# Venus Pipes and Tubes (VENPIP)

ICICI Direct

CMP: ₹1,550 Target ₹ 2,200 (42%) Target Period: 12 months

**BUY**

August 24, 2026

## Robust order book strengthens earnings prospect…

**About the stock:** Venus Pipes and Tubes (VPT), established in 2015, is engaged in manufacturing of stainless-steel pipes and tubes with total installed capacity pegged at ~48,000 metric tonnes per annum (MTPA), located in Gujarat.

- Within this, it has a capacity of, 20,400 MTPA- Seamless stainless-steel pipes and tubes and 27,600 MTPA- Welded stainless steel pipes tubes.

**Q1FY27 performance:** Venus Pipe reported a steady performance in Q1FY27. Consolidated topline stood ₹321 crore (up 16% YoY, 6% QoQ). Reported EBITDA stood at ₹52 crore with corresponding EBITDA margins at ~16% (down 22 bps QoQ). Consolidated PAT for the quarter stood at ₹26 crore (up 7% YoY).

**Investment Rationale:**

- **Capacity expansion led growth to support long-term earnings growth:** Stainless steel pipes and tubes, known for their corrosion resistance and lightweight properties, are gaining traction across core infrastructure applications. The domestic stainless-steel pipes and tubes industry is expected to grow at 6-8% CAGR over FY24-29E, as per industry sources. VPT has capitalised on this opportunity by expanding its capacity ~4x over the past five years, from 12k MTPA in FY23 to current 48k MTPA. Notably, seamless pipes and tubes capacity has increased ~6x to 20.4k MTPA, strengthening its presence in higher-margin segment and increasing its market share to ~10% in FY26 (vs sub ~5% in FY20). Further, the commissioning of a 20.4k MTPA hollow pipe facility has strengthened backward integration, reducing dependence on external sourcing and supporting margin expansion. Consequently, VPT delivered strong Sales and PAT CAGRs of ~32% and ~34%, respectively, over FY22-26.
- **Expanding into high-value applications; data centre offers a key growth opportunity:** VPT is expanding its end-market exposure towards high-growth sectors such as data centres, semiconductors, and nuclear power, thereby reducing its dependence on traditional cyclical industries. The strategy is already gaining traction, with VPT securing a Letter of Intent worth ₹185 crore from a leading data-centre customer for the supply of stainless-steel spools for cooling applications, to be executed by Dec'26. Along with this, the current order book of ~₹600 crore (vs ~₹450 crore in Q4FY26) supported by from power, engineering, chemicals, oil & gas and engineering and the recent commissioning of fittings capacity will increase the contribution of value-added products and supporting margin expansion. Accordingly, VPT's EBITDA margin is expected to improve from ~16% in FY26 to ~17% by FY28E (in line with slated guidance).

**Rating and Target Price:** : We maintain a positive view on Venus Pipes and Tubes, supported by healthy double-digit volume-led earnings growth over the medium term, along with increasing presence in high-growth segments such as Data Centre, along with a growing portfolio of niche value-added product offerings, a controlled B/S (0.4x D:E) and return ratios >15%. On that note, we reiterate a **BUY** rating on stock with a target price of **₹2,200**, i.e. 30x PE on FY28E.

venus PIPES AND TUBES

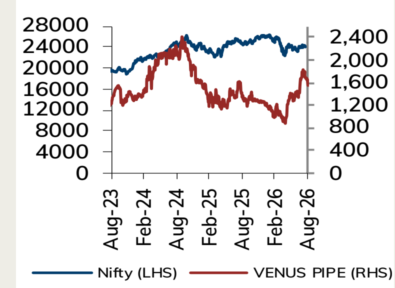
### Particulars

| Particulars | ₹ crore |
|---|---|
| Market capitalisation | 3,211 |
| Total Debt (FY26) | 286 |
| Cash & Investment (FY26) | 30 |
| EV (₹ crore) | 3,467 |
| 52-week H/L (₹) | 1,875 / 888 |
| Equity capital (₹ crore) | 20.7 |
| Face value (₹) | 10.0 |

### Shareholding pattern

| | Sep-25 | Dec-25 | Mar-26 | June-26 |
|---|---|---|---|---|
| Promoters | 48.4 | 48.4 | 48.4 | 48.4 |
| FII | 4.3 | 4.0 | 2.7 | 2.6 |
| DIIs | 15.1 | 17.4 | 17.5 | 17.8 |
| Others | 32.2 | 30.3 | 31.4 | 31.2 |

### Price Chart




### Key risks

- Reported steady Q1FY27 results. Sales/PAT is expected to grow at ~17%/22% CAGR over FY26-28E.
- **Key Risk:** i) Slowdown in capex cycle of end user industries would impact demand of company's product (ii) With export share at ~35%, global geopolitical unrest to lead to interim business volatility.

