

ABOUT THE COMPANY: Incorporated in 2008, Scoda Tubes Limited manufactures stainless-steel seamless and welded tubes and pipes. It serves sectors like oil & gas, power, and pharmaceuticals, with exports to 16 countries. The company has backward integration via a hot piercing mill and operates from Mehsana, Gujarat.

KEY BUSINESS INSIGHTS: Scoda Tubes Limited, incorporated in 2010, is a specialized manufacturer of stainless-steel seamless and welded tubes and pipes. Over the past 14+ years, it has evolved from a standard tube producer to an integrated manufacturer with backward integration via a hot piercing mill, enhancing quality control and cost efficiency. Its diverse portfolio includes U-tubes, instrumentation tubes, and heat exchanger tubes, tailored to customer-specific grades, lengths, and wall thicknesses. The company serves mission-critical industries such as Oil & Gas, Chemicals, Fertilizers, Power, Pharmaceuticals, Railways, and Automotive. As of 9M FY25, it had a base of 236 customers, including 26 international stockists, with exports spanning 11 countries. Export revenue constituted 28.2% in 9M FY25, up from 21–31% over FY22–FY24, with major destinations including the US, Germany, Italy, and Spain. Its manufacturing facility in Mehsana, Gujarat, has an installed capacity of 10,068 MTPA (seamless) and 1,020 MTPA (welded), strategically located near Mundra Port and ICD for cost-effective exports.

VIEW: Scoda Tubes Limited's technical specialization, backward integration, and global certification profile support its position as a long-term player in the precision stainless-steel manufacturing space. Rising export contributions, high-margin seamless product focus, and alignment with industrial and infrastructure growth trends bolster its long-term scalability. At the upper price band of ₹140, Scoda is valued at a P/E of 30.43x and a P/B of 8.76x on FY24 basis, reasonably in line with industry peers (~31.96x P/E and ~9.56x P/B). While concerns around cash flow efficiency and dependency on key distributors remain, its consistent profitability, asset-backed expansion, and sector tailwinds make it an attractive proposition.

We recommend **SUBSCRIBE** for long-term investors seeking exposure to India's precision engineering and export-oriented manufacturing ecosystem.



ISSUE DETAILS	
Price Band (in ₹ per share)	130-140
Issue size (in ₹ Crore)	220.00
Fresh Issue (in ₹ Crore)	220.00
Offer for Sale (in ₹ Crore)	NA
Issue Open Date	28-05-2025
Issue Close Date	30-05-2025
Tentative Date of Allotment	02-06-2025
Tentative Date of Listing	04-06-2025
Total Number of Shares (in lakhs)	169.23-157.14
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE and BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	100	₹14,000
Retail (Max)	14	1,400	₹1,96,000
S-HNI (Min)	15	1,500	₹2,10,000
S-HNI (Max)	71	7,100	₹9,94,000
B-HNI (Min)	72	7,200	₹10,08,000

BRLMs: Monarch Network Capital Ltd

PROMOTER: Samarth Patel ,Jagrutkumar Patel ,Ravi Patel ,Saurabh Patel ,Vipulkumar Patel

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital	44.19 ^{&}	1.28	1.28	1.28
Net Worth	143.55	63.61	45.31	34.97
Revenue from operations	361.17	399.86	305.12	194.02
EBITDA	60.62	58.79	34.78	9.98
EBITDA Margin (%)	16.79	14.70	11.40	5.15
Profit/(Loss) After Tax	24.91	18.30	10.33	1.63
Adjusted EPS (in Rs.)	6.08	4.60	2.60	0.72
Net Asset Value (in Rs.)	32.48	15.99	11.39	8.79
Total borrowings	202.16	202.66	139.30	109.89
P/E [#]	17.27 [^]	30.43	NA	NA
P/B [#]	4.31	8.76	NA	NA

*Restated consolidated financials; #Calculated at upper price band ^Annualised EPS, &Bonus issue in the ratio of thirty (30) Equity Share for every one (1) Equity Share held and Pre-IPO Placement Allotment of 2,400,000 Equity Shares to Malabar India Fund Limited and 2,000,000 to Carnelian Bharat Amritkaal Fund.

OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- ♦ Capital expenditure towards expanding production capacity of seamless and welded tubes and pipes upto Rs.76.99 Cr.
- ♦ Funding the part incremental working capital requirements of the Company upto Rs.110.00 Cr
- ♦ General corporate purposes.

