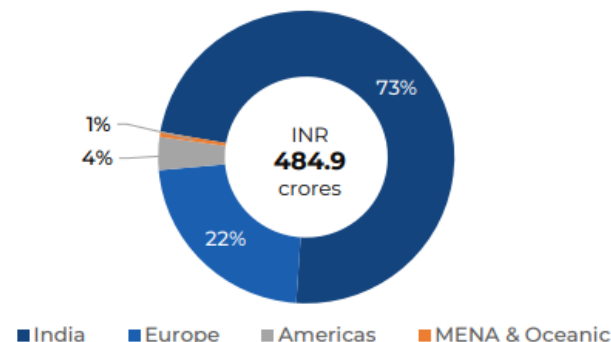


- Scoda Tubes Limited is an Indian manufacturer of stainless-steel (SS) tubes and pipes with over 14 years of experience. Based in Gujarat, the company offers seamless and welded products under five main lines, including seamless pipes, tubes, “U” tubes, instrumentation tubes, and welded tubes. The company operates a backward-integrated manufacturing facility.
- SS tubes industry stood at around 3.2Lac tn in FY24 which is growing at a CAGR of 8.0%. However domestic manufacturers are growing at a much faster rate on the back of - Reduction in imports (20% mix of in FY24 vs 40% mix in FY20) owing to (a) Mandatory BIS certification (b) Withdrawal of China’s 13% export incentive, (c) imposition of ADD on imports of Chinese SS seamless tubes.
- The company will expand its capacity by 3x over FY25-27. Enhanced capacity shall lead to capitalization on backward integrated assets, entry in higher diameter products with higher margins, deeper penetration within existing customers.
- Scoda primarily supplies to EPC and OEM clients in the engineering sector, with end-use across oil & gas, chemicals, fertilisers, power, pharma, auto, and railways. Key clients include L&T, Thermax, BHEL, NTPC, Triveni Turbine, HPCL, EIL, GNFC, and Indian Railways.

Strong presence in 14 countries¹

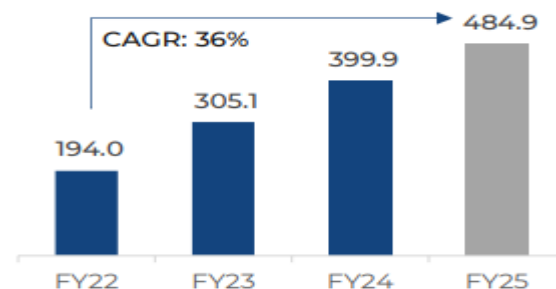


Capacity comparison

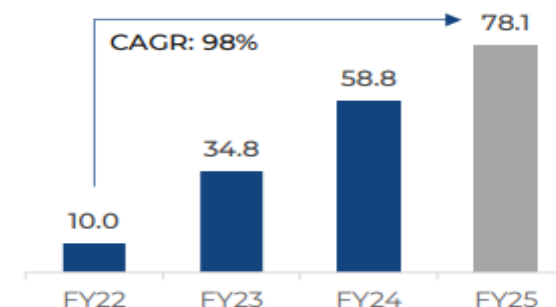
Product capacity	Existing capacity	Post expansion capacity
Seamless	10,068 MTPA	20,068 MTPA
Welded	1,020 MTPA	13,150 MTPA
Mother hollow	20,000 MTPA	

- The company has delivered strong financial performance over FY22-FY25, marked by a 36% CAGR in revenue, gross profit margin improved from 17.0% to 30.6%, reflecting better cost management and pricing power. EBITDA surged nearly 8x, from Rs. 10 cr to Rs. 78.1 cr, translating to a 98% CAGR, with margins expanding from 5.2% to 16.1%. This performance is largely driven by cost advantages stemming from economies of scale and successful backward integration.
- Scoda is approaching an inflection point with 3x capacity expansion in two phases - (1) 20k tons of Seamless Tubes commencing in Q3FY26 (2) 12k tons of Welded Tubes commencing in Q1FY27.
- We expect Scoda's Revenue/EBITDA/PAT to grow at a CAGR of 44%/40%/51% over FY25-27E. The steady state ROCE of 24% witnessed in FY24/25 is expected to dip temporarily to 16% in FY26E on the back of IPO fund raising and subsequently improve to 19%/20% in FY27E/28E. We value Scoda at P/E multiple of 24x FY27E (in line with our avg. target multiple for the midcap capital goods basket) and arrive at a TP of Rs. 290 by March 2026.

Revenue from operations



EBITDA



Figures in Rs Cr

Year	Revenue	Growth	EBITDA	Margin	PAT	Growth	EPS	PE	EV/EBITDA	ROCE
FY24	400	31%	59	14.7%	18	77.1%	3.1	63.8	23.5	24%
FY25	485	21%	78	16.1%	32	73.4%	5.3	36.8	17.7	23%
FY26E	584	20%	91	15.6%	41	28.6%	6.8	28.6	15.2	16%
FY27E	1009	73%	153	15.2%	72	77.5%	12.1	16.1	9.0	20%

FUNDAMENTAL TEAM

Name	Sectors	E-mail	Numbers
Sunil Jain	Head Equity Research - Retail	sunil.jain@nirmalbang.com	6273 8195/96
Priyanka Ghadigaonkar	Chemicals, FMCG	priyanka.g@nirmalbang.com	6273 8177
Kavita Vempalli	IT, Telecom, Retail, Textile	kavita.vempalli@nirmalbang.com	6273 8034
Devendra Pawar	Auto, Capital Goods	devendra.pawar@nirmalbang.com	6273 8149
Vrushali Puniwala	Banks & NBFC	vrushali.puniwala@nirmalbang.com	6273 8021
Janvi Shah	Metal, Cement	Janvi.shah@nirmalbang.com	6273 8058
Shivani Walam	Database Management	Shivani.walam@nirmalbang.com	6273 8091
Darxit Jain	Database Management	darxit.jain@nirmalbang.com	6273 8159

TECHNICAL AND DERIVATIVES TEAM

Vikas Salunkhe	Sr. AVP-Technical Analyst	vikas.salunkhe@nirmalbang.com	6273 8254
Swati Hotkar	AVP - Technical Analyst	swati.hotkar@nirmalbang.com	6273 8255
Nirav Chheda	AVP- Derivatives & Technical Analyst	nirav.chheda@nirmalbang.com	6273 8199
Amit Bhuptani	Sr.Derivatives & Technical Analyst	amit.bhuptani@nirmalbang.com	6273 8242
Yadnesh Shendge	Technical Analyst	Yadnesh.shendge@nirmalbang.com	6273 8159
Saurav Motivaras	Database Management	Saurav.Motivaras@nirmalbang.com	6273 8054
Sumit Vartak	Associate	sumit.vartak@nirmalbang.com	6273 8261

Research Reports that are published by Nirmal Bang Securities Private Limited (hereinafter referred to as “NBSPL”) are for private circulation only. NBSPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001766. NBSPL is also a registered Stock Broker with National Stock Exchange of India Limited, BSE Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange of India Limited, National Commodity and Derivative Exchange Limited and Indian Commodity Exchange Limited in cash and Equity and Commodities derivatives segments.

NBSPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBSPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBSPL, its associates or analyst or his relatives do not hold any financial interest (Except Investment) in the subject company. NBSPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBSPL or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBSPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBSPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company. NBSPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: The research analysts and authors of these reports, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBSPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBSPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBSPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBSPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBSPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBSPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBSPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBSPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBSPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBSPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBSPL.

Our reports are also available on our website www.nirmalbang.com

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)

B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 6723 8000/8001
Fax. : 022 6723 8010