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Company Update

ICICI Securities – Retail Equity Research

### Key Financial Summary

| Key Financials (₹ crore) | FY23 | FY24 | FY25 | FY26 | 4-year CAGR (FY23-26) | FY27E | FY28E | 2-year CAGR (FY26-28E) |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 552 | 802 | 959 | 1,167 | 31.8% | 1,362 | 1,603 | 17.2% |
| EBITDA | 69 | 146 | 168 | 191 | 40.3% | 227 | 277 | 20.5% |
| EBITDA Margins (%) | 12.5 | 18.2 | 17.5 | 16.3 | | 16.7 | 17.3 | |
| Net Profit | 44 | 86 | 93 | 102 | 34.0% | 118 | 151 | 21.8% |
| EPS (₹) | 21.8 | 42.4 | 45.5 | 49.2 | | 56.9 | 73.0 | |
| P/E | 71.2 | 36.6 | 34.1 | 31.5 | | 27.3 | 21.2 | |
| RoNW (%) | 13.7 | 21.2 | 17.5 | 15.3 | | 15.0 | 16.3 | |

Source: Company, ICICI Direct Research

## Key Takeaways of Recent Quarter

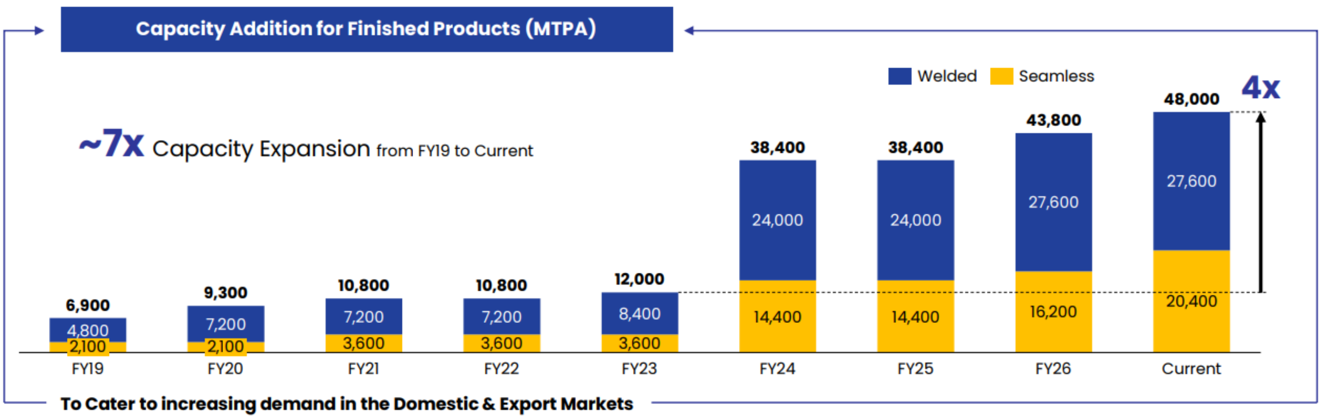
### Q1FY27 Results: Reported a Steady Performance

- Total Consolidated topline stood ₹321 crore (up 16% YoY, 6% QoQ). Revenue from Seamless and Welded pipes and tubes has increase by 15% and 21% YoY in the quarter, respectively. While the share of Domestic and Export for the quarter at 71% and 29% (vs 63% and 37% in Q1FY26).
- Reported EBITDA stood at ₹52 crore with corresponding EBITDA margins at ~16% (down 22 bps QoQ). Consolidated PAT for the quarter stood at ₹26 crore (up 7% YoY).

