

VENUS PIPES

COMPANY UPDATE



KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,250
12 month price target (INR)	2,260
52 Week High/Low	2,447/969
Market cap (INR bn/USD bn)	26/0.3
Free float (%)	21.0
Avg. daily value traded (INR mn)	158.9

SHAREHOLDING PATTERN

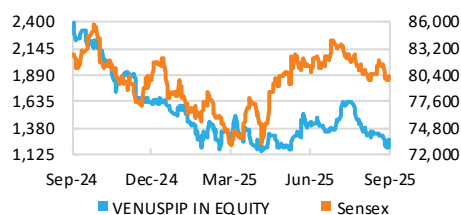
	Jun-25	Mar-25	Dec-24
Promoter	48.12%	48.12%	48.12%
FII	4.93%	5.81%	4.31%
DII	14.96%	14.53%	14.06%
Pledge	0%	0%	0%

FINANCIALS

(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	9,585	12,805	16,230	20,849
EBITDA	1,676	2,160	2,720	3,447
Adjusted profit	929	1,229	1,715	2,248
Diluted EPS (INR)	45.5	60.2	83.9	110.1
EPS growth (%)	7.3	32.3	39.5	31.1
RoAE (%)	19.8	20.7	23.2	24.0
P/E (x)	27.5	20.8	14.9	11.4
EV/EBITDA (x)	10.2	8.7	6.7	5.1
Dividend yield (%)	0	0	0	0

PRICE PERFORMANCE



Power sector, VAP drive volume upgrade

We recently met with MD Mr Arun Kothari and CFO Mr Kunal Bubna of Venus Pipes and Tubes. Highlights: i) Volume guidance upgraded to 25% (earlier: 20%). ii) Targeting new seamless plant's utilisation to touch 80–90% and that of welded pipes of 70–80%. iii) Overall capacity utilisation expected to touch 80% on capacity of 42,000MT. iv) Order book stands strong at INR5.6bn with 60% inclined toward seamless pipes. v) Strong demand expected from power for three–five years. vi) Seamless pipes and fittings' capacities to be operational in H2FY26E.

Given a strong order book, capacity additions and an increase in the share of value-added products, we maintain 'BUY' with a TP of INR2,260 based on 25x Q1FY28E EPS.

Exports – A short-term blip; corrective measures underway

Exports hit a rough patch in Q1FY26 (down 10% QoQ) due to tariffs and conflicts pushing western nations to localise production to navigate tariff uncertainties and supply chain constraints. However, with higher costs of production in the west, Indian exports should remain competitive in the stainless steel segment. Given 4–7% of Venus's order book is made up by the United States, it is working on further diversifying across Europe, Middle East, Africa and South East Asia to mitigate the risk posed by US tariffs with an increased focus on the Middle East. Venus has expanded its marketing team with dedicated representatives in each of these geographies. The company continues to tap into the O&G segment in the Middle East and the US. With a team focused on exports and its products suited for export markets, Venus should be one of the leading exporters of SS pipes.

Volume guidance raised; margin levers in place

While Venus continues to experience sluggishness in the domestic market due to lower government spend on infrastructure, management has upgraded volume growth guidance to 25% for FY26 (earlier: 20%) on the back of: i) strong demand from the power sector and a robust order book of INR5.6bn; ii) capacity utilisation touching 80% by the end of FY26E; and iii) commissioning of new seamless and condenser tube capacities from H2FY26E. Meanwhile, margins are likely to improve with: i) accelerating operating leverage; ii) shift toward higher diameter pipes; iii) benefits of regulatory tailwinds—BIS and ADD on Chinese and Taiwanese imports into Saudi (KSA); iv) increasing direct sales; and v) rising VAP contribution.

Capex on fittings and hygienic SS and titanium-grade tubes

Venus has enhanced its expansion plans to fittings and hygienic SS and titanium-grade tubes—in welded pipes. The expansion is likely to be in two phases: i) In the first phase, titanium-grade welded tubes were commissioned in May-25, with fittings expected by H2FY26E. ii) Phase 2 is aimed at fittings and hygienic SS and titanium-grade welded pipes/tubes (~3,600MT yearly capacity) at a capex of INR600mn to be commissioned in H2FY26E. This marks Venus's entry into the power and nuclear sectors via high VAP, which have superior margins.

