scoda Tubes supplies its stainless-steel products to a diverse customer base spanning oil & gas, chemicals, power, pharmaceuticals, automotive, railways, and transportation industries, both in India and abroad. In the domestic market, it caters to stockists, EPC contractors, and industrial companies, with an exclusive stockist based in Maharashtra. In the U.S., Scoda Tubes has an exclusive distributor to handle sales. As of December 31, 2024, the company had more than 232 active customers for Fiscal 2025, supporting revenue diversification and insulating the business from sectoral and geographic risks. In Fiscal 2024, Scoda Tubes exported to 16 countries, and to 11 countries during the nine months ended December 31, 2024. Export revenues stood at ₹100.99 crore, ₹83.22 crore, ₹94.12 crore, and ₹59.21 crore for the nine-month period ended December 31, 2024, and Fiscals 2024, 2023, and 2022 respectively. Exports contributed 27.96%, 20.82%, 30.84%, and 30.52% of the revenue from operations during these periods.

Extensive and Effective Quality Control: Scoda Tubes maintains stringent quality control protocols aligned with national and international standards. As of March 31, 2025, the company's quality control team included 14 skilled professionals overseeing product integrity from raw material intake to final dispatch. All products undergo rigorous testing such as spectrochemical analysis, ultrasonic and eddy-current tests, and positive material identification. Scoda Tubes also offers supplementary tests based on customer specifications. The company achieved a low average rejection rate in Fiscal 2024—2.6% by internal systems and 0.31% by customers—underscoring its commitment to quality and customer satisfaction. This robust quality framework enhances the company's brand and supports repeat business.

Strategic Manufacturing Facility and Integrated Production: Scoda Tubes' manufacturing facility is strategically located around 360 kilometres from Mundra Port and just 23 kilometres from an Inland Container Depot, facilitating efficient logistics and reducing costs. The facility houses 18 seamless and 2 welded production lines. In May 2022, Scoda Tubes commissioned its in-house hot piercing mill with a capacity of 20,000 MT per annum to produce mother hollow, the primary input for seamless tubes. This backward integration improves cost efficiency, quality control, and supply chain independence. The integrated facility enables Scoda Tubes to respond flexibly to market demand while offering products at competitive prices, solidifying its position as a key stainless-steel tube and pipe manufacturer in India.

Consistent Financial Performance: Scoda Tubes has demonstrated robust financial growth, with revenue from operations increasing from ₹194.03 crore in Fiscal 2022 to ₹399.86 crore in Fiscal 2024, reflecting a CAGR of 27.26%. Profit after tax rose from ₹1.64 crore in Fiscal 2022 to ₹18.30 crore in Fiscal 2024, delivering a CAGR of 123.64%. The company operates on a purchase-order basis without long-term contracts, offering agility in operations and responsiveness to market conditions.

Strategy

Increase in Production Capacity: Scoda Tubes stands to benefit from policy measures such as India's imposition of anti-dumping duties on stainless steel seamless tubes and pipes from China for a five-year period starting in 2022. This move has historically driven higher capacity utilization among domestic manufacturers and is expected to continue supporting operational efficiencies and margin expansion. Furthermore, the extension in September 2024 of the countervailing duty—originally imposed in 2019—on welded steel tubes and pipes from China and Vietnam further strengthens the domestic industry. The 29.88% import duty on products under HS code 7304 is likely to curb imports at predatory pricing, enhancing opportunities for local manufacturers such as Scoda Tubes. In alignment with industry growth projections, Scoda Tubes is actively expanding its production capacity through land acquisition and machinery procurement. Since 2016, the company has significantly scaled its infrastructure. From an initial plot size of 9,429 sq. mtrs., the company now operates on a 21,199 sq. mtrs. site, comprising 15,034 sq. mtrs. owned and 6,165 sq. mtrs. leased land. Additional land parcels—10,669 sq. mtrs. adjacent to the current facility, 30,064 sq. mtrs. located 10 km away, and 6,939 sq. mtrs. situated 7 km from the main plant—are earmarked for future expansion. As of December 31, 2024, Scoda Tubes has an installed capacity of 20,000 MT per annum for mother hollows, 10,068 MT for seamless products, and 1,020 MT for welded products. Planned additions include nine new production lines for seamless products and five for welded products. This will raise seamless tube capacity to 20,068 MT and welded tube capacity to 13,150 MT annually. These enhancements aim to boost customer reach, improve return ratios, and ensure readiness to meet increasing demand with operational flexibility.

