Shubh Nivesh

CMP: ₹1,625 | Target ₹ 2,200 (35%) | Target Period: 6-12 months | **BUY**

September 7, 2026

Bullishness reloaded, well poised to outperform…

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.
- Revenue Contribution (FY26): Domestic: 66% and Exports: 34%

Investment Rationale:

- **Capacity additions 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 its backward integration, reducing dependence on external sourcing and supporting margin expansion. Consequently, VPT delivered strong Sales and PAT CAGR 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 support margin expansion. Accordingly, VPT's EBITDA margin is expected to improve from ~16% in FY26 to ~17% by FY28E (in line with slated guidance). Venus Pipes has 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.

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, coupled 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 **BUY** rating on stock with a target price of **₹2,200**, i.e. 30x PE on FY28E.

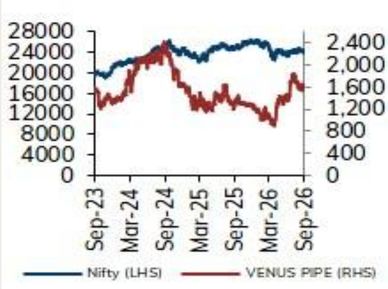
Particulars

Particulars	₹ crore
Market capitalisation	3,366
Total Debt (FY26)	286
Cash & Investment (FY26)	30
EV (₹ crore)	3,622
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.

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

Key Financial Summary

Key Financials	FY22	FY23	FY24	FY25	FY26	4-year CAGR (FY22-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	387	552	802	959	1,167	31.8%	1,362	1,603	17.2%
EBITDA	49	69	146	168	191	40.3%	227	277	20.5%
EBITDA Margins (%)	12.7	12.5	18.2	17.5	16.3		16.7	17.3	
Net Profit	32	44	86	93	102	34.0%	118	151	21.8%
EPS (₹/share)	20.8	21.8	42.4	45.5	49.2		56.9	73.0	
P/E	78.1	74.6	38.4	35.8	33.0		28.6	22.2	
RoNW (%)	24.6	13.7	21.2	17.5	15.3		15.0	16.3	
RoCE (%)	24.8	16.2	23.9	20.3	17.2		17.8	19.4	

Source: Company, ICICI Direct Research

Shubh Nivesh

ICICI Securities – Retail Equity Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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