FINANCIAL STATEMENTS

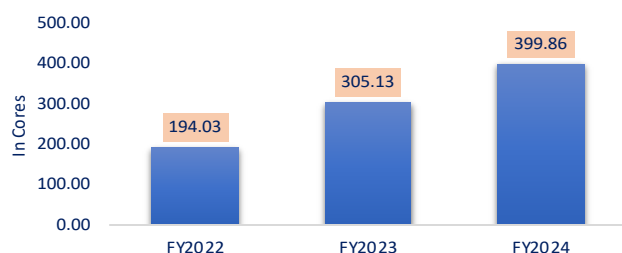
Profit & Loss Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
INCOME			
Revenue from operations	194.03	305.13	399.86
Other Operating Revenue	1.03	2.66	2.63
Total Income	195.05	307.79	402.49
YoY Growth (%)	-	57.26%	31.05%
Cost of materials consumed	181.14	247.45	285.52
Cost of materials consumed-% of Revenue	92.87%	80.40%	70.94%
Changes in inventories of stock in trade	-20.06	-34.84	-23.55
Changes in inventories of stock in trade-% of Revenue	-10.28%	-11.32%	-5.85%
Employee benefit expenses	2.87	5.48	7.37
Employee Expenses-% of Revenue	1.47%	1.78%	1.83%
Other expenses	20.09	52.25	71.73
EBIDTA (Calculated)	9.99	34.78	58.79
EBIDTA Margin (%)	5.12%	11.30%	14.61%
Depreciation and amortisation expense	1.53	11.48	16.39
EBIT	8.46	23.31	42.40
EBIT Margin (%)	4.34%	7.57%	10.54%
Finance cost	7.18	11.59	19.09
Profit / (Loss) before tax	2.31	14.38	25.94
Tax expenses			
Current tax	0.72	4.15	6.89
Earlier Year Taxes	0.01	0.01	-
Deferred Tax	-0.05	-0.11	0.75
Total tax expenses	0.67	4.04	7.64
Profit for the year	1.64	10.34	18.30
PAT Margin (%)	0.84%	3.39%	4.58%
Earnings per share			
Basic earnings per share (₹)	0.72	2.60	4.60

Cashflow Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
Net cash generated from operating activities	-46.87	20.35	2.26
Net cash used in investing activities	-33.44	-38.52	-46.58
Net cash used in financing activities	80.16	17.94	44.27
Net increase/ (decrease) in cash and cash equivalents	-0.14	-0.24	-0.05
Balance as at beginning	0.44	0.29	0.05
Cash and cash equivalent as at year end	0.29	0.05	0.01

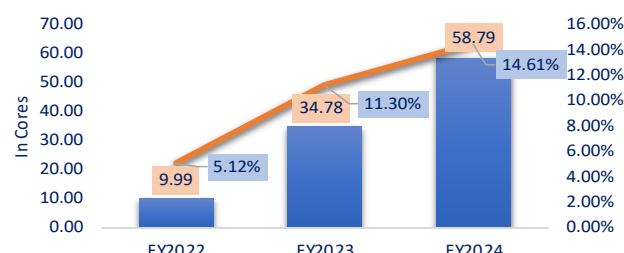
Balance Sheet			
Particulars (In Crores)	FY2022	FY2023	FY2024
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipments	10.56	62.06	81.57
Capital Work-In-Progress	34.59	-	-
Intangible Assets	-	0.09	0.07
Financial Assets			
Investments	0.47	0.92	0.92
Loans	-	-	-
Other Financial Assets	0.32	5.04	6.25
Deferred Tax Assets (Net)	0.33	0.44	-
Other Non-Current Assets	9.44	5.77	15.56
Total non-current assets	55.70	74.31	104.36
CURRENT ASSETS			
Inventories	62.56	99.49	111.94
Financial Assets			
Trade Receivables	35.33	51.56	89.34
Cash and Cash Equivalents	0.29	0.05	0.01
Other Bank Balances	0.41	10.37	22.39
Loans	0.16	-	-
Other Financial Assets	0.01	0.06	0.28
Other Current Assets	1.61	2.42	2.10
Total Current Asset	100.36	163.95	226.06
TOTAL ASSET	156.06	238.26	330.42
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	1.28	1.28	1.28
Other Equity	33.69	44.03	62.33
Total Equity	34.98	45.31	63.61
Non-Current liabilities			
Financial Liabilities			
Borrowings	38.23	43.84	57.48
Lease Liabilities	0.37	0.38	0.38
Provisions	0.29	0.45	0.58
Deferred Tax Liabilities (Net)	-	-	0.31
Total Non-Current Liability	38.89	44.67	58.75
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	71.66	95.47	145.18
Lease Liabilities	0.00	0.00	0.00
Trade Payables			
Small Enterprises	-	-	-
Due to MSME	8.69	47.46	53.92
Due to other than MSME small enterprises	-	0.11	0.21
Provisions	0.04	0.20	0.29
Other Current Liabilities	1.64	2.67	2.59
Current Tax Liabilities (Net)	0.17	2.38	5.88
Total Current liability	82.19	148.29	208.06
Total Equity & Liability	156.06	238.26	330.42

