



Initiating Coverage

11th September 2025



## Sambhv Steel Tubes Ltd



SNM VALUE EDUCATOR RESEARCH  
SERVICES LLP:  
Emerging Titans

RA No: INH000019789



# Sambhv Steel Tubes Ltd | BUY

Mapping a new genesis of innovation

Sambhv Steel Tubes Ltd. is a rapidly growing, backward-integrated steel player with operations spanning sponge iron, hot rolled coils, ERW and GI pipes, GP pipes, and stainless-steel coils. The company has established a strong footprint in the structural steel and stainless-steel segments, catering to a wide set of applications in infrastructure, construction, and industrial demand.

In FY25, Sambhv reported revenues of ₹1,511 crore and PAT of ₹58 crore, representing one of its strongest performances to date. Q1FY26 continued this trajectory, with record volumes and profitability, driven by both the mild steel and stainless-steel divisions. With total installed capacity of 16.98 MTPA and robust utilization levels, Sambhv is positioned as a competitive and cost-efficient player in the steel value chain.

## Integrated Operations Providing Cost Advantage

The company operates a fully integrated model from sponge iron to finished steel pipes and coils. This structure provides multiple advantages—greater cost control, improved quality consistency, and insulation against external raw material shocks. It also ensures faster execution and delivery to customers, reinforcing Sambhv's reputation as a reliable supplier.

## Stainless Steel Segment as a Margin Driver

Commissioned in FY25, the stainless-steel facility has already reached utilization levels of 75–80%. Stainless steel delivers EBITDA/ton in the range of ₹13,000–15,000, significantly higher than the mild steel division. This positions it as a key driver of profitability and margin expansion, with its contribution expected to increase materially in the coming years.

## Major Capacity Expansion Underway

Sambhv is executing a phased capacity expansion at its Kesda greenfield facility, with Phase I targeted for FY27. On completion, total finished steel capacity will expand from ~0.45mt to 1.2mt, including 340ktpa stainless steel, 450ktpa sponge iron, and a 70MW captive power plant. This investment not only scales production but also adds higher-value product categories, ensuring multi-year growth visibility.

**SAMBHV**  
STEEL PIPES & TUBES

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Recommendation	BUY
Allocation	3%
CMP (at initiation)	₹120
Market Cap (₹ Cr)	₹3550
52 Week High/Low	₹149.4/ ₹96.25
NSE code	SAMBHV

Shareholding pattern	
Promoter	56.14%
FII+DII	10.43%
Others	33.43%

Financial Summary			
(₹ Cr)	FY23	FY24	FY25
Revenues	937	1286	1511
EBITDA (%)	13%	12%	10%
PAT	60	80	58
ROCE (%)	23%	22%	14%

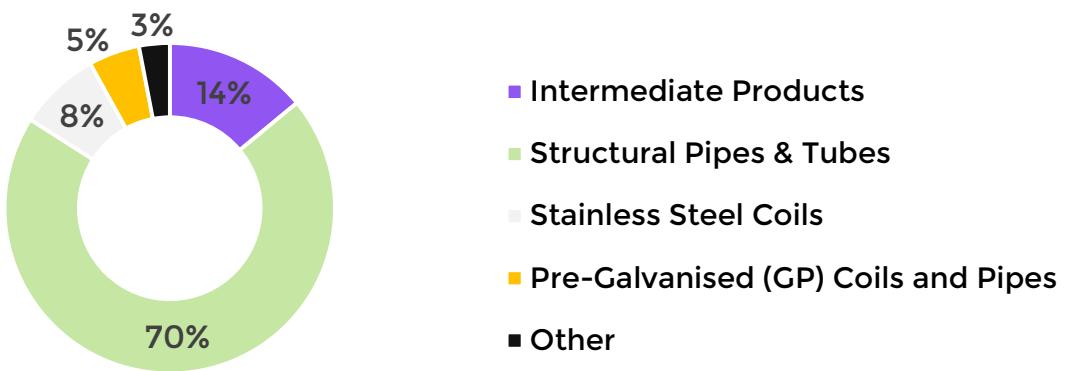


## Company overview

Sambhv Steel Tubes Ltd. operates as a fully integrated steel manufacturer with a single-site facility in Chhattisgarh. Its operations cover the complete value chain from sponge iron production to hot rolled coils, ERW pipes, GP pipes, and stainless-steel coils, enabling cost efficiency, supply chain security, and margin stability. The company serves a wide range of sectors including infrastructure, housing, PEBs (pre-engineered buildings), and industrial applications.

