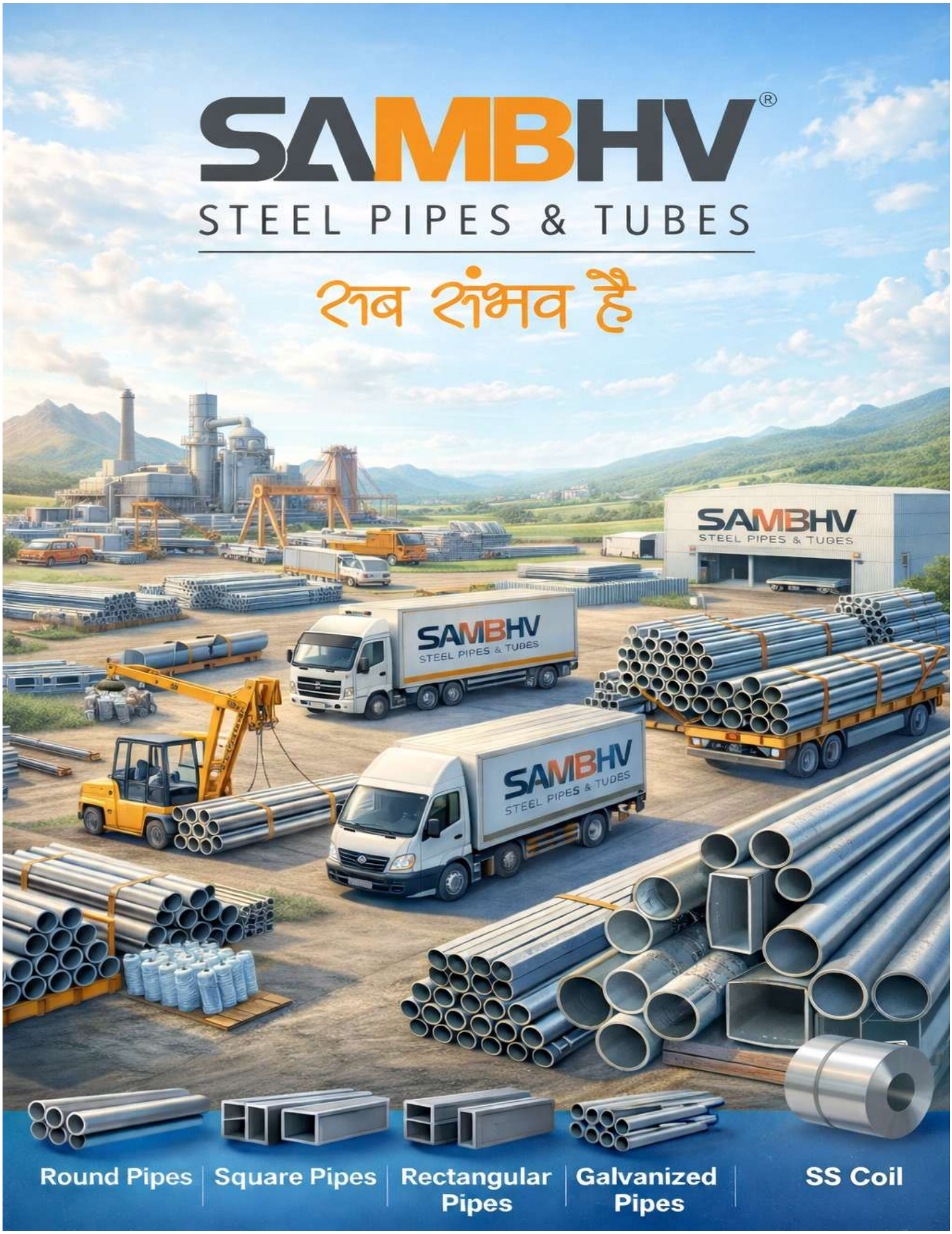
Date: January, 2026



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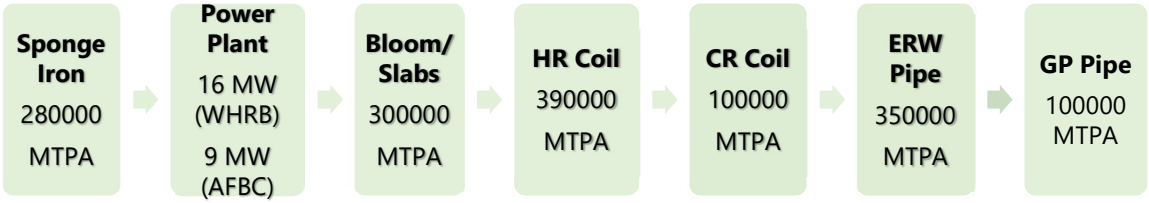
1. About the Company

Product Understanding

- Sambhv Steel Tubes Limited. (formerly Sambhv Sponge Power Private Limited) started its journey in 2018 by the Goyal family, based in Raipur, by acquiring a non-performing sponge iron kiln unit and making it profitable in its very first year.
- Gradually, the **company expanded into the manufacturing of ERW pipes, which achieved instant success in the market.** It has further expanded its portfolio with the addition of stainless-steel coils, GP pipes, and other related products.
- It is the only company in India with a single location (in Raipur) backward integrated manufacturing facility for steel pipes and tubes.
- The company has the capacity to produce ~1.7 million tons per annum of high-quality steel (intermediate and finished) products.
- Sambhv Steel Tubes Limited is a **leading manufacturer of steel pipes and structural tubes** in India, offering a premium and diversified product portfolio that includes ERW pipes and tubes, galvanized (GI/GP) pipes, stainless steel coils, cold-rolled (CR) and hot-rolled (HR) coils, blooms, slabs, and sponge iron. The company also operates a captive power plant, supporting its fully backward-integrated manufacturing setup at a single location.
- With an annual production capacity of approximately 1.7 million metric tons, Sambhv caters to a wide range of industrial and infrastructure applications across the country.