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	9,585	12,805	16,230	20,849
Gross profit	3,190	4,190	5,309	6,783
Employee costs	380	493	641	834
Other expenses	1,135	1,537	1,948	2,502
EBITDA	1,676	2,160	2,720	3,447
Depreciation	185	206	257	289
Less: Interest expense	344	437	372	376
Add: Other income	107	123	196	216
Profit before tax	1,254	1,639	2,287	2,998
Prov for tax	325	410	572	750
Less: Other adj	0	0	0	0
Reported profit	929	1,229	1,715	2,248
Less: Excp.item (net)	0	0	0	0
Adjusted profit	929	1,229	1,715	2,248
Diluted shares o/s	20	20	20	20
Adjusted diluted EPS	45.5	60.2	83.9	110.1
DPS (INR)	0	0	0	0
Tax rate (%)	25.9	25.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Volume Growth (%)	17.2	30.7	20.0	20.3
Realisation Growth	2.0	2.2	5.6	6.8
Capex (INR mn)	1,083.9	1,200.0	600.0	600.0
EBITDA margin (%)	17.5	16.9	16.8	16.5
Net profit margin (%)	9.7	9.6	10.6	10.8
Revenue growth (% YoY)	19.5	33.6	26.7	28.5
EBITDA growth (% YoY)	14.5	28.9	25.9	26.7
Adj. profit growth (%)	8.0	32.3	39.5	31.1

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	0	0	0	0
Repo rate (%)	0	0	0	0
USD/INR (average)	0	0	0	0
Gross margins	33.3	32.7	32.7	32.5
EBITDA/MT	66,364.4	63,830.4	66,975.2	70,532.7
Depre % of gross block	5.9	5.2	5.3	5.3
Interest % of debt	20.2	15.0	10.0	11.5

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	27.5	20.8	14.9	11.4
Price/BV (x)	4.8	3.9	3.1	2.4
EV/EBITDA (x)	10.2	8.7	6.7	5.1
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	204	204	204	204
Reserves	5,110	6,341	8,056	10,304
Shareholders funds	5,315	6,545	8,260	10,509
Minority interest	0	0	0	0
Borrowings	1,915	3,915	3,515	3,015
Trade payables	2,399	2,360	2,992	3,854
Other liabs & prov	436	436	436	436
Total liabilities	10,083	13,275	15,222	17,832
Net block	3,088	4,082	4,425	4,736
Intangible assets	7	7	7	7
Capital WIP	665	665	665	665
Total fixed assets	3,761	4,755	5,097	5,408
Non current inv	34	34	34	34
Cash/cash equivalent	130	365	583	739
Sundry debtors	1,920	2,668	3,381	4,344
Loans & advances	0	0	0	0
Other assets	4,042	5,400	6,073	7,254
Total assets	10,083	13,275	15,222	17,832

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	929	1,229	1,715	2,248
Add: Depreciation	185	206	257	289
Interest (net of tax)	230	293	249	252
Others	170	145	124	125
Less: Changes in WC	828	2,001	756	1,283
Operating cash flow	687	(127)	1,589	1,632
Less: Capex	(1,084)	(1,200)	(600)	(600)
Free cash flow	(397)	(1,327)	989	1,032

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	19.8	20.7	23.2	24.0
RoCE (%)	25.0	23.5	23.9	26.7
Inventory days	162	174	171	157
Receivable days	70	65	68	68
Payable days	118	101	89	89
Working cap (% sales)	33.9	42.1	37.9	35.6
Gross debt/equity (x)	0.4	0.6	0.4	0.3
Net debt/equity (x)	0.3	0.5	0.4	0.2
Interest coverage (x)	4.3	4.5	6.6	8.4

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	7.3	32.3	39.5	31.1
RoE (%)	19.8	20.7	23.2	24.0
EBITDA growth (%)	14.5	28.9	25.9	26.7
Payout ratio (%)	0	0	0	0



