Venus Pipes and Tubes (VENPIP)

CMP: ₹1,740 | Target ₹ 2,340 (35%) | Target Period: 12 months | BUY

November 6, 2026

Muted quarterly results, guides for strong H2'FY27...

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.

Q2FY27 Performance: Venus Pipes reported a steady performance in Q2FY27. Consolidated topline stood at ₹361 crore (up 24% YoY, 12% QoQ). Reported EBITDA stood at ~₹52 crore with corresponding EBITDA margins at ~14.3% (down 176 bps QoQ). Consolidated PAT for the quarter stood at ₹26 crore (flat YoY).

Investment Rationale:

- **Robust volume growth guidance to support long-term earnings growth:** VPT reported muted performance in H1FY27 with near 8% volume growth. Encouragingly however, the company has maintained its guidance of 15% volume growth for FY27, implying ~20% volume growth in H2FY27. The management confidence is courtesy strong order book of ~₹ 670 crore, execution of data centre spooling sols business amounting to ~₹ 70 crore and ramp up of its fitting business with H2FY27 revenues projected to be ~₹ 50 crore. We bake in Sales/PAT CAGR of ~20%/32% over FY26-28E.

- **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 of ~₹28-30 crores annually, which shall directly flow through the PAT and support healthy bottom-line growth going forward.

- **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, supported by guidance of ~30-35%/18-20% margin from spooling & fittings operations, respectively vs. the base business clocking ~15-16% margins. The current order book stands a~₹670 crore (incl. recently converted ~₹29 crore Data centre order) supported by power, engineering, chemicals, oil & gas and other sectors. Thus, backed by significant margin expansion anticipated to kick in H2FY27, we project EBITDA margins at 15.7%/16.5% in FY27E/28E.

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.

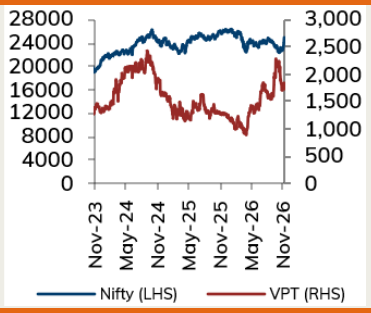
Particulars

Particulars	₹ crore
Market capitalisation	3,992
Total Debt (FY26)	286
Cash & Investment (FY26)	30
EV (₹ crore)	4,248
52-week H/L (₹)	2,348 / 890
Equity capital (₹ crore)	22.9
Face value (₹)	10.0

Shareholding pattern

	Mar-26	June-26	Sep-26	Oct-26
Promoters	48.4	48.4	48.4	43.7
FII	2.7	2.6	3.9	6.0
DIIs	17.5	17.8	17.2	20.0
Others	31.4	31.2	30.5	30.3

Price Chart



Key events & risks

- Reported muted Q2'FY27 results, however guides for strong H2'27.
- Sales/PAT is expected to grow at ~20%/32% 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

Himalaya Arora
himalaya.arora@icicisecurities.com

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%	1,472	1,693	20.4%
EBITDA	69	146	168	191	40.3%	232	279	21.1%
EBITDA Margins (%)	12.5	18.2	17.5	16.3		15.7	16.5	
Net Profit	44	86	93	102	34.0%	132	179	32.3%
EPS (₹/share)	21.8	42.4	45.5	49.2		57.4	77.8	
P/E	79.9	41.1	38.3	35.4		30.3	22.4	
RoNW (%)	13.7	21.2	17.5	15.3		11.3	13.3	

Source: Company, ICICI Direct Research

Key Takeaways of Recent Quarter

Q2FY27 Results: Reported a Healthy Performance

- Total operating income on consolidated basis for Q2FY27 came in at ₹361 crore (up 24% YoY).
- Consequently, Consolidated EBITDA for Q2FY27 stood at ₹51.7 crore with corresponding EBITDA margins at 14.3% (down ~176 bps QoQ). EBITDA/kg declined to ₹62 from ₹64-65 from normal levels owing to freight cost led inflationary pressures.
- PAT for the quarter stood at ₹26 crore (vs. ₹ 26.1 crore in Q2FY26 and ₹26.4 crore in Q1FY27)