In FY25, Sambhv reported revenues of ₹1,511 crore, supported by a healthy product mix between mild steel and stainless-steel offerings. The integration model has allowed the company to maintain scale and cost competitiveness, while steadily increasing its share of higher-margin stainless steel products.

**Finished Goods Sales Mix FY25 (By Value)**



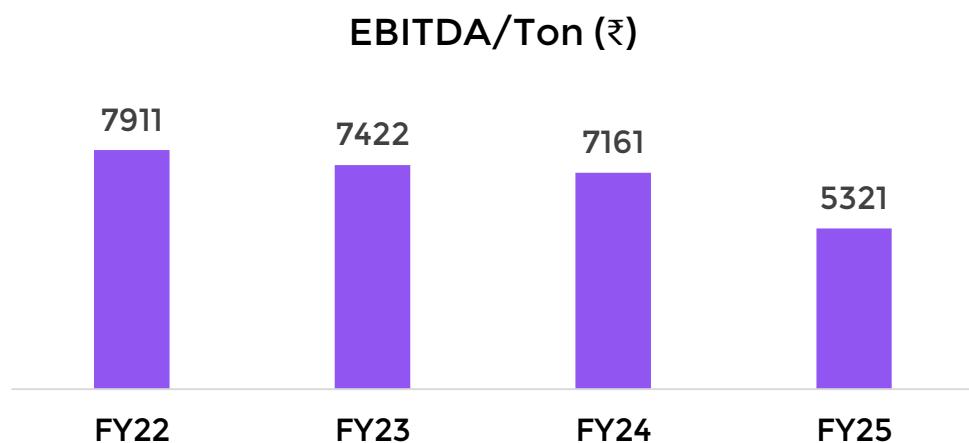
## Business Segments

### Mild Steel Products (ERW, GI & GP Pipes)

Mild steel pipes and tubes remain Sambhv's traditional backbone, contributing a large share of sales by value in FY25. These products are widely used in infrastructure, pre-engineered buildings (PEBs), and industrial construction. Backward integration with sponge iron and HR coils ensures raw material security, while in-house galvanizing lines add value and improve margins.

### Stainless Steel Division

The stainless-steel plant, commissioned in FY25, has scaled up rapidly with utilization reaching ~75-80%. This division has quickly become a significant contributor to revenues and profitability. As highlighted in the Finished Goods Sales Mix FY25 chart, stainless steel formed a sizeable portion of overall sales value, and this share is expected to rise further as capacity ramps up. Importantly, stainless steel delivers much higher profitability—EBITDA per tonne in the ₹13,000–15,000 range, compared with ₹5,000–6,000 per tonne for mild steel. This margin advantage is captured in the EBITDA per tonne chart, underscoring stainless steel's role as Sambhv's profit engine.



### **Hot Rolled Coils (HR Coils)**

HR coils formed **8% of sales value in FY25**. As a mid-stream product, HR coils feed into Sambhv's own pipe and stainless-steel operations while also being sold externally. This segment provides flexibility to balance internal use and market demand, ensuring optimal utilization of sponge iron capacity.

### **Sponge Iron**

Sponge iron contributed 5% of FY25 sales value. It is primarily used for captive consumption as feedstock for HR coils and pipes, but sales to external customers provide an additional revenue stream. With Kesda expansion, sponge iron capacity will be scaled up to support larger volumes of downstream finished products.