Geographic Expansion of Customer Base: As of December 31, 2024, Scoda Tubes exported its stainless-steel tubes and pipes to 11 countries, with a broader footprint of 16 countries in Fiscal 2024—including Germany, the Netherlands, Spain, the United States, and more. In the U.S. market, Scoda Tubes operates through an exclusive stockist, and similarly engages distributors in key European markets such as Italy, Germany, Austria, and Eastern Europe. Export revenues stood at ₹100.99 crore for the nine months ended December 31, 2024, and ₹83.22 crore, ₹94.12 crore, and ₹59.21 crore for Fiscals 2024, 2023, and 2022, respectively. These exports accounted for 27.96%, 20.82%, 30.84%, and 30.52% of revenue from operations across the corresponding periods. Scoda Tubes has established itself as a trusted brand in the international stainless-steel tubes and pipes market. The company now aims to deepen its presence in high-demand markets like the United States, Germany, Netherlands, Italy, Spain, and France, while entering new markets in the Middle East—specifically Kuwait and the United Arab Emirates. This geographic diversification strategy is designed to mitigate region-specific risks and promote stable, long-term growth.

Strengthening Brand Value: Scoda Tubes markets its products under the brand name "Scoda Tubes Limited," emphasizing quality and reliability. Recognizing the strategic value of brand strength, the company continually invests in visibility and market positioning. It actively participates in international trade fairs such as Stainless Steel World Maastricht (Netherlands), Wire & Tube Düsseldorf (Germany), UK Metal Expo (United Kingdom), and Heat Exchanger World (Rotterdam and the United

States). Domestically, it showcases its offerings at prominent events like Global Stainless-Steel Expo, Chemtech, and Stainless Steel Expo. To further enhance brand equity, Scoda Tubes plans to maintain strong customer service standards, increase participation in targeted expos, and roll out focused digital marketing campaigns. These efforts are aimed at building brand recognition, improving recall among industry stakeholders, and supporting the company's broader growth and market penetration objectives.

Risk factor

- The company's business is primarily concentrated among its top 10 customers.
- It relies on a network of stockists for the sale and distribution of its stainless-steel tubes and pipes, including one exclusive stockist in Maharashtra, India, and another in the United States.
- The company's revenue and profitability are heavily dependent on demand from engineering, EPC, and industrial clients, both domestically and internationally.
- Its operations are also significantly influenced by the availability and cost of raw materials, which are sourced from third-party suppliers, manufacturers, and stockists.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Ratnamani Metals	5186.47	543.98	77.61	37.73	5.64	518.89	2.00	2928.10	20523.64
Welspun Special.	723.72	-4.09	0.00	0.00	5.02	6.56	6.00	32.91	2180.65
Suraj	233.74	13.30	7.24	53.13	5.31	72.44	10.00	384.65	706.38
Venus Pipes	958.53	92.89	46.12	32.77	6.39	236.51	10.00	1511.50	3088.16
Scoda Tubes Limited	481.56	33.22	7.52	25.25	2.26	62.07	10.00	140.00	838.73

***Peer companies financials are TTM based**
***** Scoda Tubes Limited is based on Estimated Annualised Fy25**

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs.140, the stock is priced at pre issue P/E of 18.63 x on Estimated Annualised FY25 EPS of Rs.7.52. Post issue, the stock is priced at a P/E of 25.25x on its EPS of Rs. 5.54. Looking at the P/B ratio at Rs. 140 pre issue, book value of Rs. 34.36 of P/Bvx 4.07x. Post issue, book value of Rs.62.07 of P/Bvx 2.26x.

Considering the P/E valuation, on the lower end of the price band of Rs.130, the stock is priced at pre issue P/E of 17.30 x on Estimated Annualised FY25 EPS of Rs. 7.52. Post issue, the stock is priced at a P/E of 23.45x on its EPS of Rs. 5.54. Looking at the P/B ratio at Rs. 130 pre issue, book value of Rs. 34.36 of P/Bvx 3.78x. Post issue, book value of Rs.62.07 of P/Bvx 2.09x.