Mr Arun Kothari
MD, Venus Pipes and Tubes

Bio in brief

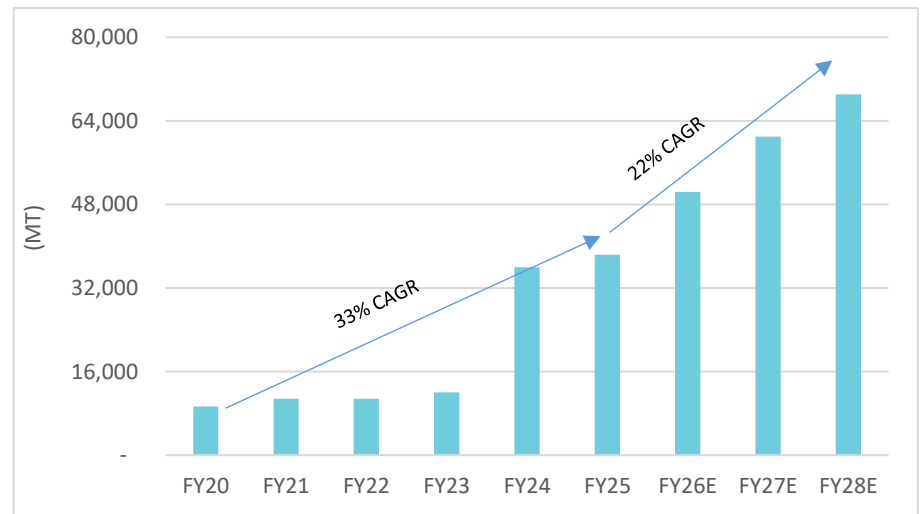
Mr Arun Kothari has been associated with the company since 2021. He is a qualified Chartered Accountant, and a Bachelor of Commerce from Rajasthan University. Mr Kothari looks after and manages the accounting and financial operations of the company and is responsible for setting up processes, systems and procedures to control and streamline the financial and commercial transactions of the company. He also heads two key functions: strategy and investor relations.

Capacities to drive top-line growth

With its new welded capacity up and running and seamless pipes & fittings capacity expected to be commissioned by the end of H2FY26E, Venus is confident of sweating them sooner rather than later to fulfil latent demand.

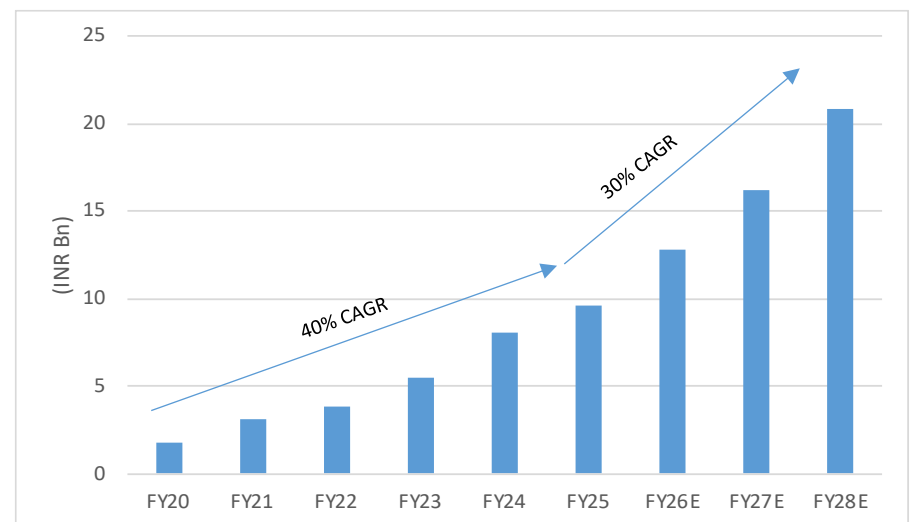
Looking at the healthy demand led by new customer approvals both in the domestic market and exports, Venus is confident of a minimum capacity CAGR of 20% to meet growing demand. Furthermore, the company can manufacture welded pipes up to 56-inch diameter. The company expects to spend INR1.2bn on fittings and welded pipes expansion and INR600–650mn on the seamless pipes expansion. Hence, overall, we expect Venus's top line to expand at a 30% CAGR over FY23–26E.

Exhibit 1: Capacity CAGR of 22% over FY25–28E along with fittings expansion...