### Q1FY27 Earnings Conference Call Highlights

- **Capacity Utilisation:** Seamless pipe capacity utilization remained high at ~85-90%, while welded pipe utilization was slightly above 60%. The recently added seamless capacity was commissioned only towards the end of May 2026, and therefore its full contribution was not reflected in Q1FY27. Venus Pipes expects utilization of the new seamless capacity to gradually increase over the coming quarters, with an objective of reaching in the range of 80-85% utilization over FY27-FY28. Welded utilization is also expected to be above 60-65% range during the same period.
- **Order Book:** The core pipes and fittings order book stood at more than ₹600 crore, (vs ~₹450 crore in Q4FY26). Additionally, it has ~₹185 crore LOI for data-centre spooling project, taking the combined order book visibility to ~₹800 crore. The incremental orders came primarily from power engineering, chemicals, oil & gas and engineering. More than 40% of the ₹600 crore core order book is from exports.
- **Spooling Business- Data Centre:** The pipe spooling business is expected to become operational around Q3FY27. It expects the spooling business to have an asset turnover of more than 3x, thereby targeting a meaningful contribution from the data-centre segment during FY27.
- **Value added product:** Venus Pipes has commenced fittings segment in the end of May'26. The customer approvals and certifications are still in progress with initial fittings volumes to start contributing from Q2FY27, with this business expected to account for ~5-7% of FY27 revenue and ~8-10% of revenue in FY28.
- **Capex:** Venus Pipes is targeting ~₹100-110 crore of capex during FY27. ~₹70 crore is allocated towards the spooling facility and related fittings/machinery, while ~₹15-20 crore is for maintenance capex.
- **Guidance:** Venus Pipes maintained its FY27 guidance of topline growth of ~20% with volume growth of above 15%, supported by the ramp-up of new seamless capacity and incremental contribution from fittings and spooling. While it is targeting at least 17% EBITDA margin for FY27 and aims to reach ~18% over the next two years, with the longer-term target potentially being 3-4% points higher than current levels.

Exhibit 1: Venus Pipes and Tubes- Capacity Addition




Source: Company, ICICI Direct Research

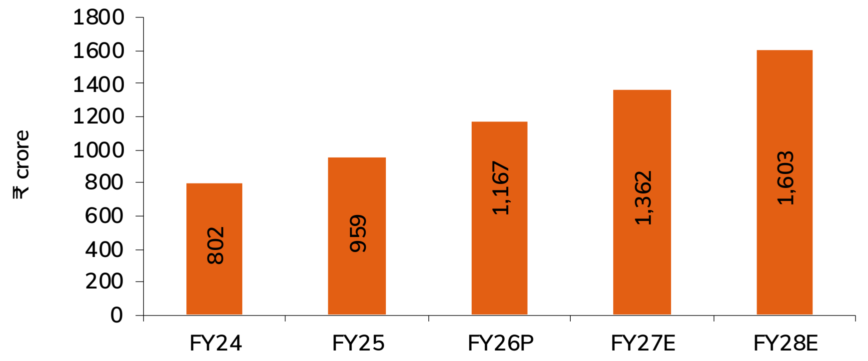
## Financial Story in Charts

### Exhibit 2: Quarterly Analysis

| | Q1FY27 | Q1FY26 | YoY (%) | Q4FY26 | QoQ (%) |
|---|---|---|---|---|---|
| Total Operating Income | 321 | 276 | 16.0 | 302 | 6.1 |
| Raw Material Expenses | 208 | 186 | 11.9 | 195 | 6.6 |
| Employee Expenses | 16 | 12 | 34.6 | 13 | 16.9 |
| Other expenses | 46 | 34 | 33.1 | 44 | 2.6 |
| EBITDA | 52 | 45 | 15.0 | 49 | 4.7 |
| EBITDA Margin (%) | 16.1% | 16.2% | -14 bps | 16.3% | -22 bps |
| Other Income | 3 | 4 | -31.3 | 2 | 25.5 |
| Depreciation | 7 | 5 | 38.3 | 6 | 14.7 |
| Interest | 11 | 10 | 15.3 | 10 | 7.6 |
| Tax | 9 | 9 | 3.9 | 9 | -1.8 |
| PAT | 26 | 25 | 6.6 | 25 | 5.9 |