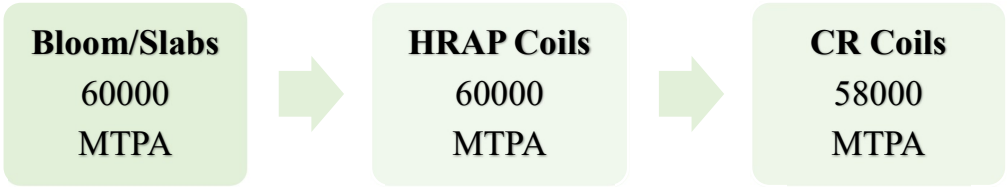
Capacity Installed as of December 2025:

- Mild steel



MTPA – Metric Ton Per Annum

- Stainless steel



SS HRAP Coils are captively consumed to produce CR Coils (Stainless Steel) through argon oxygen decarburization ("AOD") process

Company's product profile and industry applications:

Product	Product Description	Key end-use market
Sponge iron	Sponge iron is a refined form of iron ore with a metallic content ranging from 80% to 88%, produced through the direct reduction process using iron ore, pellets, non-coking coal (bituminous) and dolomite.	Sponge iron is used for the manufacturing of crude steel (blooms/slabs).
Blooms/ slabs (mild steel and stainless steel)	Blooms are semi-finished steel products produced by melting sponge iron, scrap, and minerals in an induction furnace and casting into square or rectangular cross-section.	Blooms are rolled into long and flat finished products like HR coils and narrow-width HR coils.
Narrow-width HR coil (mild steel and stainless steel)	Produced by deforming blooms/slabs at high temperature using roll pressure and Hydraulic Automatic Gauge Control (HAGC) technology for precise thickness and surface quality.	Used to manufacture ERW black pipes and tubes, and stainless steel HR coils are used for HR AP and SS CR coils.
ERW black pipes and tubes	Manufactured by rolling HR coils and welding them longitudinally through electric resistance.	Used for transporting water, oil, gas, chemicals, and in fencing and scaffolding.
GI pipes	Manufactured by coating a zinc layer on ERW black pipes and tubes through hot dipping.	Used in hot and cold water supply, irrigation systems, plumbing, etc.
GP coils	Made by coating CR coils with zinc via hot dip galvanizing.	Used in roofing, cladding, consumer durables, automobiles.
GP Pipes	Pre-galvanized GI pipes are manufactured by welding GP coils.	Used similarly to GI pipes.
SS HRAP coils	Hot rolled annealed and pickled coils manufactured through a HRAP line.	Used in construction, ABC, ART applications.
SS CR coils	Cold rolled coils made from SS HRAP coils.	Used in kitchenware, construction, and medical equipment.
Steel door frames	Made by rolling HR coils and welding them to form single/double door frames.	Used in housing projects and forest areas for termite resistance and affordability.

- In Fiscal 2025, the company expanded its product portfolio and commenced manufacturing galvanized (GP) coil and pre-galvanized (GP) pipes through advanced technology. Further, it developed capabilities to manufacture stainless steel HRAP coil and stainless steel CR coil through captive consumption of stainless steel blooms/slabs and HR coil.
- The integrated manufacturing facility is designed in such a manner that the company is able to respond swiftly to market demand for a particular size of pipe or tube as it controls the end-to-end supply chain for its products unlike other industry players who rely on external coil manufacturers for supply of the required grade and size of HR coils.

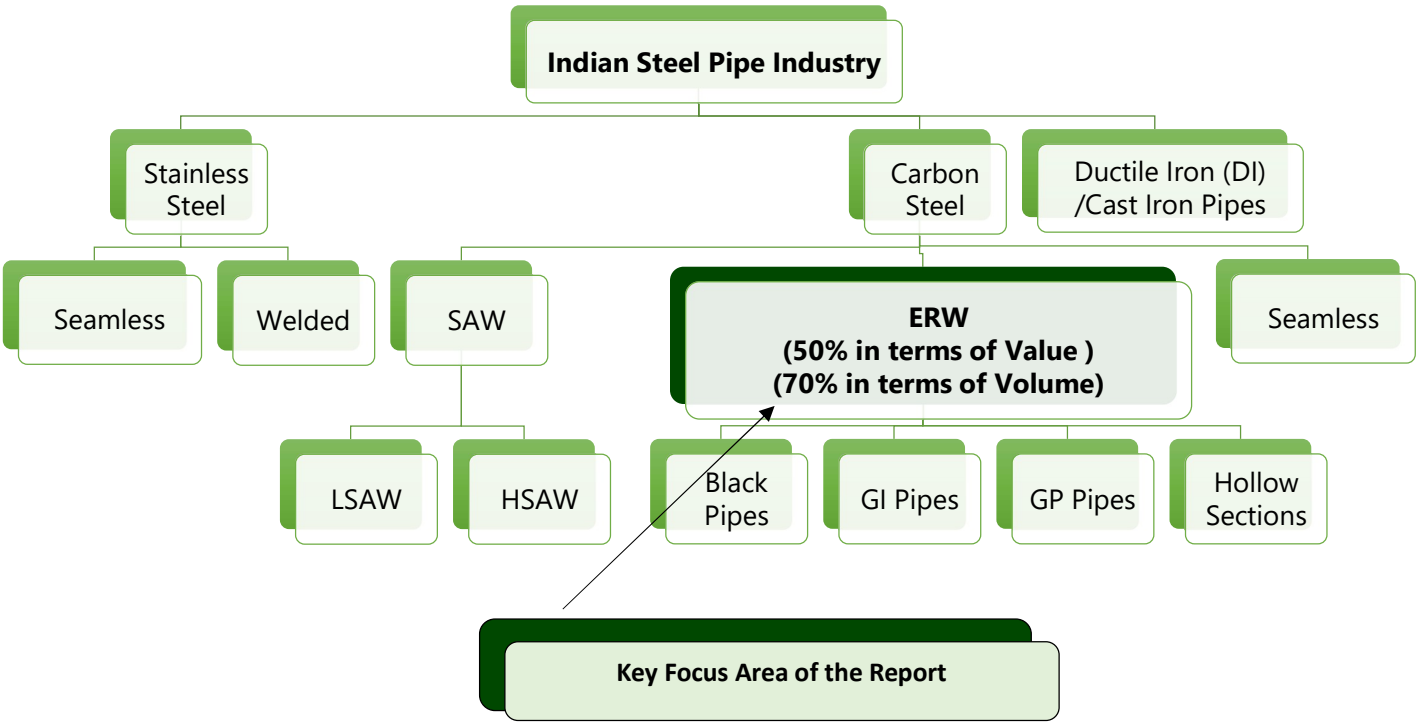
- The table below sets forth, for the periods indicated, a product-wise break-down of the revenue

Particulars	Fiscal 2025		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (in crores)	% of total	Amount (in crores)	% of total	Amount (in crores)	% of total	Amount (in crores)	% of total
ERW black pipes and tubes	1041	69%	945	74%	357	38%	0	0%
Blooms/Slabs	163	11%	136	11%	203	22%	225	27%
G.I. Pipes	10	1%	81	6%	43	5%	0	0%
HR Coil	7	0%	25	2%	259	28%	502	61%
GP Coil	6	0%	0	0%	0	0%	0	0%
GP Pipe	68	5%	0	0%	0	0%	0	0%
S S Coil	124	8%	0	0%	0	0%	0	0%
Others	88	6%	94	7%	74	8%	92	11%
Total	**1508**	**100%**	**1282**	**100%**	**936**	**100%**	**819**	**100%**

2. Industry Outlook

- The Indian carbon steel pipe market is estimated to be worth more than Rs 1,00,000 crores. In value terms, 50 percent of the market comprises ERW pipes, while the other 50 percent consists of Seamless and SAW pipes.