PERFORMANCE THROUGH CHARTS

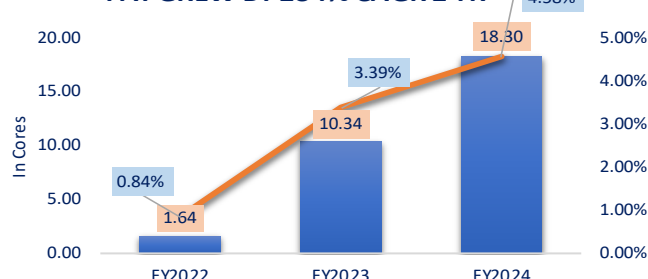
REVENUE HAS GROWN BY 44% CAGR 2 YR



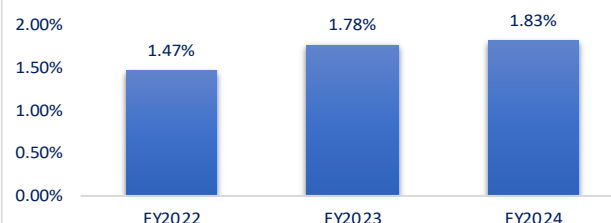
EBIDTA GREW BY 143% CAGR 2 YR



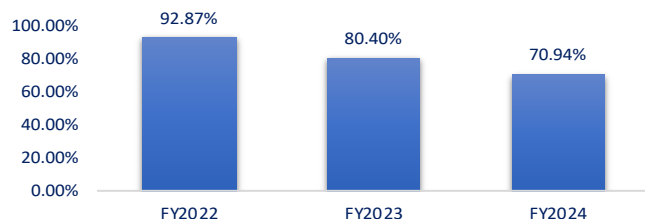
PAT GREW BY 234% CAGR 2 YR



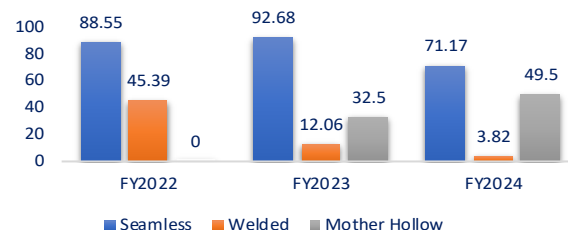
EMPLOYEE EXPENSE AS % TO REVENUE IS INCREASING



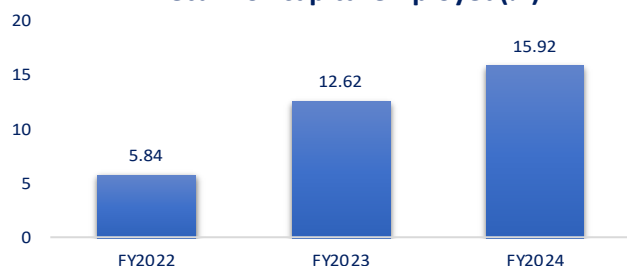
Cost of materials consumed-% of Revenue is decreasing



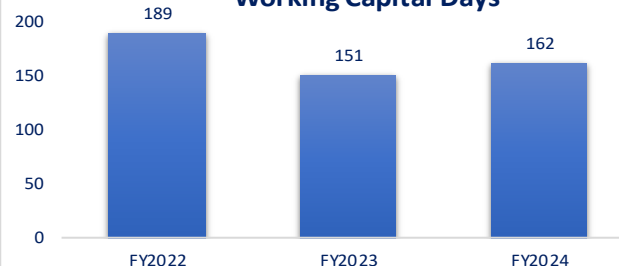
Capacity Utilization (%)