Source: Company, Nuvama Research

Exhibit 2: ...to fuel a 30% revenue CAGR over FY25–28E



Source: Company, Nuvama Research

Exhibit 3: Upcoming capacity expansion

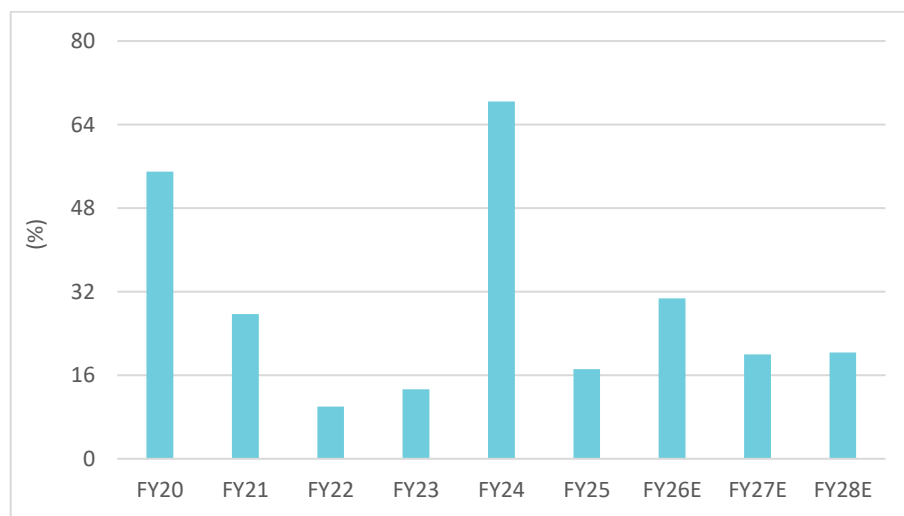
	Current		Post expansion	
Pipes	Capacity (MTPA)	Size	Capacity (MTPA)	Size
Seamless	14,400	6mm (0.125 inch) - 168.3 mm (6inch) diameter	18,000	6mm (0.125inch) - 168.3mm (6inch) diameter + hygienic stainless steel
Welded	27,600	6mm (0.125 inch) - 1219.3 mm (6inch) diameter	27,600	6mm (0.125inch) - 1219.3mm (6inch) diameter + hygienic stainless steel and titanium steel tubes
Hollow pipes	14,400		18,000	
Fittings	NA		Range of fittings	
Total	52,800		60,000	

Source: Company, Nuvama Research

Robust order book drives guidance upgrade

Venus Pipes upgraded its FY26 revenue growth guidance to ~25% (from ~20%), reflecting increased confidence in execution. The revision is backed by a healthy INR5.6bn order book, including an INR1.9bn order from a leading Indian power equipment manufacturer, and strong export momentum with shipments up ~70% YoY in Q1FY26. With blended capacity utilisation expected to be near 80% this year and new seamless and condenser tube capacities starting to contribute from H2FY26, the company has clear visibility, which gives it the confidence to upgrade volume growth guidance.

Exhibit 4: Strong order book to aid volume growth



Source: Company, Nuvama Research

Domestic outlook cloudy; power sector lights up growth

Venus Pipes continues to face subdued domestic demand weighing on volumes and realisations, particularly in welded pipes. However, the power sector has emerged as a key bright spot with the company securing a large INR1.9bn seamless pipe order from a leading power equipment manufacturer and highlighting multiple new tenders being floated in this space. The power sector is expected to showcase good demand over the next three–five years. While other sectors such as oil & gas, chemicals and engineering are contributing modestly, management acknowledged that the bulk of domestic momentum would come from power, potentially driving a reversal in growth from Q2FY26. With product mix improvements and value-added offerings such as fittings and condenser tubes in the pipeline, Venus remains confident its domestic business will gradually recover despite broader industry softness.

Tariffs play spoilsport in US market...

In April 2025, the US enacted a major shift in trade policy by introducing a uniform 10% minimum tariff on all imports, citing a national emergency arising from unfair trade practices. This marked a decisive turn towards protectionism, disrupting existing free-trade frameworks and adding significant uncertainty to the global trade landscape, even as it aimed to address long-standing imbalances.

Subsequently, the US imposed a 25% tariff on Indian exports, followed by an additional 25% penalty citing India's continued purchases of Russian oil. *However, steel pipes remain exempt from the additional penalty, as they are already subject to the existing Section 232 duty of 25-50% from June 2025.*

This escalation in US trade barriers materially raises country-specific risk for Venus Pipes given US accounts for 4–7% of order book.

...though diversification into other geographies shall mitigate risk

However, to mitigate this very country-specific risk, Venus is working towards diversifying its order book toward South East Asia, Middle East, Africa and Europe. While global trade uncertainty pushes western nations to localise productions, higher cost of production in these nations still keeps Indian manufacturers in play due to lower cost of production.