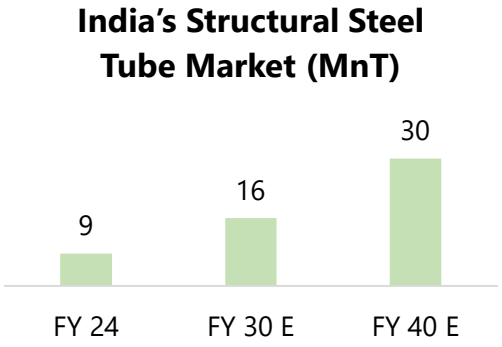
The Indian Steel Pipe Industry comprises of:

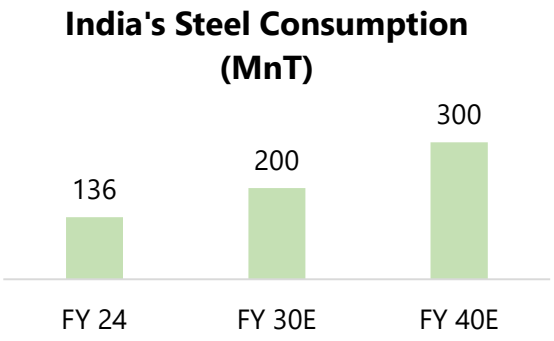


- From FY19 to FY25, the Indian government's capital expenditure (capex) has significantly increased, growing at a ~19% compound annual growth rate (CAGR) to reach Rs 10.2 trillion in FY25, compared to Rs 3.1 trillion in FY19. For FY26, the capex is projected to rise to Rs 11.2 trillion, marking a substantial ~10% year-over-year increase.
- Although the first half of the fiscal year was slower due to elections, we anticipate that capex will accelerate moving forward. Any rollover capex will be added to next year's budget, further stimulating demand. The majority of this spending will focus on road transport and highways, railways, and defense—all of which are likely to drive demand for ERW pipes since these sectors require structural pipes.
- Further, the demand for steel pipes and tubes will also be getting a push from the potential substitution of conventional construction materials, such as concrete cement and conventional steel.

Indian Demand Scenario

- India's structural steel tube market size is ~9 million tons, which accounts for 5-6% of the total steel consumption in India. Globally, this figure stands at 10%. **India's structural steel tube market is expected to reach 8% of total steel consumption by FY30.**





Source – Industry Research

- **Why the shift to Structural Steel Tubes is happening? / Advantages of using Structural Steel Tubes**
  - **High Strength to Weight Ratio:** It has high strength per unit mass, a high load-bearing capacity and provides uniform strength.
  - **Highly Flexible:** It can be easily fabricated, have design flexibility and can be assembled on site easily making them ideal for critical structural elements in buildings and bridges. Their sleek appearance, corrosion resistance, and efficiency in material use further contribute to their popularity, while reduced welding and installation costs add practical benefits.

- **Environment-Friendly**: It's more environmentally friendly when compared to Reinforced Cement Concrete Structures.
- **Cost Efficient and Faster in Implementation:** Overall, project costs are relatively cheaper compared to other raw materials like RCC, consume less steel and faster execution. Installation is easier and less time-consuming.
- **Highly Durable:** It can withstand external pressure.
- The shift is also happening because industry players are now recognising the advantages of using steel structures over wood, RCC, etc. and the focus is now shifting to quality.
- **In construction projects, the execution timeline is very important for better economics. With stringent deadlines, steel structures are expected to be preferred as they are less time-consuming.**
- **Difference in cost structure and execution timeline:**

Steel Tube Structure	**RCC Structure**
8 days/slab	**24 days/slab***
16 days savings /slab	
Revenue Economics	**Cost Economics**
2% Additional Carpet Area	**Project Cost higher by 5%/ Rs250-300sq ft.**
Advanced Revenue/Cash Flows	
1. Reduced Construction time: - Super Structure ready 65% faster	
2. Financial cost savings	
3. Early commencement of project	

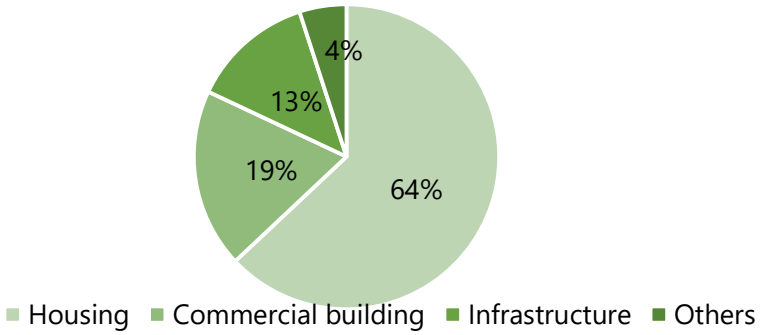
- **Growth Drivers**

The major demand for structural steel tubes comes from construction activities, which are rapidly increasing in the country. India is poised to become the third-largest construction market in the next 2-3 years.

a. **Government continuing capex push:**

The government has increased the capital expenditure outlay by 10% in BE 2025-26 to Rs. 11.20 lakh crores over Rs. 10.2 lakh crores in RE 2024-25.

Application mix of Structural steel tubes



Source: APL Apollo Investor Presentation

b. **Number of Airports:** India aims to increase the number of airports from 149 to 220 in the next 5-7 years.

c. **Companies in the construction EPC segment have a robust order book,** which is expected to translate into higher demand for Structural Steel Tubes in the coming years.

Apart from the infrastructure push and increased construction activities in India, **steel tubes are finding increased usage in areas where earlier other construction materials** were used, like concrete cement, and now structural steel tubes will be used.

For instance:

- **Railway Redevelopment: The 'Amrit Bharat Station Scheme' has recognized 1,275 stations for redevelopment within the next five years. This is expected to be a continuous process.**
  - The Foot-over bridges and ceiling would be constructed completely of tubular steel. The opportunity varies from 500 to 3000 tons per station. **Tubular steel is 10-20% lighter than conventional steel.**
  - The use of steel tubes is also better because station operations cannot be interrupted, and manufacturing and construction must be completed extremely quickly and without much disturbance in regular operations.
  - In terms of volume, a railway station consumes more tonnage (over 10 kg/square feet) than a high-rise building, as the dead load is high in railway stations.
  - A study conducted during the evaluation of structural tubes' application for a railway station revealed that contractors can **expedite the whole fabrication**

and installation process while decreasing the overall weight by 15-17% and lowering the project cost by up to 7-10%.

- Even in airports, all new airports that are constructed use tubular steel for roofing solutions.
- Steel tubes are also finding opportunities in the construction of other infrastructure projects like high-rise complexes, warehouses, data centers, water tanks, hospitals, etc.
- For example, under the 'Jal Jeevan Mission', the Uttar Pradesh government has issued tenders to build 60,000 water tanks using structural steel tubes instead of conventional concrete tanks. Generally, concrete tanks take one or two years to be built, but with structural steel tubes, it takes just 15 days.
    - It's a low-cost option, has a longer life cycle and is easier to install.
    - The company has also supplied its products under this scheme.