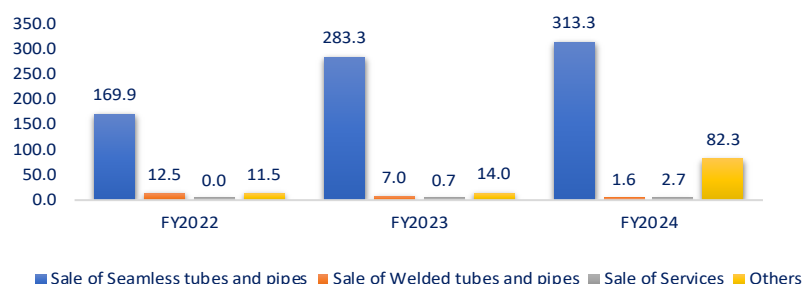
Return on capital employed(%)



Working Capital Days



Revenue Mix (In Crs)



INDUSTRY REVIEW

Indian Stainless-Steel Industry.

India is a leading global producer of stainless steel, with a well-diversified domestic industry comprising large corporations, mid-sized enterprises, public sector entities, and a robust network of micro, small, and medium enterprises (MSMEs) across the country. The sector operates in a highly globalized environment, characterized by substantial cross-border trade in both raw materials and finished stainless-steel products. Pricing dynamics within the industry are influenced by fluctuations in raw material costs and international market trends, making it a strategically integrated part of the global stainless-steel supply chain.

Stainless steel welded pipes and tubes.

In 2023, the global trade volume of stainless-steel welded pipes and tubes reached approximately 0.82 million tonnes. Italy emerged as the leading exporter, contributing 32% of the total globally exported volume, followed by China with a 27% share. On the import front, Germany and the United States collectively accounted for around 19% of global imports, with individual shares of 10% and 9%, respectively. Poland, India, and Canada also played significant roles in global demand, importing 7%, 6%, and 5% of the total traded volume, respectively. These trade dynamics underscore the interconnected nature of the stainless-steel industry, influenced by both regional production capacities and international supply-chain dependencies.

Indian stainless-steel pipes and tubes industry.

Between fiscal 2020 and fiscal 2024, domestic demand for stainless steel pipes and tubes grew from 0.23 million tonnes to 0.32 million tonnes, reflecting a compound annual growth rate (CAGR) of approximately 9%. Throughout this period, the composition of demand remained consistent, with stainless-steel welded pipes and tubes comprising around 65% of total domestic consumption, while stainless-steel seamless pipes and tubes accounted for the remaining 35%. This steady demand distribution underscores the industry's structural stability and the continued preference for welded variants in key applications.

Seamless pipes and tubes.

In fiscal 2024, China dominated India's stainless-steel seamless pipes and tubes imports, contributing approximately 89% of the total imported volume, which amounted to 8,692 metric tonnes. This significant market share reflects the strong preference of Indian end-consumers for cost-effective Chinese steel products, driven by competitive pricing and widespread availability. The trend underscores China's pivotal role in India's stainless-steel import landscape and highlights the price-sensitive nature of domestic demand.

COMPETITIVE STRENGTHS OF THE COMPANY

Specialised production of Stainless-Steel tubes and pipes.

They are a specialized manufacturer of stainless-steel tubes and pipes, focusing exclusively on seamless and welded products within this single metal category. Since their inception, they have consistently served both domestic and international markets in the stainless-steel segment, cultivating deep expertise in production processes, inventory management, and product sales. Their industry specialization enables them to precisely assess and respond to evolving customer preferences, offering a diverse range of stainless-steel tubes and pipes tailored to specific length, thickness, and grade requirements. This expertise has strategically positioned them to attract and retain customers seeking high-quality, customized stainless-steel solutions.

Customer Diversification & International Presence

Their products serve a diverse range of industrial sectors, including Oil & Gas, Chemicals, Fertilizers, Power, Pharmaceuticals, Automotive, Railways, and Transportation, catering to both domestic and international markets. Domestically, they distribute their products to stockists, engineering firms, EPC contractors, and industrial companies, with an exclusive stockist based in Maharashtra handling sales across India. In international markets, their products are supplied through authorized stockists, including a designated distributor in the United States with exclusive rights to sell within the U.S. market. This structured distribution network ensures strategic market penetration and consistent supply chain management.