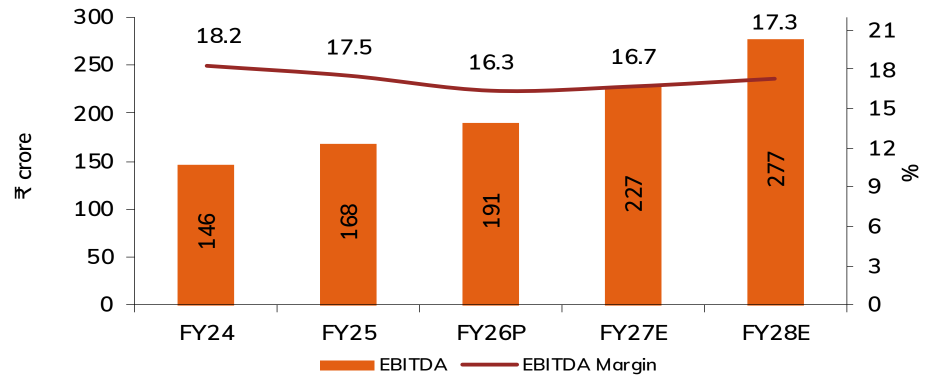
Source: Company, ICICI Direct Research

### Exhibit 3: Trend in Topline



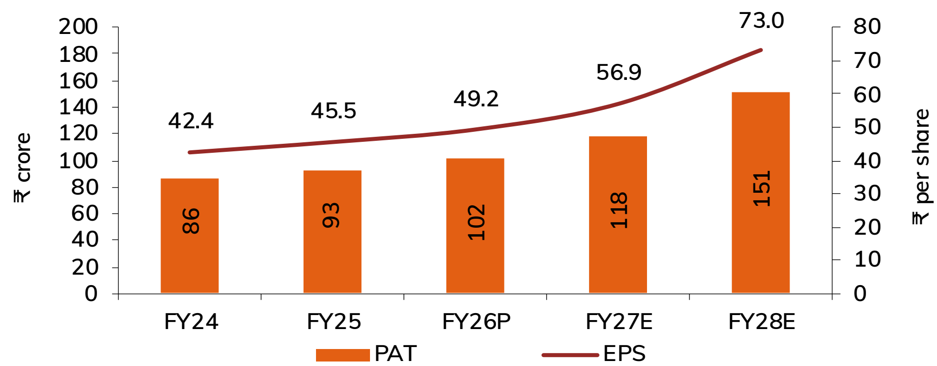

Source: Company, ICICI Direct Research

### Exhibit 4: Trend in EBITDA and EBITDA margins trend




Source: Company, ICICI Direct Research

### Exhibit 5: Trend in Bottom line & EPS




Source: Company, ICICI Direct Research

# Financial summary

Exhibit 6: Profit and loss statement ₹ crore

| (Year-end March) | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Total Income | 959 | 1,167 | 1,362 | 1,603 |
| Growth (%) | 19 | 22 | 17 | 18 |
| Raw Material Cost | 640 | 771 | 879 | 1,030 |
| Employee Expenses | 38 | 50 | 64 | 72 |
| Other Expense | 113 | 155 | 191 | 224 |
| Total Expenditure | 791 | 976 | 1,135 | 1,326 |
| EBITDA | 168 | 191 | 227 | 277 |
| Growth (%) | 15 | 14 | 19 | 22 |
| Depreciation | 19 | 24 | 30 | 37 |
| Interest | 34 | 41 | 48 | 47 |
| Other Income | 11 | 12 | 11 | 11 |
| PBT | 125 | 138 | 159 | 204 |
| Profit from JV & MI | - | - | - | - |
| Total Tax | 32 | 35 | 41 | 53 |
| PAT | 93 | 102 | 118 | 151 |
| Growth (%) | 8.0 | 9.8 | 15.6 | 28.4 |
| EPS (₹) | 45.5 | 49.4 | 56.9 | 73.0 |

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement ₹ crore

| (Year-end March) | FY25 | FY26P | FY27E | FY28E |
|---|---|---|---|---|
| Profit after Tax | 93 | 102 | 118 | 151 |
| Add: Depreciation | 19 | 24 | 30 | 37 |
| (Inc)/dec in Current Assets | -152 | -113 | -100 | -142 |
| Inc/(dec) in CL and Provisions | 78 | 53 | 42 | 65 |
| Others, Sub-Other Income | 24 | 30 | 37 | 35 |
| CF from operating activities | 62 | 95 | 128 | 147 |
| (Inc)/dec in Investments | 0 | 3 | 0 | 0 |
| (Inc)/dec in Fixed Assets | -101 | -170 | -100 | -90 |
| Others, Add- Other income | 4 | 0 | 10 | 11 |
| CF from investing activities | -97 | -167 | -90 | -79 |
| Issue/(Buy back) of Equity | 0 | 0 | 0 | 0 |
| Inc/(dec) in loan funds | 42 | 94 | 15 | -15 |
| Dividend & interest outgo | -36 | -43 | -51 | -51 |
| Inc/(dec) in Share Cap | 0 | 0 | 0 | 0 |
| Others | 34 | 37 | 0 | 0 |
| CF from financing activities | 40 | 88 | -36 | -66 |
| Net Cash flow | 5 | 16 | 1 | 2 |
| Opening Cash | 8 | 13 | 29 | 30 |
| Closing Cash | 13 | 29 | 30 | 32 |

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet ₹ crore

| (Year-end March) | FY25 | FY26P | FY27E | FY28E |
|---|---|---|---|---|
| Liabilities | | | | |
| Equity Capital | 20 | 21 | 21 | 21 |
| Reserve and Surplus | 511 | 648 | 762 | 910 |
| Total Shareholders' funds | 532 | 669 | 783 | 930 |
| Total Debt | 192 | 286 | 301 | 286 |
| Deferred Tax Liability | 12 | 18 | 18 | 18 |
| Minority Interest / Others | 0 | 1 | 1 | 1 |
| Total Liabilities | 735 | 974 | 1,103 | 1,236 |
| Assets | | | | |
| Gross Block | 348 | 461 | 635 | 745 |
| Less: Acc Depreciation | 38 | 62 | 92 | 129 |
| Net Block | 310 | 399 | 543 | 616 |
| Capital WIP | 67 | 124 | 50 | 30 |
| Total Fixed Assets | 376 | 523 | 593 | 646 |
| Investments | 3 | 1 | 1 | 1 |
| Inventory | 343 | 387 | 448 | 527 |
| Debtors | 192 | 260 | 298 | 351 |
| Loans and Advances | 0 | 0 | 0 | 0 |
| Other Current Assets | 59 | 54 | 54 | 64 |
| Cash | 13 | 29 | 30 | 32 |
| Total Current Assets | 609 | 738 | 839 | 982 |
| Current Liabilities | 240 | 297 | 336 | 395 |
| Provisions | 2 | 2 | 2 | 2 |
| Current Liabilities & Prov | 273 | 326 | 368 | 433 |
| Net Current Assets | 336 | 412 | 471 | 549 |
| Others Assets | 20 | 38 | 39 | 40 |
| Application of Funds | 735 | 974 | 1,103 | 1,236 |

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios

| (Year-end March) | FY25 | FY26P | FY27E | FY28E |
|---|---|---|---|---|
| Per share data (₹) | | | | |
| EPS | 45.5 | 49.4 | 56.9 | 73.0 |
| Cash EPS | 54.5 | 60.6 | 71.4 | 90.7 |
| BV | 260.2 | 322.7 | 378.1 | 449.1 |
| DPS | 1.0 | 1.0 | 1.5 | 2.0 |
| Cash Per Share | 6.4 | 14.0 | 14.5 | 15.2 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 17.5 | 16.3 | 16.7 | 17.3 |
| PAT Margin | 9.7 | 8.7 | 8.7 | 9.4 |
| Inventory days | 130.5 | 121.0 | 120.0 | 120.0 |
| Debtor days | 73.1 | 81.3 | 80.0 | 80.0 |
| Creditor days | 91.3 | 93.0 | 90.0 | 90.0 |
| Return Ratios (%) | | | | |
| RoE | 17.5 | 15.3 | 15.0 | 16.3 |
| RoCE | 20.3 | 17.2 | 17.8 | 19.4 |
| RoIC | 22.8 | 20.4 | 19.3 | 20.5 |
| Valuation Ratios (x) | | | | |
| P/E | 34.1 | 31.5 | 27.3 | 21.2 |
| EV / EBITDA | 20.2 | 18.2 | 15.3 | 12.5 |
| EV / Net Sales | 3.5 | 3.0 | 2.6 | 2.2 |
| Market Cap / Sales | 3.4 | 2.8 | 2.4 | 2.0 |
| Price to Book Value | 6.0 | 4.8 | 4.1 | 3.5 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 1.1 | 1.5 | 1.3 | 1.0 |
| Debt / Equity | 0.4 | 0.4 | 0.4 | 0.3 |
| Current Ratio | 2.5 | 2.3 | 2.4 | 2.4 |
| Quick Ratio | 1.0 | 1.0 | 1.0 | 1.0 |

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%


| | | |
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