Stainless Steel Industry: Set for Sustainable Growth

- The stainless steel industry is poised for strong growth, driven by rising infrastructure investment, growing demand from the automotive and construction sectors, and a global shift toward sustainable, recyclable materials.
- Key Drivers:
    - **Infrastructure spending:** Increased government spending, especially in India, is boosting demand for corrosion-resistant materials.
    - **Mobility Shift:** Stainless steel's strength and lightness make it ideal for EVs, railways, and public transport.
    - **Sustainability:** Being 100% recyclable with a long lifecycle, it aligns well with global environmental goals.
- The sector is set for sustained growth, supported by policy support, capex expansion, and rising use in sectors like solar, hydrogen, and urban infrastructure.

Competition Analysis

- The steel pipes industry is a highly fragmented one, with the top 10 manufacturers contributing to ~25% of overall production. It faces competition from manufacturers of sponge iron, blooms/slabs, HR coils, ERW black pipes, GI pipes, and CR coils. Its peers are APL Apollo Tubes, Hariom Pipe Industries, Hi-Tech Pipes, Rama Steel Tubes, Surya Roshni, and JTL Industries.

Company	Manufacturing set up			Finished products						
	DRI	Casting	Cold Rolling	HR Coil	Pipes & Tubes	GI Pipes	Steel Door Frames	SS Coils (HR, CR, HRAP)	GP Coils	GP Pipes
APL Apollo Tubes			■		■	■	■			
Hariom Pipe Industries	■	■	■	■	■	■				
Hi Tech Pipes			■		■	■				
Rama Steel Tubes					■	■				
JTL Industries			■	■	■	■				
Surya Roshni			■		■	■				
Vibhor Steel Tubes					■	■				
Sambhv Steel	■	■	■	■	■	■	■	■	■	■

- Highlighted cells indicate the presence of the corresponding facility with the respective company
- Amongst the above listed players, Sambhv steel is the only integrated player with an efficient backward integration, as it has the captive availability of sponge iron which is used to produce slabs/blooms which are then processed to form coils/sheets and to make value added products such as GI pipes, GP pipes and steel door frames.
- In particular, the company uses the sheets to form welded pipes and tubes and further does the value-addition to make galvanized (GI/GP) pipes. As a result, the company has a wide product portfolio with the products ranging from sponge iron to mild steel and stainless-steel blooms/slabs, hot rolled coils, pipes, and tubes, along with value-added products such as GI pipes, GP pipes, and steel door frames. This wide product portfolio, along with the complete integration, gives the company an added advantage in the highly competitive industry.
- The chart below represents the overall pipe capacity:

Capacity (MTPA)	FY 25	FY 24	FY23	FY22	FY21	FY20	FY19
Hariom Pipe Industries Ltd.	4,32,000	4,32,000	84,000	84,000	84,000	84,000	20,000
Hi-Tech Pipes Ltd.	7,50,000	7,50,000	5,80,000	5,80,000	5,80,000	5,00,000	5,00,000
Rama Steel Tubes Ltd.	2,94,000	2,94,000	2,94,000	2,64,000	2,64,000	1,68,000	1,68,000
JTL Industries Ltd.	6,86,000	5,86,000	5,86,000	4,00,000	3,00,000	1,00,000	1,00,000
Surya Roshni Ltd.	9,61,000	9,61,000	9,61,000	9,61,000	9,25,000	9,00,000	9,00,000
APL Apollo Tubes Ltd.	45,00,000	38,00,000	36,00,000	26,00,000	26,00,000	25,00,000	21,00,000
Sambhv Steel Tubes Ltd.	**4,50,000**	**2,50,000**	**1,80,000**	**-**	-	-	-

Note: Capacities include ERW Pipes, Hollow section, GI pipes, and GP pipes

- Among peers, APL Apollo boasts the highest revenue, while Sambhv stands out with the high sales growth. It's attributed to the rapid acceptance of its product, driving ERW Pipes's remarkable growth rate.

Revenue (Rs. in crores)	FY25	FY24	FY23	FY22	FY21	FY20	FY19	CAGR%
Hariom Pipe Industries Ltd.	1,604	1,360	644	431	254	161	134	43%
Hi-Tech Pipes Ltd.	3,068	2,699	2,386	1,879	1,341	1,210	1,360	12%
Rama Steel Tubes Ltd.	1,048	1,047	1,337	768	470	353	504	11%
JTL Industries Ltd.	1,911	2,040	1,547	1,355	435	230	322	29%
Surya Roshni Ltd.	5,750	6,242	6,452	6,402	4,328	4,235	4,427	4%
APL Apollo Tubes Ltd.	20,690	18,119	16,166	13,063	8,500	7,723	7,152	16%
Sambhv Steel Tubes Ltd.	**1,287**	**1,287**	**936**	**819**	**479**	**243**	**186**	**32%**

- Within the Structural Steel Tube industry, the typical EBITDA range is between Rs. 2500 and Rs. 5500 per ton. However, due to their backward integration, Sambhv has the potential to achieve a significantly higher EBITDA range.

EBITDA/ton	FY24	FY23	FY22	FY21	FY20	FY19
Hariom Pipe Industries Ltd	7,225	7,575	8,935	5,756	5,316	-
Hi-Tech Pipes Ltd.	2,937	2,915	3,634	2,611	2,091	2,789
Rama Steel Tubes Ltd.	-	-	4,840	2,649	1,538	1,869
JTL Industries Ltd.	4,452	5,588	4,617	3,779	3,447	4,078
Surya Roshni Ltd.	5,401	6,496	4,648	3,525	3,256	3,010
APL Apollo Tubes Ltd.	4,553	4,481	3,867	2,912	2,384	2,769
Sambhv Steel Tubes Ltd.*	7,160	7,421	7,911	-	-	-

- *Due to capacity constraints in the pipe mill, the company has also sold some coils/billets in the outside market; otherwise, it would have had even higher EBITDA per ton.
- For Q2FY26, the EBITDA/Ton for Sambhv is Rs. 7500 excluding the sponge iron sales.

EBITDA (Rs. in crores)	FY25	FY24	FY23	FY22	FY21	FY20	FY19	CAGR%
Hariom Pipe Industries Ltd.	175	139	82	56	34	23	17	40%
Hi-Tech Pipes Ltd.	160	115	103	101	71	59	75	11%
Rama Steel Tubes Ltd.	29	59	51	42	18	9	16	9%

JTL Industries Ltd.	123	152	129	89	33	16	24	26%
Surya Roshni Ltd.	357	347	409	260	183	182	161	12%
APL Apollo Tubes Ltd.	1,199	1,192	1,022	946	679	478	393	17%
Sambhv Steel Tubes Ltd.	**155**	**157**	**115**	**120**	**64**	**25**	**17**	**37%**

- Sambhv has experienced robust EBITDA growth, driven by both rapid sales expansion and higher EBITDA per ton.
- For FY25, the EBITDA figure was impacted on account of the commercialization of the SS and GP plant, which led to higher operating expenses as production ramps up.