Industry Overview

Global demand for stainless steel tubes and pipes increased from approximately 2.7 million tonnes per annum in 2019 to approximately 3.1 million tonnes per annum in 2023, clocking a CAGR of about 3%. The share of stainless-steel welded tubes and pipes in the overall global demand falls in 80-85% range with the stainless-steel seamless tubes and pipes accounting for the rest 15-20% share in the demand.

Domestic demand for stainless steel tubes and pipes 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 stainlesssteel welded tubes and pipes in the overall domestic demand has largely remained at around 65% with the stainlesssteel seamless tubes and pipes accounting for the rest 35% share throughout the period. Between fiscals 2024 and 2029, the domestic demand for stainless steel tubes and pipes 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 tubes and pipes such as building and construction, automobile, oil and gas, chemical manufacturing, food and beverage, etc.

Outlook

Scoda Tubes Limited offers a opportunity to invest with its niche focus on stainless-steel seamless and welded tubes, strong global certifications, and robust export presence. The company has shown consistent financial growth and is expanding capacity to meet rising demand, supported by favorable anti-dumping duties and a growing international footprint. However, risks include high customer concentration, dependence on stockists, and sensitivity to raw material prices. Despite these, its backward integration, quality control, and diversification strategy position it well for long-term growth. Investors with a moderate risk appetite may consider this IPO for potential medium- to long-term gains.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Wed, May 28, 2025
IPO Close Date	Fri, May 30, 2025
Tentative Allotment	Mon, Jun 2, 2025
Initiation of Refunds	Tue, Jun 3, 2025
Credit of Shares to Demat	Tue, Jun 3, 2025
Tentative Listing Date	Wed, Jun 4, 2025

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-24 (9 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	361.17	399.86	305.13
Total expenditure	300.54	341.07	270.34
Operating Profit	**60.63**	**58.79**	**34.78**
OPM%	16.79	14.70	11.40
Other Income	2.31	2.63	2.66
Total Net Income	**62.94**	**61.42**	**37.44**
Interest	16.20	19.09	11.59
PBDT	**46.73**	**42.33**	**25.85**
Depreciation	13.37	16.39	11.48
PBT	**33.36**	**25.94**	**14.38**
Tax	8.45	7.64	4.04
Profit & Loss	**24.91**	**18.30**	**10.34**

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	77.99	81.57	62.06
Capital work-in-progress	8.82	0.00	0.00
Intangible Assets	0.10	0.07	0.09
Financial Assets			
Investments	0.92	0.92	0.92
Other financial assets	6.38	6.25	5.04
Deferred Tax Assets (Net)	0.96	0.00	0.44
Other non-current assets	28.29	15.56	5.77
Total non-current assets	**123.36**	**104.36**	**74.22**
Current asset			
Inventories	133.59	111.94	99.49
Financial Assets			
Trade receivables	108.05	89.34	51.56
Cash and cash equivalents	1.09	0.01	0.05
Other Bank Balances	47.61	22.39	10.37
Others financial assets	1.32	0.28	0.06
Other Current Assets	13.38	2.10	2.42
Total current assets	**305.03**	**226.06**	**163.95**
Total Assets	**428.39**	**330.42**	**238.17**
Non-current liabilities			
Financial liabilities			
Borrowings	50.68	57.48	43.84
Lease liabilities	0.38	0.38	0.38
Provisions	0.78	0.58	0.45
Deferred Tax Liabilities (Net)	0.00	0.31	0.00
Total Non- Financial liabilities	**51.83**	**58.75**	**44.67**
Current liabilities			
Financial Liabilities			
Borrowings	151.49	145.18	95.47
Lease liabilities	0.00	0.00	0.00
Trade payables- Total outstanding dues of micro and small enterprises	0.00	0.00	0.00
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	68.28	53.92	47.46
Other financial liabilities	0.27	0.21	0.11
Provisions	0.22	0.29	0.20
Other Current Liabilities	3.42	2.59	2.67
Current Tax Liabilities (Net)	9.44	5.88	2.38
Total - Current Liabilities	**233.11**	**208.06**	**148.29**
Total Liabilities	**284.94**	**266.81**	**192.95**
Net worth represented by:			
Equity share capital	44.20	1.28	1.28
Other equity	99.35	62.33	44.03
Net Worth	**143.55**	**63.61**	**45.31**

Balance sheet is on next page

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

E-mail: researchfeedback@smcindiaonline.com

Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor ,Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court,Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s)in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance if this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.