Q2FY27 Earnings Conference Call Highlights

- **Realizations and Margins:** VPT recorded a revenue of ₹361 crores (up 12% QoQ) which the management attributed to higher realizations (up 10% YoY and ~5% QoQ). H1 volume growth recorded at ~8% with FY27 guidance of 15%, implying ~20% volume growth in H2FY27 which can be significantly positive for the company. However, EBITDA/kg fell to ₹62 from ₹64 in Q2FY26 while the margin compressed ~176 bps sequentially owing to increased freight costs flowing through to cost of export due to heavy export contribution (~41%) in the revenue mix.
- **Value-added Expansion:** VPT began spooling operations ahead of its scheduled timeline and converted an order of ₹29 crores out of the ₹185 crore Letter of Intent from a data centre player. Overall, the order book stands at ₹670 crores (vs ₹600 crores in Q1FY27). Furthermore, spooling and fittings operations are expected to contribute ₹70/~₹45 crores to the revenue in FY27, respectively, highlighting topline growth visibility in H2FY27.
- **Equity Raise:** The company recently executed an equity raise (preferential allotment) worth ₹372 crores, primarily earmarked for debt repayment resulting in notable derisking of balance sheet. Management expects annual interest cost savings of ₹28-30 crore supporting earnings growth.
- **Capex:** VPT incurred a capex of ~₹105 crores in H1FY27 covering spooling and fittings operations, solar power plant and maintenance capex. Management expects another ₹30-35 crores in H2FY27, taking the total outlay to ₹130-140 crores (higher than ₹100-odd crore guidance earlier).
- **Guidance:** Management expects margins to improve as freight costs normalize, and the new orders carry freight pass throughs along with scaling up of high margin segments (Spooling: 33-35%; Fittings: 18-20%).

Key Tables and Charts

Exhibit 1: Quarterly Variance Analysis

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Operating Income	361.1	291.5	23.8	320.5	12.6
Raw Material Expenses	233.3	194.9	19.7	207.7	12.4
Employee Expenses	16.9	12.6	34.9	15.8	7.4
Other expenses	59.1	36.6	61.5	45.6	29.6
EBITDA	51.7	47.5	8.7	51.5	0.3
EBITDA Margin (%)	14.31	16.30	-199bps	16.07	-176bps
Other Income	5.5	3.0	84.1	2.7	103.2
Depreciation	8.8	6.0	46.9	7.2	21.3
Interest	13.8	10.1	36.6	11.3	22.3
Exceptional Item	0.0	0.0	NA	0.0	NA
Tax	8.6	8.3	2.8	9.3	-7.9
PAT	26.0	26.1	-0.3	26.4	-1.5

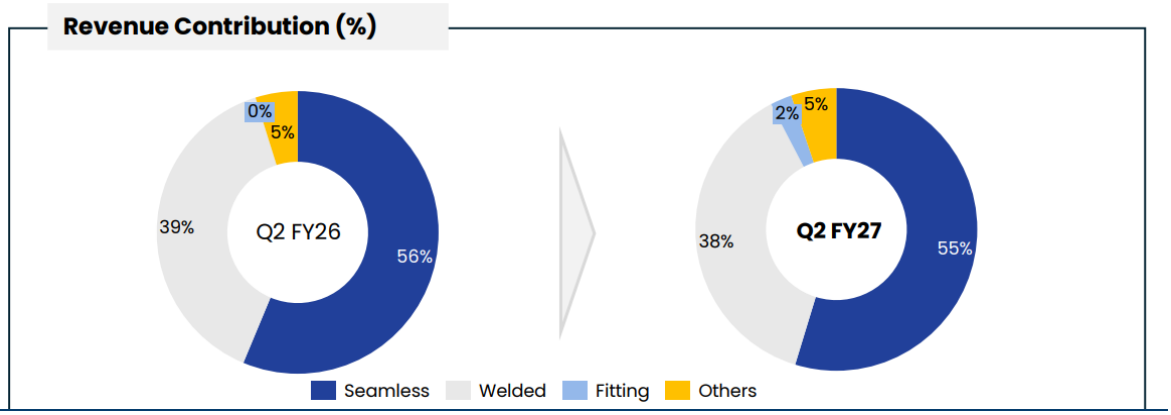
Source: Company, ICICI Direct Research

Exhibit 2: Change in Estimates

Change in estimates (₹ crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Total Op. Income	1,362	1,472	8.1	1,603	1,693	5.6
EBITDA	227	232	2.1	277	279	1.0
Margins (%)	16.7	15.7	-92 bps	17.3	16.5	-75 bps
PAT	130	132	0.9	179	179	-0.2
EPS (₹)	56.9	57.4	0.9	78.0	77.8	-0.2