3. Understanding the Business Model

Overview of Manufacturing Process

ERW pipes

i. **Sponge Iron:** The company procures iron ore from a "Navratna" PSU mining company, renowned for producing India's highest-grade ore, giving them access to DRCLO-grade iron ore for use as raw material in their products. Being located in the steel manufacturing hub ensures easy raw material availability and savings in transport costs.

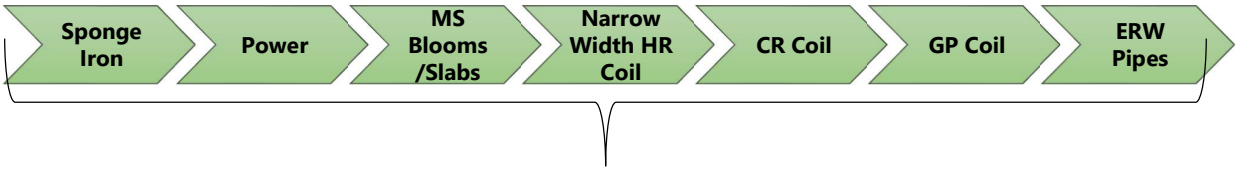
ii. **Blooms / Slabs:** From the high-quality in-house sponge iron, it produces M.S. Blooms with added minerals.

iii. **Narrow-Width HR Coil:** With chemically tested bloom, AGC and Width control technology, a high-strength HR Coil is produced**.**

iv. **CR Coil Full Hard:** Rolled at room temperature, making the steel hard and strong, ensuring that it doesn't defoam. This process enables close product shape, thickness, and dimensional tolerance.

v. **ERW Pipes:** Finally, the HR Coil undergoes further processing in a highly advanced pipe mill to manufacture MS ERW Pipes.

vi. **The company also has its captive power plant.** 56% of the total requirement is captive, and 44% is sourced externally.



Presence across the value chain

Stainless steel coils

i. The production of stainless steel begins with the melting of scrap or virgin raw materials in an induction furnace.

ii. **Argon Oxide Decarburization (AOD)**: The mix is then treated in an Argon Oxide Decarburization (AOD) Converter, where pipes blast Argon and Oxygen gases into it. The AOD minimizes undesired oxidation and removes excess carbon from the mix.

iii. **Continuous casting**: The stainless-steel mix is cast into stainless steel slabs and blooms through a process called continuous casting.

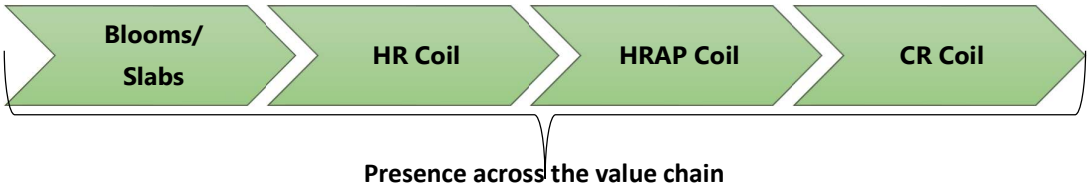
iv. **Grinding:** The stainless-steel slabs/blooms go through a grinding process to remove any surface defect that has occurred during casting.

v. **Roughing Mill and Finishing Mill:** The stainless-steel slab is then sent back and forth through the Roughing Mill to reduce its thickness and increase its length, without changing its width.

vi. **Annealing:** The hot rolled (HR) coil undergoes a thermal process called annealing, in which the metal is given a consistent, uniform internal structure and homogeneous properties. It helps to improve the mechanical stability and corrosion resistance of the coil.

vii. **Pickling:** The stainless-steel coil then goes through a chemical process, Pickling, in which mill scales, surface oxides, and annealing oxides are removed.

viii. **HRAP/CRAP Coils:** The resultant product is called Hot Rolled Annealed Pickled (HRAP) stainless steel coil which goes either directly to the customer or is made into Stainless Steel CR coils are HRAP coils that have been further processed through cold rolling.



Different Raw Materials Used in Manufacturing ERW Pipes

- **HR Coil:** These players manufacture steel pipes using an HR Coil as their raw material. This product is of the highest quality and is the most expensive in the chain. It covers approximately 50-55% of the total market. These players are capable of manufacturing ERW pipes up to 24 inches in size, which allows them to offer a wide range of products.

- **Semi-Coil (Patra)**: These players manufacture steel tubes using a mix of secondary steel and scrap. A manufacturer in this category offers the lowest quality and price. They cover 45-50% of the total market for structural steel tubes

but are limited to manufacturing tubes up to 3 inches in size. It's more of a regional play in this industry.

- **Narrow-Width HR Coil:** The third category is new to the Indian market. The price and quality of products manufactured from narrow-width HR Coils fall between those of the HR Coil players and the Patra players. They are capable of manufacturing pipes up to 7 inches in size, which covers 80% of the total demand for ERW Pipes. The quality is on par with HR Coil. It's just that it has limitations with respect to producing a larger diameter. The opportunity size is huge for this one.

Key Characteristics of Different Raw Material Products

Parameter	Pipes made using:		
	HR coil	Narrow-width HR coil	Patra coil
Quality	High in quality	Quality of pipes made using narrow-width HR coil lies between that of HR coil pipes and Patra coil pipes	generally lower in quality
Physical Properties	High strength	High strength	Low strength
Applications	Suitable for high-pressure applications	Generally suitable for the application areas that require smaller diameter pipes at precise dimensions, but do not require high strength	Generally suitable for application areas where low cost is more crucial than high performance
Raw material specifications	Width and thickness of HR coil are in >1,200 mm and 2-6 mm ranges, respectively	The width is generally less than 1,000 mm	Typically, thickness is under 3–4 mm and width is below 1,000 mm.
Average operating margins	6-8%	8-10%	3-4%

- The Narrow-Width HR Coil pipe market is successful in China but not in India due to unavailability. Although there is demand for this product in the Indian market, no one has been successful in its manufacturing. **Sambhv has been able to develop and establish its quality in this segment.**

Sambhv manufactures from Narrow-Width HR Coil

- **Sambhv is actively involved in the manufacturing of steel pipes from narrow-width HR coils.** In India, only two players are engaged in producing pipes using this technology.
- Apart from Sambhv, Avon is the other player in the industry. Sambhv has a Hydraulic Automatic Gauge Control (HAGC) System that allows for strip thickness control, enabling tighter control of thickness by providing faster and more accurate control of the roll gap.
- The company can gauge thickness tolerance of around 0.05 mm which is on par with the best industry standards. Other players in this segment don't have this technology.

Advantages of using Narrow-Width HR Coil

- **Good Quality: According to feedback from dealers,** narrow-width HR coil products offer far superior quality to Patra and are similar in quality to HR coil.
- **Cost Advantage:** They're available at a low cost. The industry is highly price-sensitive, making this a significant advantage.
- **Ability to Gain Market Share:** Since the quality is similar to HR Coil and far better than Patra, the company has the ability to gain market share.