Exhibit 5: Trade uncertainty – a speed bump; growth to continue



Source: Company, Nuvama Research

Saudi duty shift: China's loss to India's gain

Saudi Arabia has imposed anti-dumping duties (ADD) on welded pipe imports from China and Taiwan, ranging from 6.5% to 27.3% of CIF value (with a floor rate in USD/kg), effective five years from 30th June 2025. This move makes cheap Chinese imports more expensive, thereby leveling the playing field for domestic and alternative foreign suppliers. The Saudi welded pipes market is heavily import-driven with China as the dominant supplier.

For Indian exporters such as Venus Pipes and Ratnamani, this development opens up new opportunities as Indian products become more competitive. Venus recently commissioned 3,600MT welded pipe expansion focuses on value-added, technically stronger pipes—a segment preferred by Saudi-based companies as a substitute for Chinese/Taiwanese imports. The company is also in the process of securing key approvals for exports, which would be a key milestone.

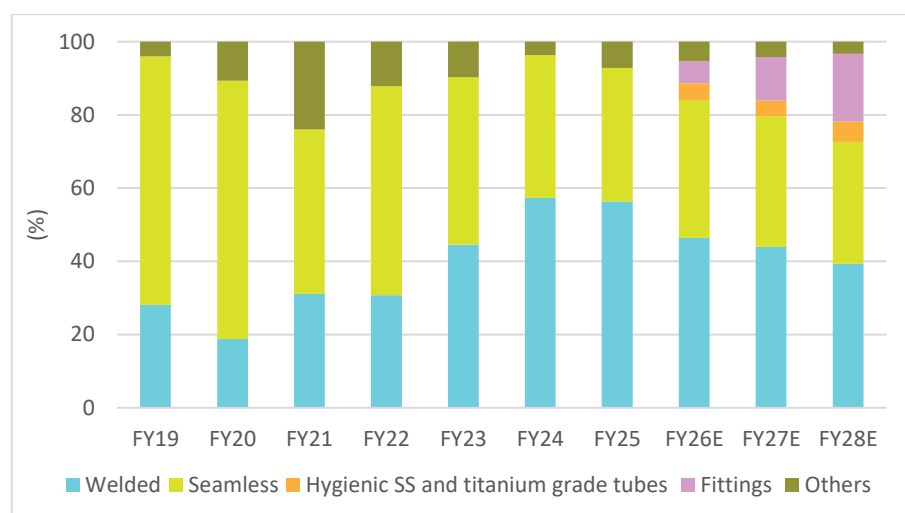
Importantly, the ADD is expected to benefit up to 8-inch welded pipes, a category that accounts for 40–50% of Venus's welded pipes mix, making the impact particularly meaningful for the company.

Higher share of VAP and fittings to aid in margin expansion

A higher share of value-added products (VAP) such as condenser tubes and the planned fittings business is expected to strengthen Venus's margin profile. These offerings command premium pricing given their critical applications in sectors like power and oil & gas, and face relatively limited competition in India.

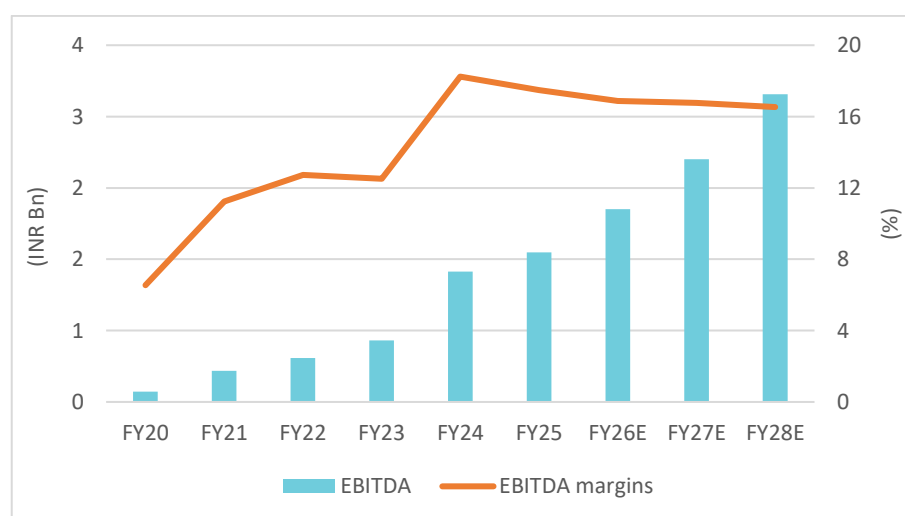
By supplying both pipes and fittings together, Venus can position itself as a complete solutions provider, improving customer stickiness and enabling bundled pricing. This mix shift away from commoditised welded pipes towards specialised seamless pipes and fittings should help the company expand EBITDA margins even though the company continues to conservatively guide for margins of 16–18%. The company expects to target utilisations of 80–90% from the new seamless plant and 70–80% from the new welded plant.