### **GP Pipes**

GP pipes accounted for 3% of FY25 sales value. Though a relatively smaller contributor, the GP segment diversifies the product mix and enhances Sambhv's presence in niche applications, especially in roofing, housing, and light fabrication.

### **Presence Across the Value Chain (Integrated Facility)**

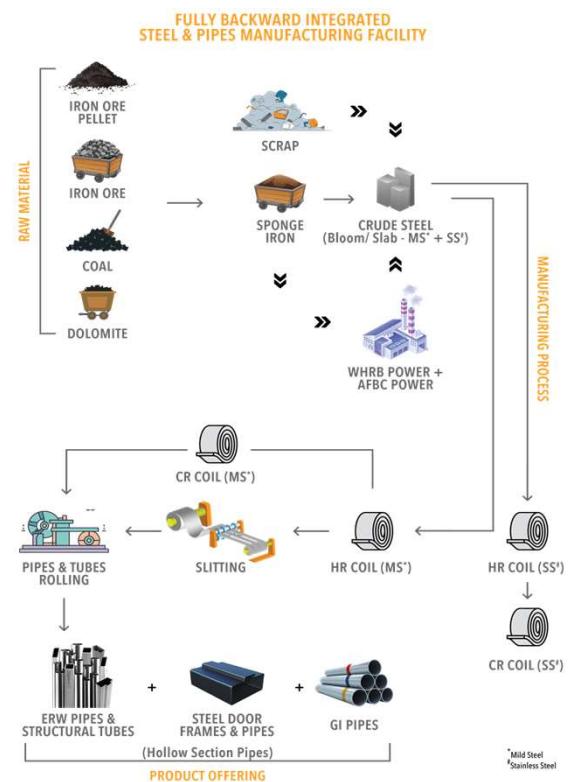


Sambhv Steel operates a single-location, fully integrated facility in Chhattisgarh, which allows it to manage the entire steel production cycle under one roof. This integrated model provides significant cost efficiency, supply chain security, and margin stability, making it a key differentiator versus non-integrated peers.



The facility spans the complete value chain, starting from sponge iron production as the base feedstock, moving through hot rolled coils, and extending into both mild steel pipes (ERW, GI, GP) and stainless-steel coils as finished goods. Each stage of the chain is designed to feed into the next, ensuring maximum utilization of resources and reduced dependence on external suppliers.

By combining backward integration (sponge iron and HR coils) with forward integration (pipes and stainless steel), Sambhv captures value at every stage of the process. The upcoming Kesda expansion will further strengthen this model by scaling sponge iron and captive power capacities to support higher stainless-steel output, thereby reinforcing its ability to compete effectively on both cost and quality.



Particulars	Installed Capacity (MTPA)				Capacity Utilization			
	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022
Sponge Iron	2,80,000	1,05,000	1,05,000	90,000	89.03%	114.67%	111.32%	120.16%
Bloom/Slabs (Mild Steel)	3,00,000	3,17,400	2,31,000	1,50,000	85.08%	82.57%	94.52%	110.40%
Bloom/Slabs with AOD (Stainless Steel)	60,000	-	-	-	47.08%	-	-	-
HR Coil (Mild Steel)	3,90,000	3,50,000	3,50,000	1,50,000	57.87%	58.71%	54.63%	102.66%
HR Coil (Stainless Steel)	60,000	-	-	-	42.15%	-	-	-
ERW & GI Pipes	3,50,000	2,50,000	2,50,000	-	70.55%	74.04%	41.78%	-
CR Coils (Mild Steel)	1,00,000	1,00,000	1,00,000	-	17.96%	-	-	-
CR Coils (Stainless Steel)	58,000	-	-	-	47.97%	-	-	-
Pre-Galvanized (GP) Pipes	1,00,000	-	-	-	36.99%	-	-	-
<b>Total</b>	<b>16,98,000</b>	<b>11,22,400</b>	<b>10,36,000</b>	<b>3,90,000</b>	-	-	-	-
Power	25MW	15MW	15MW	15MW	89.03%	90.11%	92.71%	91.44%

## Capacity Expansion at Kesda

Sambhv Steel is executing one of its most ambitious projects—a greenfield capacity expansion at Kesda, Chhattisgarh, with a total planned investment of around ₹12,000 crore. This project is being developed in phases and is expected to transform Sambhv from a mid-sized steel player into a large integrated producer with a finished steel capacity of 1.2 million tonnes by FY30, compared to ~0.45 million tonnes today.