Overall, given the high quality of narrow-width HR Coil Tubes, a substantial portion of the demand for Patra (Semi Coil) is expected to transition towards superior-quality products, as the existing ones are deemed of low quality and less reliable.

4. Investment Rationale

1. **Integrated Plant**

   Sambhv is the only player in India with a single-location integrated steel pipe plant that has the capability to produce sponge iron, captive power plants, blooms, hot-rolled coils, and ERW pipes.

   Advantages-

   - **Resulting in Higher EBITDA per ton**

An integrated plant helps the company generate significantly higher EBITDA compared to other steel players. **Typically, ERW steel pipe players make around 2,000 to 4,000 per ton, but Sambhv is currently achieving a higher EBITDA.**

- **Advantageous plant location of the company**
  Raipur, being a steel manufacturing hub, the company has the advantage of sourcing the best quality iron ore. This not only reduces transportation costs but also enables the company to manufacture the best quality product in a very efficient way. Also, being located in Central India, logistics is quite easy and competitive to supply in all parts of the country (N-S-E-W).

- Having a captive power plant and waste heat recovery plant also results in cost savings.

2. **Superior Cost Structure and Better Margins to Distributors are also one of the winning propositions for the company**

(Price Per Metric Ton)	Sambhv	HRC Industry Average
Selling Price	55,000-57,000 (ex- plant)	60,000-64,000 (For Delivered)
Distributors Margin	1000-3000	500-2000

High Distributor Margins along with higher EBITDA Margins, somewhat also provide downside margin protection to the company during a downturn in the industry.

3. **Superior Product Positioning, Competitive Edge and one of the few players who has been able to implement this process efficiently**
   After Avon, which is a 25-year-old plant, no one has been able to produce a good product from narrow-width coils. However, Sambhv has cracked the code and launched its pipe product in 2022. It was an instant success in the market due to its higher quality, better price, and product positioning. Avon manufactures similar products, but they source their raw materials from external suppliers.

   The company has made a name for itself in the iron and steel industry owing to its superior quality and consistency in chemical and physical characteristics. Currently, the product is in high demand.

With an additional manufacturing cost of only Rs. 500-1000 per ton, compared to other secondary steel manufacturers, the company earns a premium of Rs. 3,000-4,000 per ton for the end product.

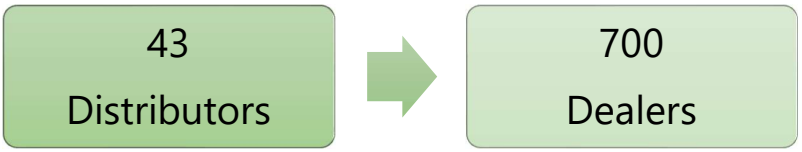
4. **Innovation techniques adopted in the manufacturing process that set the company apart from its peers**

The company has **successfully developed in-house technology** to produce narrow-width hot rolled (HR) coils, utilizing advanced techniques that are rare in the Indian market. These coils are subsequently used in the manufacturing of pipes and tubes.

Manufacture of Stainless Steel through argon oxygen decarburization ("AOD") process: In this process, scrap or virgin raw materials are melted in an induction furnace and subsequently decarburized and refined in a special AOD vessel. **The company is among a limited number of manufacturers in India** manufacturing SS blooms/slabs through the AOD process, which is a cost-effective process. This process consumes lower raw materials and gives higher metallic yields than the other equivalent processes. Thus, better quality of product at a low cost and a minimum raw material consumption provides a degree of competitive edge to the Company.
Likewise, the company manufactures the Galvanized pipe (GP) using Non-Oxide technology. These furnaces, used in continuous galvanizing lines, create a controlled atmosphere that reduces oxidation during the annealing process. This is crucial for producing high-quality galvanized steel, especially since it will use significantly less zinc, thereby further improving the cost efficiency without compromising on quality.

5. **Robust Distribution Network**

The company has established a robust distribution channel in each market to distribute its products. Currently, the company manages all of its business through its wide distribution network. Each of these distributors has the potential to sell a much higher quantity than the company is currently able to supply.



The company has a wide spread presence in the Indian states of Chhattisgarh, Maharashtra, Gujarat, Haryana, Rajasthan, Uttar Pradesh, Madhya Pradesh and

Telangana. In fiscal 2024, the company had a market share in the domestic ERW pipes segment in India of approximately 2.00% in terms of sales volume.

6. **Excellent Feedback from Distributors**

Distributors' feedback on Sambhv's products is quite positive, highlighting significant growth potential estimated at 4-5 times the current production level. Sambhv's products are praised for their exceptional quality, meeting the standards of high-quality products, and being competitively priced compared to other players in the market. Notably, one distributor in the Indore market reported a 100% repeat order rate, indicating strong customer satisfaction. Also, distributors view this market as highly price and quality-sensitive, suggesting that maintaining competitive pricing could lead to substantial market expansion. One of the distributors has reported sales growth of 2-3x during the last year solely due to Sambhv's products, while his sales have remained stable over the past 3-4 years.

The review of promoters from distributors is also quite positive. They were of the view that promoters solve their problems in case of any product problems and take the product review seriously.

Recently we did a channel check at a few distributors in the central region, the key highlights being:

- 30% market share in MP. But can easily grab 40-50% if it increases its capacity.
- Repeat demand from customers is observed.
- Timely delivery of 70% of products and a slight delay in the rest 30% to distributors.
- Promoter review is extremely good. They have aggressive expansion plans. They are personally approaching distributors to expand their distribution channels.
- No other player is able to provide quality products at reasonable prices like Sambhv. They are like the bata of their industry.
- Prices are very attractive that's why distributors are very keen on selling Sambhv's products.
- Sambhv has developed a brand image in the minds of the customers.
- Distributors are diverting their focus on selling Sambhv as their core selling brand.
- Distributors are very optimistic about Sambhv's future, also demand will pick up in the coming months

7. **Proximity to Raw Material Sourcing Location**

The company benefits from its ability to procure raw materials at a reasonable price from mines operated in the region, thanks to the proximity of its mines.