Exhibit 6: Increasing share of seamless and VAP in revenue...



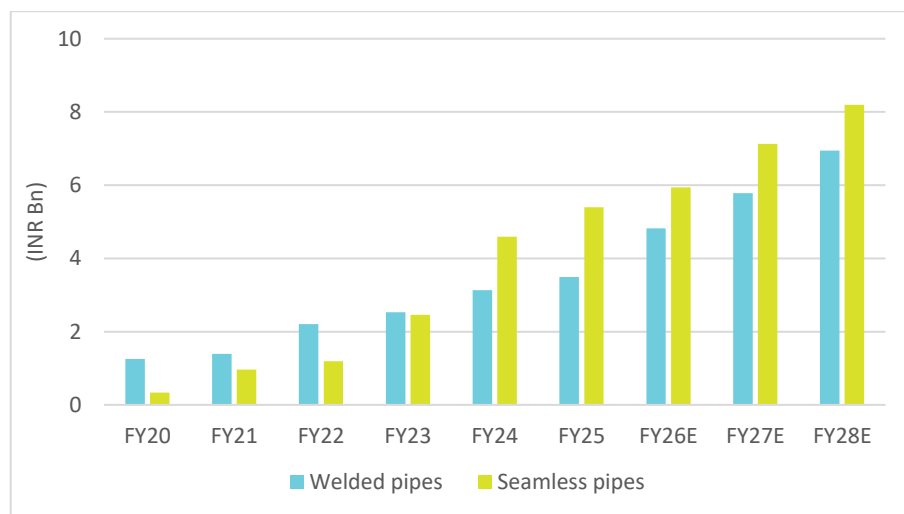
Source: Company, Nuvama Research

Exhibit 7: ...to aid margin expansion



Source: Company, Nuvama Research

Exhibit 8: Seamlessly leading the way



Source: Company, Nuvama Research

Warrant conversion signals confidence

In February 2024, the company allotted 420,000 convertible warrants at an issue price of INR1,700, raising INR714mn from both promoter and non-promoter investors to fund capacity expansion. Management's confidence in the company's growth prospects can be gauged from the fact that nearly half of these warrants have been already converted at INR1,700 while current market price is much lower.

Exhibit 9: Warrant details

Name of the investor	Category	Warrants issued	Converted	Conversions			Warrants left
				23 August 2024	02 February 2025	19 June 2025	
Megharam S Choudhary	Promoter	80,000	38,000	22,000	16,000	0	42,000
Arun Axaykumar Kothari	Promoter	1,34,000	94,000	12,000	32,000	50,000	40,000
Jayantiram Motiram Choudhary	Promoter	27,000	27,000	16,000	0	11000	0
Dhruv Mahendrakumar Patel	Promoter	59,000	37,000	21,000	16,000		22,000
Princely Multitrading LLP	Public	1,20,000	0	0	0	0	1,20,000
Total		4,20,000	1,96,000	71,000	64,000	61,000	2,24,000

Source: Company, Nuvama Research

Company Description

Venus Pipes and Tubes (Venus), incorporated in 2015, is a manufacturer and exporter of SS pipes and tubes. It has a total production capacity of 12kt per year, which it produces at its facility in Dhaneti (Kutch), Gujarat. The plant lies approximately 55km and 75km from the Kandla and Mundra ports, respectively. The plant is spread over 68,090sqm, with the current set-up occupying 22,400sqm. Of the 12ktpa capacity, 3.6kt is dedicated to seamless SS pipes and 8.4kt to welded SS pipes. Easier access to the Kandla and Mundra ports helps the company to procure raw materials and export the products at low logistic costs. Venus commenced exporting products in 2017 and now reaches out to 20+ countries, including Brazil, the UK, Israel, and many in the European Union. Venus has a separate divisions for production of seamless and welded SS pipes and tubes.

