Venus Pipes and Tubes (VENPIP)

CMP: ₹1,830 | Target ₹ 2,340 (28%) | Target Period: 12 months | BUY

October 30, 2026

Fund raise deleverages balance sheet, EPS accretive...

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.

Investment Rationale:

- **Venus to turn net debt free post recent equity raise:** In the recent past, VPT has approved & executed fresh equity raise in the form of preferential allotment from marquee investors worth ₹ 372 crore at ₹ 1,670 per share. It was primarily aimed at retirement of debt on B/S which as of FY26 end stood at ~₹ 286 crore. With equity raise in place, we expect Venus to turn net debt free in FY27E, thereby leading to substantial savings of interest expenses and turns out to be EPS accretive from our modelling perspective.
- **Capacity expansion led growth to support long-term earnings growth:** As per industry sources, domestic stainless-steel pipes and tubes industry is expected to grow at 6-8% CAGR over FY24-29E. 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 & increasing its market share to ~10%. Consequently, VPT delivered strong Sales and PAT CAGRs of ~32% and ~34%, respectively, over FY22-26. Going forward on the back of revival in private capex cycle domestically coupled with VPT's capability in sunrise sectors, we bake in Sales/PAT CAGR of 17%/33% over FY26-28E.
- **Expanding into high-value applications; data centre play:** 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 as the spooling facility has commenced commercial operations ahead of its scheduled timeline of Dec'26, supported by a Letter of Intent worth ₹185 crore from a leading data-centre customer for the supply of stainless-steel spools for cooling applications. Along with this, the current order book stands at ~₹600 crore supported by power, engineering, chemicals, oil & gas and other sectors. Also, the recent commissioning of fittings capacity will help increase the contribution of value-added products and support margin expansion. Accordingly, VPT's EBITDA margins are expected to improve to 17%+ levels by FY28E.

Rating and Target Price: We maintain a positive view on Venus (VPT), 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 net debt free/cash surplus B/S and healthy double digit return ratios. We reiterate our **BUY** rating on stock with a target price of **₹2,340**, i.e. 30x PE on FY28E.

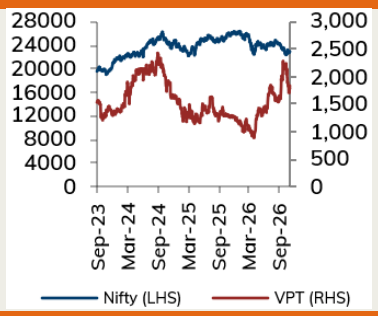
Particulars

Particulars	₹ crore
Market capitalisation	4,199
Total Debt (FY26)	286
Cash & Investment (FY26)	30
EV (₹ crore)	4,454
52-week H/L (₹)	2,348 / 888
Equity capital (₹ crore)	22.9
Face value (₹)	10.0

Shareholding pattern

	Dec-25	Mar-26	June-26	Sep-26
Promoters	48.4	48.4	48.4	48.4
FII	4.0	2.7	2.6	3.9
DIIs	17.4	17.5	17.8	17.2
Others	30.3	31.4	31.2	30.5

Price Chart



Key risks

- Executed funds raise of ₹ 372 crore through QIP route for debt repayment. EPS accretive in nature.
- Sales/PAT is expected to grow at ~17%/33% 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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Key Financial Summary

Key Financials	FY23	FY24	FY25	FY26	4 year CAGR (FY22-26)	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%	130	179	32.5%
EPS (₹/share)	21.8	42.4	45.5	49.2		56.9	78.0	
P/E	84.0	43.2	40.3	37.2		32.2	23.5	
RoNW (%)	13.7	21.2	17.5	15.3		11.2	13.3	

Source: Company, ICICI Direct Research

Company Update

ICICI Securities – Retail Equity Research

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Operating Income	959	1,167	1,362	1,603
Growth (%)	19	22	17	18
Raw Material Expenses	640	771	879	1,030
Employee Expenses	38	50	64	72
Other Operating Expense	113	155	191	224
Total Operating Exp.	791	976	1,135	1,326
EBITDA	168	191	227	277
Growth (%)	15	14	19	22
Depreciation	19	24	33	38
Interest	34	41	29	10
Other Income	11	12	11	13
Share of Associate	-	-	-	-
PBT	125	138	176	242
Exceptional Item	-	0	-	-
Total Tax	32	35	46	63
Reported PAT	93	102	130	179
Growth (%)	8.0	9.8	27.9	37.1
EPS (₹)	45.5	49.4	56.9	78.0

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	93	102	130	179
Add: Depreciation	19	24	33	38
(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	18	-3
CF from operating activities	62	95	123	137
(Inc)/dec in Investments	0	3	0	0
(Inc)/dec in Fixed Assets	-101	-170	-100	-100
Others, Add- Other income	4	0	10	13
CF from investing activities	-97	-167	-90	-87
Issue/(Buy back) of Equity	0	0	2	0
Inc/(dec) in loan funds	42	94	-285	0
Dividend & interest outgo	-36	-43	-32	-15
Inc/(dec) in Share Cap	0	0	0	0
Others	34	37	370	0
CF from financing activities	40	88	55	-15
Net Cash flow	5	16	88	35
Opening Cash	8	13	29	117
Closing Cash	13	29	117	152

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	20	21	23	23
Reserve and Surplus	511	648	1,145	1,319
Total Shareholders' funds	532	668	1,167	1,342
Total Debt	192	286	0	0
Deferred Tax Liability	12	18	18	18
Minority Interest / Others	0	1	1	1
Total Liabilities	735	974	1,187	1,362
Assets				
Gross Block	348	461	635	755
Less: Acc Depreciation	38	62	95	133
Net Block	310	399	540	622
Capital WIP	67	124	50	30
Total Fixed Assets	376	523	590	652
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	117	152
Total Current Assets	609	738	925	1,103
Current Liabilities	240	297	336	395
Provisions	2	2	2	2
Current Liabilities & Prov	273	326	368	433
Net Current Assets	336	412	558	670
Other Assets	20	38	39	40
Application of Funds	735	974	1,187	1,362

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	45.5	49.4	56.9	78.0
Cash EPS	54.5	60.6	71.2	94.6
BV	260.2	322.7	508.8	584.8
DPS	1.0	1.0	1.5	2.0
Cash Per Share	6.4	14.0	50.8	66.2
Operating Ratios (%)				
EBITDA Margin	17.5	16.3	16.7	17.3
PAT Margin	9.7	8.7	9.6	11.2
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	11.2	13.3
RoCE	20.3	17.2	16.4	17.5
RoIC	22.8	20.4	19.0	20.2
Valuation Ratios (x)				
P/E	40.3	37.2	32.2	23.5
EV / EBITDA	26.1	23.4	18.0	14.6
EV / Net Sales	4.6	3.8	3.0	2.5
Market Cap / Sales	4.4	3.6	3.1	2.6
Price to Book Value	7.0	5.7	3.6	3.1
Solvency Ratios				
Debt/EBITDA	1.1	1.5	0.0	0.0
Debt / Equity	0.4	0.4	0.0	0.0
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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