Iron ore	Coal	Centrally located
Easy accessibility to iron ore from a "Navratna" PSU mining company, renowned for producing India's highest-grade ore	Easy accessibility to Asia's largest Coal Mines located in Korba (around 300 km from Raipur	Raipur is centrally located and the largest distribution center, serving neighbouring states such as Orissa and Madhya Pradesh

8. Operating Leverage Play and Capex Plan

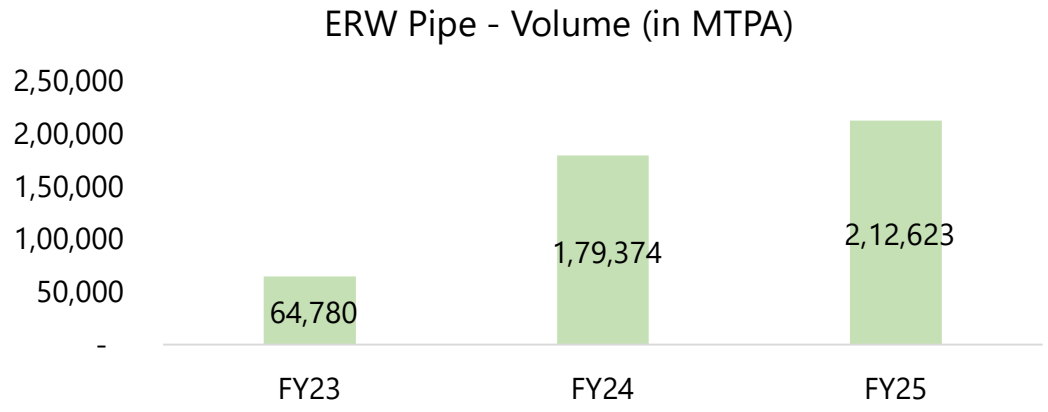
Capex Plan: The company has an ambitious capex plan to significantly increase its revenue from current levels.

Addition of stainless steel HRAP coil and CR coils in the company's product portfolio will aim to meet growing demand of stainless steel across industries like Architecture, Building and Construction ("ABC"), Automobiles, Railways and Transport ("ART"), process industry like food processing, pharma, power, oil and gas, dairy etc., consumer goods like kitchenware, consumer durables etc. and other miscellaneous industries.

Operating Leverage Play: Previously, the capacities of the Steel Melting Shop and Pipe Mill were lower than those of the HR Coil Mill. With the recent completion of capacity enhancements in the SMS and Pipe Mill, the utilization of the HR Coil Mill is now expected to improve.

9. Strong and Experienced Promoter Group

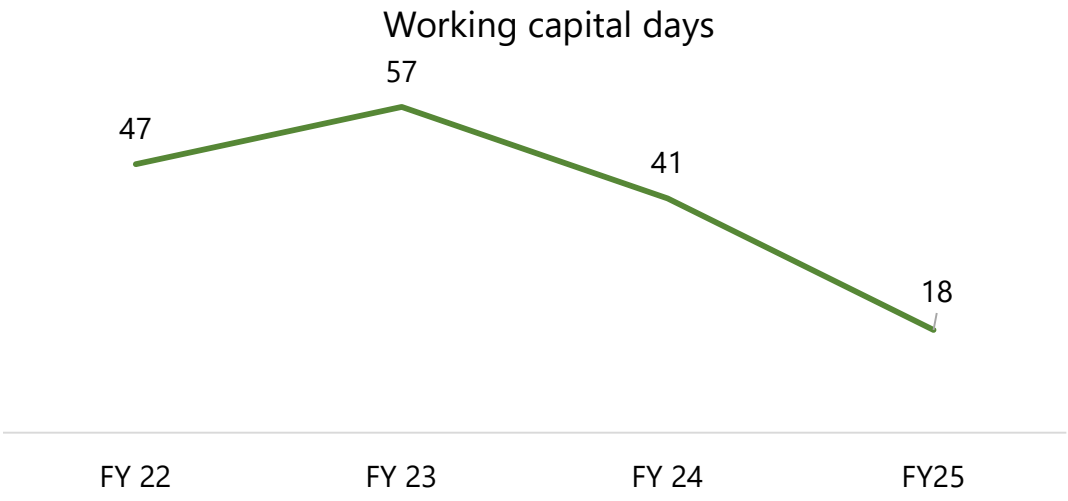
It belongs to a strong group with decades of experience in the steel and plastic sectors, boasting a total turnover in excess of ~ Rs. 2400 crores. They know how to run a steel plant efficiently and this is quite visible from how they have been able to scale up so quickly at Sambhv in just 5 years.



Source: Sambhv Steel RHP

10. Comfortable Working Capital Cycle

The company maintains a working capital cycle of 50-60 days. The overall manufacturing process takes approximately 8 to 10 days. (Sponge Iron for 30-40 days). The higher working capital cycle is merely because of the iron ore, iron ore pellets, and coal inventory required in Sponge Iron production. It needs to maintain at least 30-45 days of inventory.



Source: Sambhv Steel RHP

11. Going Forward: Growth Strategy

- The company has around 43 distributors and plans to increase it to grow its presence
- The capacity expansion aims to broaden its reach within India and internationally. Domestically, they will increase product availability by expanding the distributor network and tailoring strategies to each state's market size and demand. This includes introducing new products to increase business with existing partners.
- Also, they will focus on pre-galvanized (GP) pipe supply to meet rising demand, particularly in coastal regions. Key expansion areas include Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Goa, Delhi, and Maharashtra.
- Internationally, after achieving Rs. 10.29 million in export revenue in Fiscal 2024 (primarily to the Middle East), it will leverage its ERW pipe and tube expertise (GI and GP) to capitalize on growing global demand, diversifying revenue and potentially increasing profit margins.

12. **Robust Demand Scenario: Increased Construction Activities + New Usage in the Industry**

Apart from the infrastructure push and increased construction activities in India, steel tubes are finding increased usage in areas where earlier other construction materials were used, like concrete cement, and now structural steel tubes will be used. The 'Amrit Bharat Station Scheme' has recognized 1,275 stations for redevelopment within the next five years.

The foot-over bridges and ceiling would be constructed completely of tubular steel. The opportunity varies from 500 to 3000 tons per station. Tubular steel is 10-20% lighter than conventional steel.

Even in airports, all new airports that are constructed use tubular steel for roofing solutions. Steel tubes are also finding opportunities in the construction of other infrastructure projects like high-rise complexes, warehouses, data centers, water tanks, hospitals, etc.

13. **Overall, it's a classic combination**

- Operating Leverage Play (Volume + Margins)
- Diversifying product category with a foray into stainless steel coil and moving towards value-added products with the introduction of galvanized pipes
- Capex to commence enabling the company to double its revenue in a span of 2 years
- There are a lot of operational benefits, as discussed above, leading to efficiency and not having a direct comparable peer.
- Being, a metal company, they've got a healthy balance sheet
- Established market-proven product range
- Ability to gain market share in the pipe industry on account of cost and quality from other players

Capacity Installed and Expansion Plans

A substantial portion of the company's Sponge Iron, Power Plant, MS Blooms, and HR Coil are used for captive consumption in the manufacturing of ERW Black and GI tubes and pipes.