Extensive and Effective Quality Control.

All their Products adhere to national and international standards and go through extensive quality control procedures by trained and experienced personnel. As on March 31, 2025, they have a quality control team comprising of 14 dedicated personnel, working to ensure that they adopt and maintain high quality standards at all their manufacturing stages, from raw materials to the production of the final Products. Their 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. They are also in a position to offer supplementary tests, in accordance with further requests of their customers to ensure that the products delivered can meet their expectations.

Experienced and Qualified Team.

Their promoters and senior management team is well experienced in this industry both from marketing and distribution of products in this sector. Their 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.

RISK FACTORS

They rely on stockists, including exclusive ones in Maharashtra and the U.S., for selling their stainless-steel tubes and pipes. Termination or underperformance by them could negatively impact their business and financials.

- Their customer base for the nine months period ended December 31, 2024 was spread across eleven (11) countries (not including India).
- In the domestic market, they sell their Products to stockists, engineering, EPC and industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors. In particular, they have a stockist based in Maharashtra authorised to exclusively sell their products in India. In the United States market, they have one stockist authorised to exclusively sell their products in United States market, Further, they supply their Products through stockist in Italy, Germany, Austria and Eastern Europe markets.

Their business and profitability are substantially dependent on the demand for their products from engineering, EPC and industrial companies, stockists, in and outside of India. Any reduction in the activity and expenditure levels in such customers may adversely affect their business, prospects, results of operations and financial condition.

- Their business is heavily dependent on the demand for stainless-steel tubes and pipes from stockists, engineering, EPC and industrial companies engaged in Oil and Gas, Chemicals, Fertilisers, Power, Pharmaceuticals, Automotive, Railways and Transportation sectors in and outside of India, which are their major end-users of stainless-steel tubes and pipes.
- Their revenue from operations is concentrated with, and they are dependent on, such customers.

They and their Promoters have limited experience in implementing their growth strategy to expand their welded tubes and pipes business which is presently smaller in scale. They may not be able to compete successfully and it may be difficult to evaluate their business and future operating results on the basis of their past performance.

- Their Company has a history of operating the welded pipes business on a smaller scale. As on December 31, 2024, their Company has manufacturing capacity of 1,020 MT per annum of welded tubes.

Capital expenditure is being used for welded pipes despite low-capacity utilization rate and may not result in increase in revenue from operations

- As on the December 31, 2024, their Company has manufacturing capacity of 1,020 MT per annum of welded tubes. They propose to enhance their production capacity of welded tubes and pipe by 12,130 MTPA by fiscal 2026

Their business involves prolonged working capital days and an extended cash conversion cycle. If they are unable to anticipate and respond to changes in market demands and customer preferences in a timely and efficient manner, their business, results of operations, cash flows and financial condition may be adversely affected.

- Their results of operations are dependent on their ability to anticipate, gauge and respond to changes in the market demand and customer preferences for stainless-steel tubes and pipes, develop new products or modify and improve their existing product offerings in line with these changes.
- They need to maintain sufficient inventory levels to meet customer expectations at all times. However, due to the long production cycle, time lag between purchasing raw materials and realizing sales from finished products, their business requires significant working capital to maintain optimum inventory levels of raw materials, work-in-progress and finished goods, as well as to offer credit to their customers, which is necessary to bridge the timing gap between fulfilling their payment obligations towards their suppliers and the receipt of revenue from their customers.

PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Scoda Tubes Limited	399.86	10.00	4.60	15.99	28.77	30.43	8.76
Ratnamani Metals & Tubes Limited	5059.09	2.00	89.18	448.07	19.90	32.26	6.42
Venus Pipes & Tubes Limited	802.19	10.00	42.36	200.05	21.17	34.28	7.26
Welspun Specialty Solutions Limited	696.67	6.00	1.18	1.76	67.11	27.90	18.70
Suraj Limited	330.66	10.00	11.72	66.74	17.57	33.38	5.86

*P/E & P/B ratio based on closing market price as of May 23rd 2025, at the upper price and of IPO, financial details consolidated audited results as of FY24.



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