

**Rating: Neutral**

**Issue Offer**

Fresh Issue of equity shares amounting to INR 4,400 Mn, and Offer for sale of equity shares amounting to INR 1,000 Mn aggregating up to total of INR 5,400 Mn.

**Issue Summary**

Price Band INR	77-82
Face Value INR	10
Implied Market Cap INR Mn.	24,162
Market Lot	182
Issue Opens on	Jun 25, 2025
Issue Close on	Jun 27, 2025
No. of share pre-issue	24,10,02,000
No. of share post issue	29,46,60,536
Listing	NSE, BSE

**Issue Break-up %**

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

**Registrar**

Kfin Technologies Limited

**Book Running Lead Managers**

Nuvama Wealth Management Limited  
Motilal Oswal Investment Advisors Limited

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	71.90%	56.12%
Public & Others	28.10%	43.88%

**Objects of the issue**

- Pre-payment or scheduled re-payment of a portion of certain outstanding borrowings availed by the Company
- General Corporate Purposes.

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Incorporated in 2017, Sambhv Steel Tubes Limited is a manufacturer of electric resistance welded (“ERW”) steel pipes and structural tubes (hollow section) in India. The company's manufacturing facility is located in Village - Sarora, Tehsil Tilda, Raipur in the mineral-rich state of Chhattisgarh. The company's iron ore is sourced from “Navratna” public sector undertaking mining company's mines and coal from a “Maharatna” PSU through one of its highest coal producing subsidiary whose mines are Asia's largest coal mines and are merely 250 kilometres from our Sarora (Tilda) Facility. The company has a widespread presence in the Indian states of Chhattisgarh, Maharashtra, Gujarat, Haryana, Rajasthan, Uttar Pradesh, Madhya Pradesh and Telangana.

**Investment Rationale:**

**Fully Backward Integrated Single-Location Facility:** Sambhv Steel is the only company in India with a fully backward-integrated ERW pipe and tube manufacturing facility at a single location. It controls the entire value chain—from raw materials like iron ore and sponge iron to finished pipes. This setup ensures better coordination, real-time quality control, and cost savings on logistics and inventory. The model enhances operational efficiency and reduces dependence on external suppliers.

**Integrated Stainless Steel Coil Manufacturing:** Sambhv Steel is among a very limited number of players in India with backward integration in stainless steel manufacturing. The company has the capability to produce stainless steel blooms and slabs internally, which are then captively used to manufacture a range of downstream products including hot rolled (HR) coils, hot rolled annealed pickled (HRAP) coils, and cold rolled (CR) coils. This integrated process ensures consistent quality, better cost control, and reduced reliance on third-party stainless steel suppliers.

**Secondary Route Steel Production Advantage:** Sambhv Steel manufactures HR coils using induction furnaces and direct reduced iron (DRI), instead of the conventional blast furnace method used by primary steel producers. This secondary route requires lower capital investment and operational costs. Despite the cost advantage, it delivers product quality that is comparable to that of primary manufacturers. This allows Sambhv to remain competitive while maintaining flexibility and efficiency in production.

**Valuation and View:**

Sambhv Steel Tubes Limited is well-positioned for growth, driven by its rare fully backward-integrated manufacturing model and niche capabilities in ERW pipes and stainless steel coils. Its cost-efficient secondary production route enhances margins and scalability. Strategic raw material sourcing and strong regional presence further strengthen its operational edge. The company's integrated model ensures long-term sustainability, competitiveness, and resilience in the Indian steel industry. **At the upper price band of INR 82, the issue has a P/E ratio of 45.19x, based on annualised 9MFY25 EPS of INR 1.8. We assign a “Neutral” rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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