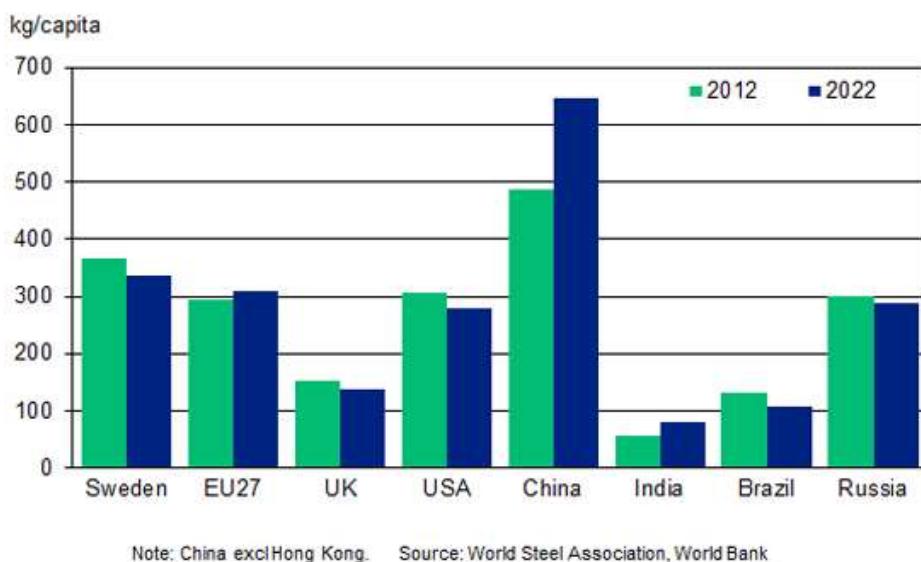
Phase I, targeted for commissioning by FY27, will see the addition of new sponge iron, stainless steel, and pipe capacities, alongside supporting infrastructure. Phase II, scheduled for completion by FY30, will fully scale up stainless-steel capacity to 340 ktpa, sponge iron to 450 ktpa, and establish a 70MW captive power plant. The captive power addition is particularly significant for stainless steel operations, which are energy intensive, as it will reduce dependency on external sources and improve cost stability.

This expansion will also mark Sambhv's entry into higher-value product categories, including wider stainless-steel coils and higher-grade pipes, improving its product mix. Over the medium term, the revenue mix is expected to move towards a more balanced profile, with stainless steel accounting for ~50% of sales, compared to ~14% in FY25.



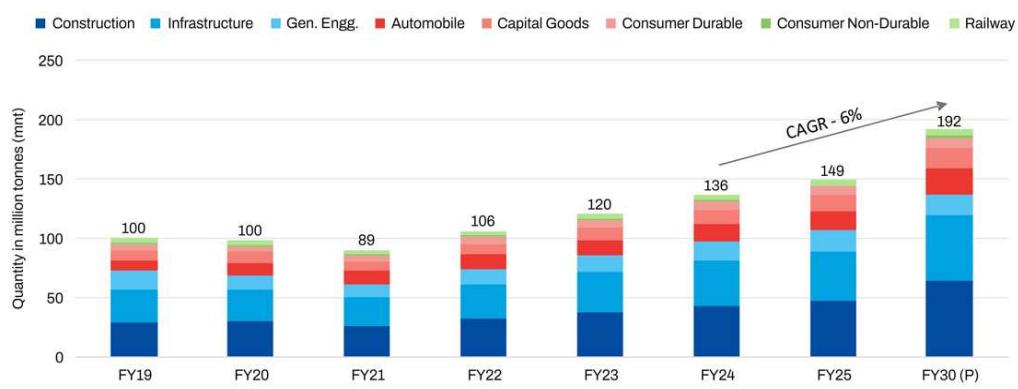
## Industry Overview

India's per capita steel consumption stands at ~87 kg, significantly lower than the global average of ~230 kg, and well below countries like China (~600 kg), the US (~300 kg), and Japan (~500 kg). This gap highlights the immense headroom for long-term growth as India continues to urbanize, industrialize, and invest in large-scale infrastructure.



India's finished steel demand is forecast to surge from 149 million tonnes in FY25 to about 192 million tonnes by FY30, reflecting a healthy ~6% CAGR. Infrastructure and construction—accounting for over 60% of demand—are the primary growth engines. Long steel (used in building and rail) is expected to grow from 89 MT to 114 MT, while flat steel segments (used in engineering and automotive) will also see strong uptick from 74 MT to 78 MT. This massive demand expansion underscores India's shifting consumption trajectory—providing a solid, multi-year growth runway for integrated steel producers like Sambhv.

### India sector wise steel demand



Stainless steel is emerging as a particularly strong growth driver. India is the world's second-largest producer of stainless steel, and consumption is expected to rise at 8-9% CAGR over the next decade. Growth will be led by construction, pre-engineered buildings (PEBs), renewable projects, and consumer durables. Stainless steel's higher strength, durability, and corrosion resistance make it a preferred choice in these applications, offering a margin-accretive opportunity for integrated players like Sambhv.



At the same time, policy measures such as PLI schemes, import duties on Chinese steel, and higher focus on domestic value addition are likely to support Indian producers. With its backward integration and expansion pipeline, Sambhv is positioned to benefit from both the rising demand and supportive policy environment.

## Key Risks

### 1. Execution Risk in Expansion

The Kesda project involves significant capital outlay (~₹12,000 crore) and multi-phase execution. Any delays or cost overruns could affect growth plans and cash flows.

### 2. Commodity Price Volatility

Steel prices are cyclical and influenced by global demand-supply dynamics. Sharp fluctuations in steel or raw material prices could impact margins, though Sambhv's integrated model provides partial insulation.

### 3. Stainless Steel Market Cyclicity

While stainless steel offers higher margins, it is also more exposed to demand swings in construction and consumer durables. A slowdown could affect segment profitability.

### 4. Regulatory and Environmental Risks

The steel industry faces tightening environmental norms and carbon emission regulations. Compliance will require continued investment in cleaner technology and processes.

### 5. Competition from Larger Players

Sambhv competes with established steelmakers with larger capacities and deeper balance sheets. Intense competition could put pressure on pricing and limit margin expansion.