Investment Rationale

Venus is a dedicated SS tubes and pipes player, and its capacity market share is set to shoot up to 10% by FY25E—from 4% in FY22. Increasing broad-based demand in end-user industries shall help sweat out the expanded assets base (with capacity trebling) to >80% by FY25E. Venus services diversified end-user industries such as chemicals, engineering, and pharma, and rakes in revenue from multiple streams: new projects, repair & maintenance and replacement demand. A diversified client base also hedges the company against slowdown in one particular end-user industry. Moreover, the company is constantly diversifying its client base by adding customers in new industries. Proximity to ports was always an edge Venus had in exports, ongoing capacity expansion along with backward integration shall provide exports a growth kicker

Key Risk

- Delays in completion of expansion projects are likely to push out its earnings growth trajectory.
- Potential slowdown in capex cycle of end-user industries such as pharma, chemicals, etc would suppress the demand for the company's products. This could be in domestic or exports markets.
- Dumping of low-cost imports from China.
- Exports-related weakness

Additional Data

Management

CMD	Arun Axaykumar Kothari
ED & Promoter	Jayantiram Motiram Choudhary
ED & Promoter	Megharam Sagramji Choudhary
ED & Promoter	Dhruv Mahendrakumar Patel
Auditor	Maheshwari & Co.

Holdings – Top 10*

% Holding		% Holding	
Kotak Life	4.47	JM Financial AM	0.44
Nippon Life	2.93	Motilal Oswal A	0.17
Ambit India	1.57	Dimensional Fun	0.10
WBC holdings	0.52		
Neuberger Bergm	0.44		

*Latest public data

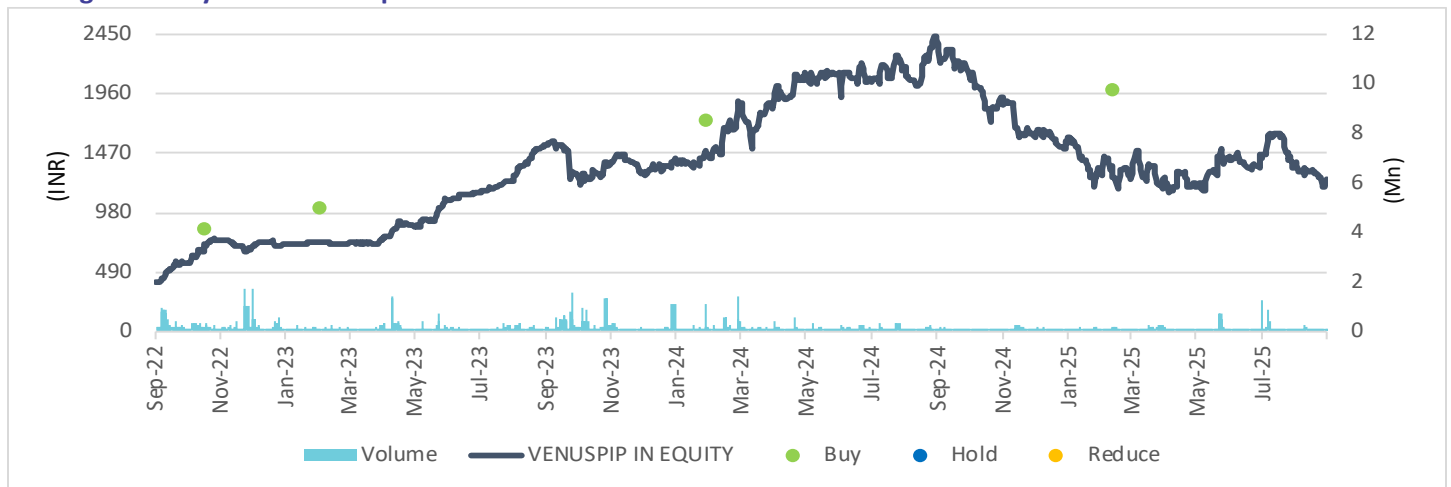
Recent Company Research

Date	Title	Price	Reco
12-Aug-25	Power demand gives boost; domestic reviv; <i>Result Update</i>	1,286	Buy
01-Jul-25	Booster shot for welded pipes exports; <i>Company Update</i>	1,355	Buy
26-May-25	Demand picking up; exports resilient; <i>Result Update</i>	1,509	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
29-Aug-25	Home Decor	Bouncing from the bottom; <i>Sector Update</i>
26-Aug-25	Home Decor	Demand low; focus and optimism high; <i>Sector Update</i>
19-Aug-25	Home Decor	Lacklustre showing once again; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	198
Hold	<15% and >-5%	70
Reduce	<-5%	36

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