Source: ICICI Direct Research

Exhibit 3: Revenue Split Q2FY27 – Welded vs Seamless



Source: Company Presentation

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Operating Income	959	1,167	1,472	1,693
Growth (%)	19	22	26	15
Raw Material Expenses	640	771	943	1,066
Employee Expenses	38	50	66	76
Other Operating Expense	113	155	231	271
Total Operating Exp.	791	976	1,241	1,413
EBITDA	168	191	232	279
Growth (%)	15	14	22	21
Depreciation	19	24	37	44
Interest	34	41	31	11
Other Income	11	12	13	15
Share of Associate	-	-	-	-
PBT	125	138	177	240
Exceptional Item	-	0	-	-
Total Tax	32	35	45	61
Reported PAT	93	102	132	179
Growth (%)	8.0	9.8	29.1	35.7
EPS (₹)	45.5	49.4	57.4	77.8

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	93	102	132	179
Add: Depreciation	19	24	37	44
(Inc)/dec in Current Assets	-152	-113	-165	-130
Inc/(dec) in CL and Provisions	78	53	72	60
Others, Sub-Other Income	24	30	18	-4
CF from operating activities	62	95	94	148
(Inc)/dec in Investments	0	3	0	0
(Inc)/dec in Fixed Assets	-101	-170	-140	-100
Others, Add- Other income	4	0	12	15
CF from investing activities	-97	-167	-128	-85
Issue/(Buy back) of Equity	0	0	2	0
Inc/(dec) in loan funds	42	94	-286	0
Dividend & interest outgo	-36	-43	-35	-16
Inc/(dec) in Share Cap	0	0	0	0
Others	34	37	370	0
CF from financing activities	40	88	52	-16
Net Cash flow	5	16	18	48
Opening Cash	8	13	29	47
Closing Cash	13	29	47	94

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	20	21	23	23
Reserve and Surplus	511	648	1,146	1,320
Total Shareholders' funds	532	668	1,169	1,343
Total Debt	192	286	0	0
Deferred Tax Liability	12	18	18	18
Minority Interest / Others	0	1	1	1
Total Liabilities	735	974	1,188	1,362
Assets				
Gross Block	348	461	675	795
Less: Acc Depreciation	38	62	99	143
Net Block	310	399	576	652
Capital WIP	67	124	50	30
Total Fixed Assets	376	523	626	682
Investments	3	1	1	1
Inventory	343	387	484	556
Debtors	192	260	323	371
Loans and Advances	0	0	0	0
Other Current Assets	59	54	59	68
Cash	13	29	47	94
Total Current Assets	609	738	920	1,097
Current Liabilities	240	297	363	417
Provisions	2	2	2	3
Current Liabilities & Prov	273	326	398	457
Net Current Assets	336	412	523	640
Other Assets	20	38	39	40
Application of Funds	735	974	1,188	1,362

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	45.5	49.4	57.4	77.8
Cash EPS	54.5	60.6	73.4	97.0
BV	260.2	322.7	509.4	585.2
DPS	1.0	1.0	1.5	2.0
Cash Per Share	6.4	14.0	20.3	41.0
Operating Ratios (%)				
EBITDA Margin	17.5	16.3	15.7	16.5
PAT Margin	9.7	8.7	8.9	10.5
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	11.3	13.3
RoCE	20.3	17.2	16.4	17.3
RoIC	22.8	20.4	17.9	19.0
Valuation Ratios (x)				
P/E	38.3	35.4	30.3	22.4
EV / EBITDA	24.9	22.3	17.0	14.0
EV / Net Sales	4.3	3.6	2.7	2.3
Market Cap / Sales	4.2	3.4	2.7	2.4
Price to Book Value	6.7	5.4	3.4	3.0
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

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

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

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Himalaya Arora, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

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

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions".