

**ABOUT THE COMPANY:** Sambhv Steel Tubes Limited, incorporated in 2017, manufactures electric resistance welded (ERW) steel pipes and structural tubes in India. Its facility is located in Sarora (Tilda), Raipur, Chhattisgarh. The company sources iron ore and coal from nearby PSU mines. As of March 31, 2024, it has a distribution network across 15 states and one union territory, supported by a 23-member sales and marketing team as of July 31, 2024.

**KEY BUSINESS INSIGHTS:** Sambhv Steel Tubes Limited, incorporated in 2017, is one of India's prominent manufacturers of Electric Resistance Welded (ERW) steel pipes and structural tubes. The company operates the country's only single-location, fully backward-integrated facility that includes in-house manufacturing of sponge iron, blooms/slabs, narrow-width HR coils, and stainless-steel HR/CR/HRAP coils. This structure enhances cost efficiency, ensures production control, and supports diversification into higher-margin value-added products. Strategically located in Raipur, Chhattisgarh, the manufacturing plant enjoys proximity to key raw materials such as iron ore from a Navratna PSU and coal from a Maharatna PSU, both located within 250 km. This allows for cost-effective and uninterrupted raw material procurement. As of December 31, 2024, Sambhv has developed a wide distribution footprint across 15 states and one union territory, through 43 distributors and 700+ dealers, while also directly supplying to infrastructure companies, OEMs, and public-sector projects. The company is actively growing its distributor network and strengthening relationships with existing customers.

**VIEW:** Sambhv Steel Tubes Limited presents a fundamentally strong and operationally integrated business model, supported by strategic raw material sourcing, robust distribution, and a growing focus on high-margin value-added products. Its backward integration offers cost advantages and supply chain control, positioning the company well for scalable growth. On the valuation front, the company is priced at a P/E of 36.39x (annualised 9M FY25) and 21.64x (FY24), versus a peer average of ~27.14x. Its P/B stands at 4.13x (9M FY25) and 4.51x (FY24), slightly above the peer average of ~4.64x. While the valuations appear marginally premium, they are backed by the company's unique integration model, improving product mix, and a strong growth outlook. **We recommend a SUBSCRIBE rating for long-term investors, considering Sambhv's compelling fundamentals, cost advantages, and sectoral tailwinds.**



## ISSUE DETAILS

Price Band (in ₹ per share)	77-82
Issue size (in ₹ Crore)	540.00
Fresh Issue (in ₹ Crore)	440.00
Offer for Sale (in ₹ Crore)	100.00
Issue Open Date	25-06-2025
Issue Close Date	27-06-2025
Tentative Date of Allotment	30-06-2025
Tentative Date of Listing	02-07-2025
Total Number of Shares (in lakhs)	701.48-658.69
Face Value (in ₹)	10.00
Exchanges to be Listed on	NSE and BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	182	14,924
Retail (Max)	13	2366	1,94,012
S-HNI (Min)	14	2548	2,08,936
S-HNI (Max)	67	12194	9,99,908
B-HNI (Min)	68	12376	10,14,832

**BRLMs:** Nuvama Wealth Management Limited, Motilal Oswal Investment Advisors Limited

**PROMOTER:** Brijlal Goyal, Suresh Kumar Goyal, Vikas Kumar Goyal, Sheetal Goyal, Shashank Goyal, Rohit Goyal

## BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	9MFY25	FY24	FY23	FY22
Share Capital	241.00	241.00	20.90	20.90
Net Worth	478.45	438.28	210.39	149.29
Revenue from operations	1016.09	1285.75	937.22	819.34
EBITDA	106.36	159.87	117.30	124.51
EBITDA Margin (%)	10.47	12.43	12.52	15.20
Profit/(Loss) After Tax	40.68	82.43	60.38	72.10
Adjusted EPS (in Rs.)	2.25 <sup>^</sup>	3.79	3.01	3.59
Net Asset Value (in Rs.)	19.85	18.19	10.47	7.73
Total borrowings	619.14	346.87	282.77	241.28
P/E <sup>#</sup>	36.39	21.64	NA	NA
P/B <sup>#</sup>	4.13	4.51	NA	NA

\*Restated consolidated financials; #Calculated at upper price band <sup>^</sup>Annualised EPS\*\*\*Bonus issue in the ratio of 9:1

## OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- ◆ Repayment/pre-payment, in full or in part, of certain borrowings availed by: Company; and Subsidiaries upto Rs. 390.00Cr.
- ◆ General corporate purposes.

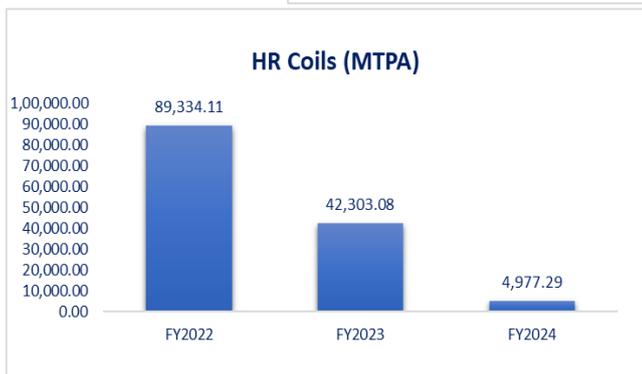
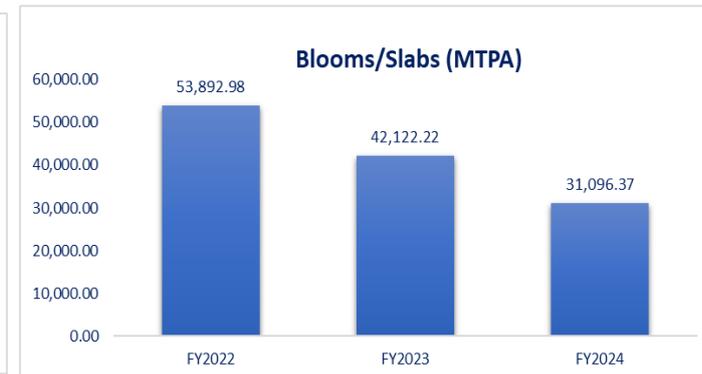
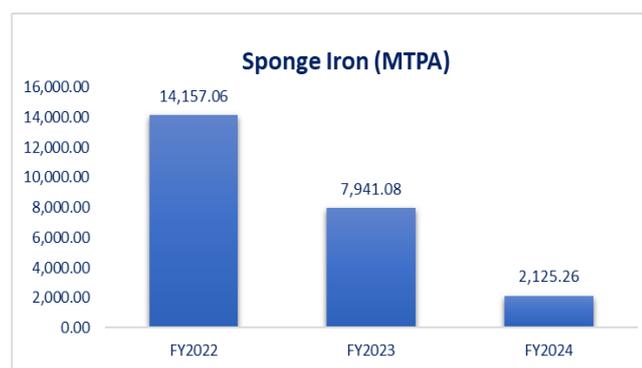
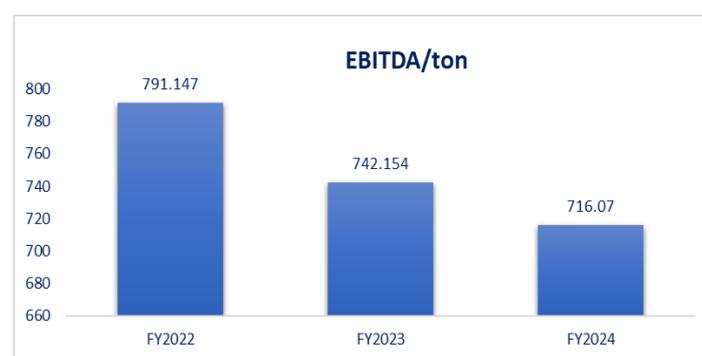
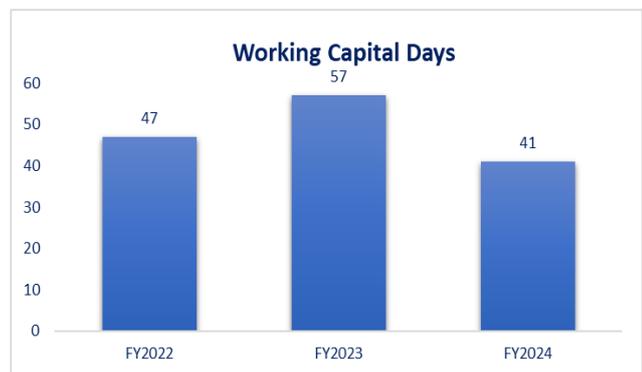
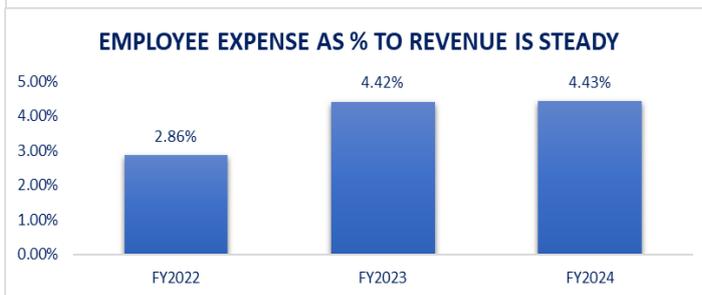
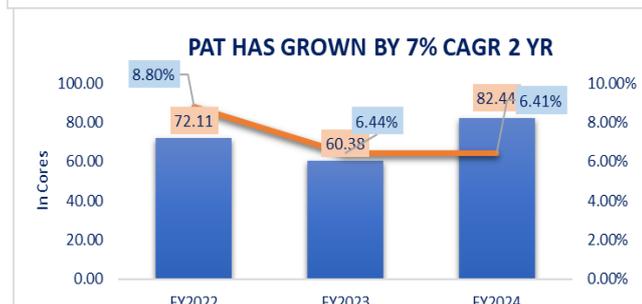
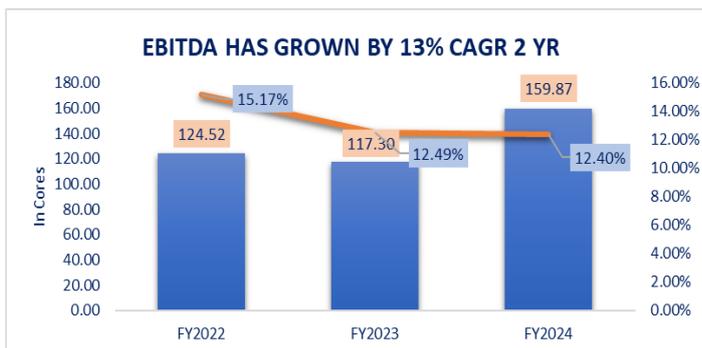
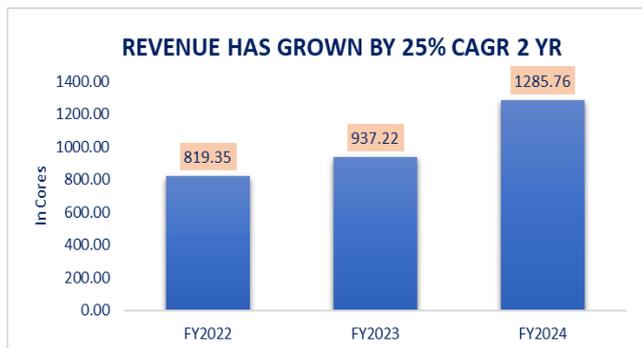
## FINANCIAL STATEMENTS

Profit & Loss Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
<b>INCOME</b>			
Revenue from operations	819.35	937.22	1285.76
Other Operating Revenue	1.40	1.78	3.62
<b>Total Income</b>	<b>820.75</b>	<b>939.00</b>	<b>1,289.38</b>
YoY Growth (%)	-	14.39%	37.19%
Cost of materials consumed	634.45	670.02	828.72
Cost of materials consumed-% of Revenue		71.35%	64.27%
Purchases of stock-in-trade	13.54	56.92	105.69
Purchases of stock-in-trade-% of Revenue	1.65%	6.06%	8.20%
Changes in inventories of stock in trade	-28.19	-30.24	-14.23
Changes in inventories of stock in trade-% of Revenue	-3.43%	-3.22%	-1.10%
Employee benefit expenses	23.47	41.46	57.13
Employee Expenses-% of Revenue	2.86%	4.42%	4.43%
Other expenses	51.56	81.76	148.57
<b>EBIDTA (Calculated)</b>	<b>124.52</b>	<b>117.30</b>	<b>159.87</b>
EBIDTA Margin (%)	15.17%	12.49%	12.40%
Depreciation and amortisation expense	10.12	16.15	20.91
<b>EBIT</b>	<b>114.40</b>	<b>101.15</b>	<b>138.96</b>
EBIT Margin (%)	13.94%	10.77%	10.78%
Finance cost	19.12	21.82	31.82
<b>Profit / (Loss) before tax</b>	<b>96.67</b>	<b>81.12</b>	<b>110.77</b>
<b>Tax expenses</b>			
Current tax	20.01	16.47	23.82
Current tax on earlier period	-	-	-
Deferred Tax	4.56	4.26	4.50
<b>Total tax expenses</b>	<b>24.57</b>	<b>20.73</b>	<b>28.33</b>
<b>Profit for the year</b>	<b>72.11</b>	<b>60.38</b>	<b>82.44</b>
PAT Margin (%)	8.80%	6.44%	6.41%
<b>Earnings per share</b>			
Basic earnings per share (₹)	3.59	3.01	3.79

Cashflow Statement			
Particulars (In Crores)	FY2022	FY2023	FY2024
Net cash generated from operating activities	34.50	65.55	142.43
Net cash used in investing activities	-100.25	-84.90	-311.60
Net cash used in financing activities	65.68	19.49	176.56
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>-0.07</b>	<b>0.14</b>	<b>7.39</b>
Balance as at beginning	0.13	0.06	0.20
<b>Cash and cash equivalent as at year end</b>	<b>0.06</b>	<b>0.20</b>	<b>7.58</b>

Balance Sheet			
Particulars (In Crores)	FY2022	FY2023	FY2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	235.28	294.04	336.74
(b) Capital work-in-progress	16.70	21.51	215.61
(c) Goodwill	-	-	-
(d) Other intangible assets	0.19	0.13	0.05
(e) Investments accounted for using the equity method	-	-	-
(f) Financial assets			
(i) Loans	0.02	0.05	0.09
(ii) Other financial assets	5.82	8.68	15.27
(g) Other non-current assets	11.51	21.36	57.06
<b>Total non-current assets</b>	<b>269.52</b>	<b>345.77</b>	<b>624.82</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	121.51	141.45	149.06
(b) Financial assets			
(i) Investments	-	-	-
(ii) Trade receivables	15.64	34.57	94.10
(iii) Cash & cash equivalents	0.06	0.20	7.58
(vi) Bank balances other than (ii) above	8.33	7.51	35.40
(v) Loans	0.19	0.18	0.47
(vi) Other financial assets	0.20	0.36	1.68
(c) Other current assets	43.06	22.12	27.03
<b>Total Current Asset</b>	<b>188.99</b>	<b>206.37</b>	<b>315.31</b>
<b>TOTAL ASSET</b>	<b>458.51</b>	<b>552.14</b>	<b>940.13</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	20.09	20.09	241.00
Other Equity	129.21	190.31	197.28
<b>Total Equity</b>	<b>149.30</b>	<b>210.40</b>	<b>438.28</b>
<b>Non-Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	136.5	168.992	181.428
(ii) Lease liabilities	0.204	2.236	3.535
(b) Provisions	0.894	0.846	1.401
(c) Deferred tax liabilities (net)	9.702	14.207	18.75
<b>Total Non-Current Liability</b>	<b>147.30</b>	<b>186.28</b>	<b>205.11</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	104.788	113.78	165.448
(ii) Lease liabilities	0.148	0.045	0.129
(iii) Trade payables			
(a) Total outstanding dues of MSME	0.813	0.126	1.798
(b) Total outstanding dues other than MSME	30.165	28.159	95.97
(iv) Other financial liabilities	4.942	6.873	12.761
(b) Other current liabilities	7.988	5.654	13.479
(c) Provisions	0.029	0.149	0.248
(d) Current tax liabilities (net)	13.039	0.672	6.905
<b>Total Current liability</b>	<b>161.91</b>	<b>155.46</b>	<b>296.74</b>
<b>Total Equity &amp; Liability</b>	<b>458.51</b>	<b>552.14</b>	<b>940.13</b>

## PERFORMANCE THROUGH CHARTS



## INDUSTRY REVIEW

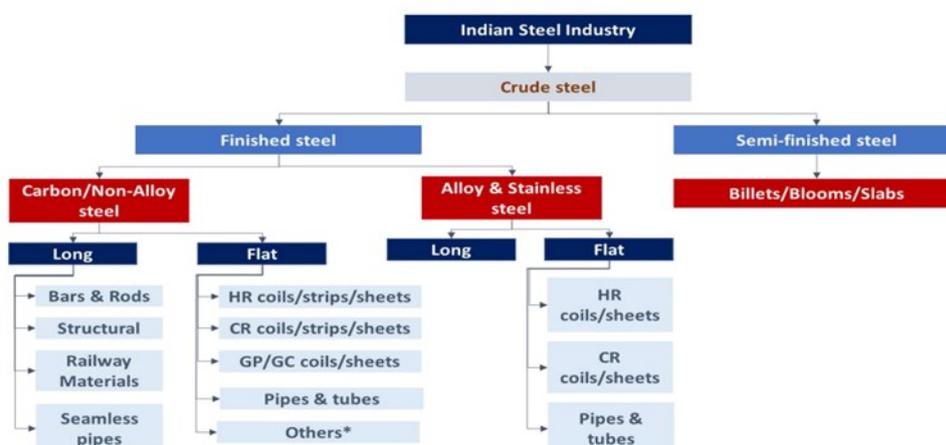
### Indian steel industry overview

#### India's position in global market

During the last 9-year period i.e., between CY 2014 and CY 2023, the global crude steel production grew at a nominal CAGR of ~1.4%. Crude steel production has been largely rangebound over the past few years as it grew from 1,878 million tonnes in 2019 to 1,892 MT in 2023. China, which has been the largest steel producer in the world for a long period, produced 1,019 million tonnes of crude steel in 2023, accounting for approximately 54% of the total global crude steel production in the year.

It was followed by India, which produced around 140 million tonnes of crude steel, accounting for a share of 7.4% in global crude steel production in 2023.

#### Structure of Indian steel industry



### Indian finished steel trade analysis

Steel imports in India grew at a CAGR of 3.4% during period between fiscals 2019 and 2025. During this period, the imports declined massively by -30% on-year to 4.8 million tonnes in fiscal 2021, primarily on the account of a decrease in domestic demand.

The import volume remained rangebound in fiscal 2022, before increasing at a CAGR of over 26% during fiscal 2022-2025 period to clock 9.6 million tonnes in fiscal 2025. The strong growth in the import volume of steel in the last two fiscals happened on the account of a strong recovery post pandemic, wherein the domestic demand increased at a CAGR of approximately 13% between fiscals 2022 and 2025. Further, the imports of cheaper steel from China and Vietnam rose strongly in fiscals 2023-2025 which led to a strong increase in the overall import volume during the last three fiscals.

#### Introduction to steel pipes and tubes.

Steel pipe, being a key steel downstream product, finds applications primarily in the transport of liquid or gas—including oil, gas, and water and in the construction sector. Overall steel pipes and tubes manufacturing industry is highly fragmented with 100+ steel pipe manufacturers operating in the country.

#### Demand review and outlook for steel pipes and tubes.

The demand for domestic steel pipes and tubes is expected to have grown at a CAGR of 5-6% during Fiscals 2019-2025 to rise from 8.8 MTPA in Fiscal 2019 to 12.50-13.50 MTPA in Fiscal 2025, led by government initiatives to augment urban structural infrastructure and to infuse investments in the oil and gas sector. Only fiscal 2021 witnessed an on-year dip of 7% in demand during this period, owing to the Covid-19 pandemic.



## COMPETITIVE STRENGTHS OF THE COMPANY

### A single location backward integrated facility in India

Their fully integrated manufacturing operations encompass production of intermediate products, namely sponge iron, mild steel blooms/slabs, HR coils, GP coils and CR Coils which are used primarily for captive consumption for manufacturing their final products, namely ERW black pipes and tubes (hollow section), CRFH Pipes, Corten Steel Pipes, GP pipes, GI pipes, steel door frames. They have also recently started manufacturing stainless steel such as blooms/slabs and HR coil, SS HRAP coils and CR Coils.

### Strong process innovation and execution capabilities allowing them to produce value-added products

They commenced their operations in 2018 with the manufacturing of sponge iron and have since then expanded their product offerings to include value added and customized pipe and tube products. Their innovation journey began with the manufacturing of narrow-width HR coils. According to the CRISIL Report, they use sponge iron or DRI as a feed in induction furnaces and as a substitute for steel scrap because high-quality scrap is costly and scarcely available. According to the CRISIL Report, the induction furnaces convert steel scrap and sponge iron into liquid steel by induction heating. This liquid metal is further processed into blooms/slabs, narrow width HR coils and other products.

### Wide-spread well connected distribution network across India

as of December 31, 2024, they have 37 distinct distributors with two distributors distributing through six branches in 15 states and one union territory taking the total distributor network to 43. These distributors in turn distribute their finished products through over 700 dealers in India as of December 31, 2024. They believe that their distribution network provides them with a competitive advantage over other players in the ERW steel pipes and structural tubes sector. Their distribution network and their marketing initiatives has resulted in effective outreach of their products to a wide network of retailers and fabricators.

### Well-positioned to take advantage of the growing demand for quality ERW steel pipes and tubes

Steel pipes find applications in several industries and sectors. According to the CRISIL Report, various projects and schemes initiated by the central government and several state governments have been driving the demand for steel pipes in India. Water supply, sanitation, irrigation, and flood control have consistently been top end-use sectors for the steel pipe industry and are expected to continue to drive the steel pipes' demand over the next few years as well through government led schemes such as Jal Jeevan Mission, Har Ghar Nal Yojana, among others.

## RISK FACTORS

**Under-utilization of their manufacturing capacities and an inability to effectively utilize their expanded manufacturing capacities could have an adverse effect on their business, future prospects and future financial performance.**

- They operationalized Kuthrel Facility in Fiscal 2025. They intend to commission a greenfield manufacturing facility in Village - Kesda, District Baloda Bazar Bhatapara, Chhattisgarh, for which a no objection certificate from the Kesda gram panchayat and the Terms of Reference (TOR) from the Ministry of Environment, Forest and Climate Change, Government of India has been received. Further, a public hearing for environmental clearance will be conducted by Chhattisgarh Environment Conservation Board on June 16, 2025.

**An increase in the cost of or a shortfall in the availability of their key raw materials such as iron ore, coal, iron ore pellets, sponge iron and mild steel scrap from their suppliers could have a material adverse effect on their business, results of operations, profitability and margins, cash flows and financial condition.**

- They depend on third party suppliers for the supply of their raw materials such as iron ore, coal, iron ore pellets, sponge iron and mild steel scrap in the quantities required by them. While they manufacture sponge iron, they source a part of their requirement from third party suppliers.

**They rely on key suppliers for raw materials without definitive agreements. Any disruption or price volatility may affect availability and costs, potentially impacting their operations, profitability, margins, cash flows, and overall financial health, especially if they're unable to pass on cost increases to customers.**

- They primarily source their raw materials from certain key suppliers. They source their major requirements of iron ore primarily from a "Navratna" public sector undertaking ("Navratna PSU"), iron ore pellets from Godawari Power and Ispat Limited, Sarda Energy and Minerals Limited and Shyam Metalics and Energy Limited, major requirements of coal from one of the major subsidiaries of a "Maharatna" PSU, Adani Enterprises Limited, Agarwal Coal Corporation Private Limited and Mahendra Strips Private Limited, major requirements of sponge iron from Phil Steel and Power Private Limited and Shree Nakoda Ispat Limited and major requirements of mild steel scrap from Bajrang Traders (Sole proprietorship).

**Their financing arrangements contain restrictive covenants. This may limit their ability to pursue their business and limit their flexibility in planning for, or reacting to, changes in their business or industry including their plans for expansion and diversification.**

- As of April 30, 2025, their Company's total borrowings were ₹5,545.85 million. Their existing operations and execution of their business strategy may require substantial capital resources and they may incur additional debt to finance these requirements in the future. However, they may be unable to obtain sufficient financing on terms favourable to them, or at all. If interest rates increase it will be more difficult to obtain credit. As a result, their expansion plans may have to be curtailed or eliminated and their financial performance and their ability to continue operations may be adversely affected. Since the interest rates on certain of their borrowings may be subject to changes based on the prime lending rate of the respective lenders, such borrowings may be subject to renegotiation and/or escalation on a periodic basis.



## PEER COMPARISON

Name of the company	Revenue from Operations (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Sambhv Steel Tubes Limited	1285.75	10.00	3.79	18.19	25.42	21.64	4.51
APL Apollo Tubes Limited	18118.80	2.00	26.40	129.60	22.21	67.77	13.80
Hariom Pipes Industries Limited	1153.18	10.00	20.34	160.50	13.56	18.68	2.37
Hi-Tech Pipes Limited	2699.29	1.00	3.25	38.20	8.90	30.38	2.58
JTL Industries Limited	2040.22	2.00	6.63	43.72	19.15	11.25	1.71
Rama Steel Tubes Limited	1045.51	1.00	0.50	2.14	10.40	23.90	5.58
Surya Roshni Limited	7809.27	5.00	30.51	187.63	17.41	10.85	1.76

\*P/E & P/B ratio based on closing market price as of June 23<sup>rd</sup> 2025, at the upper price and of IPO, financial details consolidated audited results as of FY24.



Canara Bank Securities Ltd.  
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Research Desk

Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253

BSE: INB 011280238, BSE F&O: INF 011280238

NSE: INB 23180232, F&O: INF 231280232, CDS: 231280232

Maker Chambers III, 7th floor,

Nariman Point, Mumbai 400021

Contact No. : 022 - 43603861/62/63

Email id: [researchdesk@canmoney.in](mailto:researchdesk@canmoney.in)

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