## Financials

### Profit & Loss Statement

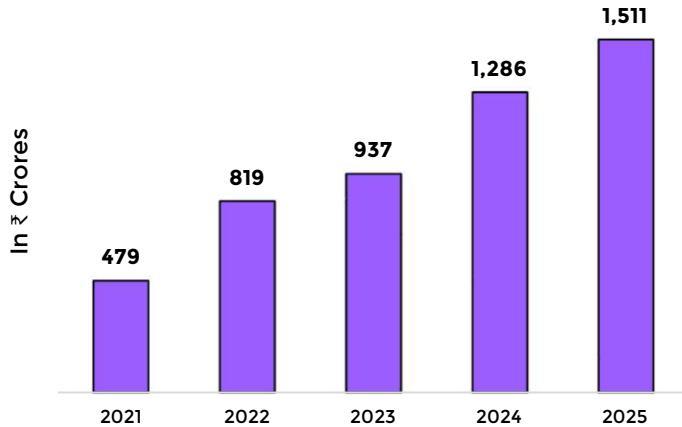
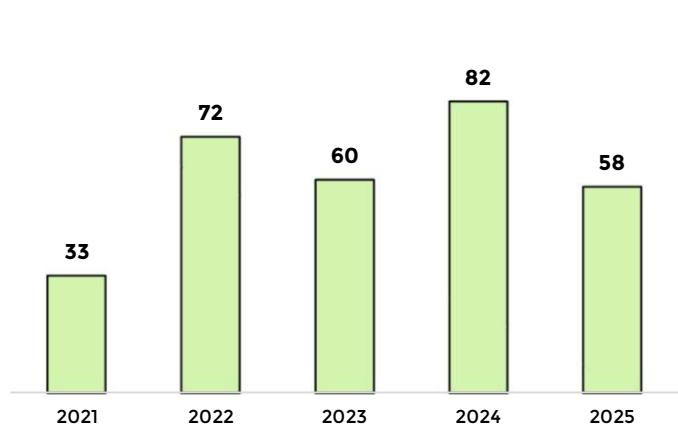
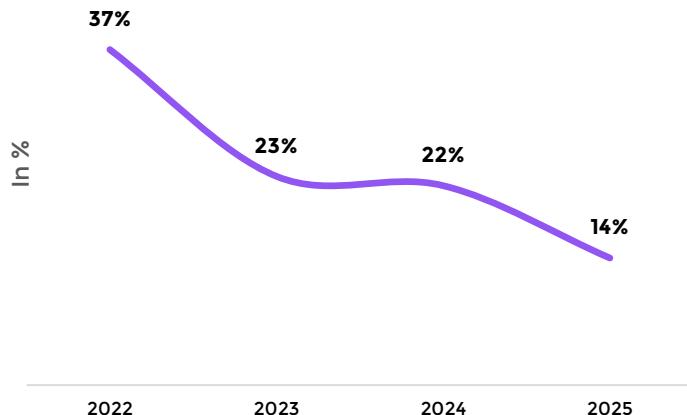
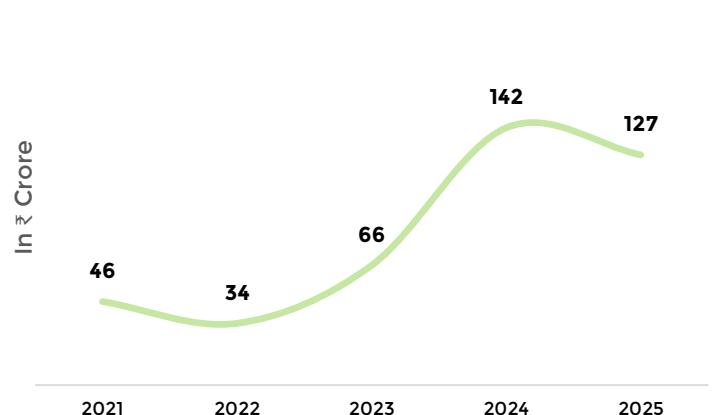
	2021	2022	2023	2024	2025
Sales	479	819	937	1,286	1,511
Expenses	415	695	820	1,126	1,357
Operating Profit	63	125	117	160	155
OPM %	13%	15%	13%	12%	10%
Other Income	1	1	2	3	6
Interest	15	19	22	32	48
Depreciation	6	10	16	21	34
Profit before tax	44	97	81	111	79
Tax %	24%	25%	26%	26%	26%
Net Profit	33	72	60	82	58
EPS in Rs	16.47	35.89	30.05	3.42	2.41

### Balance Sheet

	2021	2022	2023	2024	2025
Equity Capital	20	20	20	241	241
Reserves	58	129	190	197	255
Borrowings	158	242	285	351	536
Other Liabilities	34	68	57	151	403
Total Liabilities	270	459	552	940	1,434
Fixed Assets	114	235	294	337	715
CWIP	60	17	22	216	86
Investments	0	0	0	0	65
Other Assets	97	206	236	388	569
Total Assets	270	459	552	940	1,434



## Financials

**Revenues****Net Income****ROCE****CFO**



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| 11<sup>th</sup> September 2025

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