Recently the company completed a brownfield expansion which has resulted in enhanced capacities and the addition of galvanized pipes and stainless steel coil as well. The capacity details post the expansion are as below:

Product	Capacity (MTPA)	
	Before expansion	Post expansion
Sponge Iron	1,05,000	2,80,000
Bloom/Slabs (Mild Steel)	3,17,400	3,00,000
Bloom/Slabs (Stainless Steel)	-	60,000
Narrow Width HR Coils (Mild Steel)	3,50,000	3,90,000
Narrow Width HR Coils (Stainless Steel)	-	60,000
Cold rolled products (Stainless Steel)	-	58,000
ERW & GI pipes	2,50,000	3,50,000
GP Pipes	-	1,00,000
Power	6MW WHRB 9MW AFBC	16MW WHRB 9MW AFBC

Note: Expanded capacities have been operational since October 2024

Currently, the company operates from two plants as below:

Name/ Location	Products
Sarora, Tilda, Raipur, Chhattisgarh	Sponge iron, power (WHRB and AFBC), blooms/slabs with AOD process (mild steel and stainless steel), HR coils (mild steel and stainless steel), ERW pipes and tubes and steel door frames, CR coil (mild steel), CRFH pipes
Kuthrel, Dharsiwa, Raipur, Chhattisgarh	GP coil, GP pipe, SS HRAP coils, and SS CR coils

Products	Installed capacity			
	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022
	In MTPA			
Sponge iron	2,80,000	1,05,000	1,05,000	90,000
Bloom/slabs (mild steel)	300,000**	3,17,400	2,31,000	1,50,000
Bloom/Slabs with AOD (Stainless Steel)	60,000**	-	-	-
Narrow width HR coils (mild steel)	3,90,000	3,50,000	3,50,000	1,50,000

Narrow width HR coils (Stainless Steel)	60,000	-	-	-
CR coils (mild steel) *	1,00,000	1,00,000	1,00,000	-
CR coils (Stainless steel)	58,000	-	-	-
ERW and GI pipes	3,50,000	2,50,000	2,50,000	-
GP Pipes	1,00,000	-	-	-
Power	25 MW	15 MW	15 MW	15 MW

*Capacity not utilized as of the date of this Red Herring Prospectus

**The installed capacity of blooms/slabs has increased to 360,000 MTPA from the installed capacity of 317,400 MTPA as of March 31, 2024; however, due to a change in product mix, the installed capacity has been apportioned into blooms/slabs (mild steel) and blooms/slabs (SS).

HRAP SS are captively consumed to produce cold rolled (stainless steel).

GP Coils are captively consumed to produce pre-galvanized pipes.

The **successful production of SS coils on an existing MS coil rolling mill showcases the management's strategic vision and proactive approach to growth.** By venturing into the SS coil market, they are not only diversifying their product portfolio but also demonstrating a keen understanding of evolving market demands. This forward-thinking approach, coupled with their dedication to maintaining high standards in their core business, positions the company for continued success.

Greenfield Capex

The company is planning to commission a greenfield manufacturing facility in Village - Kesda, District Baloda Bazar Bhatapara, Chhattisgarh.

This facility will be operated by its subsidiary, Sambhv Tubes Private Limited. The company intends to add an installed capacity of approximately 1.20 Million MTPA of finished product in three phases.

- Phase-I will have 0.36 MMTPA of Stainless Steel Coil Production Capacity which is expected to be commissioned by end of FY27.
- Phase-I Product Capacity Expansion: Estimated CAPEX of INR 8,100 Million
- Phase-I Cost Efficiency Project (25 MW Power Plant): Estimated CAPEX of INR 1,250 Million

5. Key Trackables

1. Economic downturn to affect infrastructure spending

An economic downturn, if any, will have a direct bearing on capital allocation for future projects and the release of funds for ongoing projects. Any drop in key economic ratios curtails the demand for key infrastructure items and also stretches the gap between demand and supply.

2. Volatility in steel prices

Any increase or decrease in steel prices is passed on to the customer but with a lag of a month. However, as it procures these raw materials from a few suppliers, any disruption in the supply of raw materials or unfavorable procurement terms could adversely affect the company.

The availability and cost of the required grade of raw material (iron, ore, coal and gas) are affected by the movement and parity of landed costs, prices, freight and demand-supply gaps, tariffs and exchange rates. Any increase or decrease in price is directly passed on to consumers.

3. Dependence on Distributors

A significant proportion of sales is done through distributors. Business growth depends on the ability to attract additional distributors to the network. Any inability to maintain a network may result in a loss of market share.

4. Threat of New Entrants

There is a possibility that players can try to enter the market while witnessing the success of these pipes. Many companies are planning to set up the same process as Sambhv, resulting in a competitive scenario.

6. Financials

Profit & Loss

Rs. in crores	2019	2020	2021	2022	2023	2024	2025
Revenue	**186.83**	**243.41**	**479.05**	**819.35**	**937.22**	**1,285.76**	**1,511.36**
Revenue Growth		30.3%	96.8%	71.0%	14.4%	37.2%	17.5%
Expenses							
COGS	158.51	196.36	389.01	619.80	696.70	920.18	1064.47
Gross Profit	**28.32**	**47.05**	**90.04**	**199.55**	**240.52**	**365.57**	**446.89**
Gross Profit Margins	**15.16%**	**19.33%**	**18.80%**	**24.35%**	**25.66%**	**28.43%**	**29.57%**
Employee	4.87	7.86	13.54	23.47	41.46	57.13	88.42
Other Expenses	6.15	13.96	12.91	51.56	81.76	148.57	203.98
Total Expenses	169.53	218.18	415.46	694.83	819.92	1125.88	1356.87
EBITDA	**17.30**	**25.23**	**63.59**	**124.52**	**117.30**	**159.87**	**154.49**
EBITDA Margins	**9.26%**	**10.37%**	**13.27%**	**15.20%**	**12.52%**	**12.43%**	**10.22%**
Other Income	0.16	0.32	1.11	1.40	1.78	3.62	5.35
Depreciation	4.52	3.70	6.01	10.12	16.15	20.91	34.35
EBIT	**12.94**	**21.85**	**58.69**	**115.80**	**102.93**	**142.58**	**125.49**
EBIT Margins	**6.93%**	**8.98%**	**12.25%**	**14.13%**	**10.98%**	**11.09%**	**8.30%**
Finance Cost	4.59	9.05	14.95	19.12	21.82	31.82	47.29
Exceptional Gain/(Loss)	-0.17	3.08	-	-	-	-	-
Profit/(Loss) Before Tax	**8.16**	**15.88**	**43.74**	**96.68**	**81.11**	**110.76**	**78.18**
Tax expenses	2.29	3.98	10.66	24.57	20.73	28.33	20.91
Tax %	28.06%	25.06%	24.37%	25.41%	25.56%	25.58%	26.75%
PAT	**5.87**	**11.90**	**33.08**	**72.11**	**60.38**	**82.43**	**57.27**
PAT Growth		103%	178%	118%	-16%	37%	-31%
PAT Margin	**3.14%**	**4.89%**	**6.91%**	**8.80%**	**6.44%**	**6.41%**	**3.79%**

Cash Flow Statement

Rs. in crores	2019	2020	2021	2022	2023	2024	2025
Cash flow from Operations	-11.10	-1.06	51.92	34.50	65.55	142.43	126.19
Cash flow from Investing	-42.79	-44.95	-56.89	-100.25	-84.90	-311.60	-233.16
Cash flow from Financing	55.05	50.36	6.27	65.68	19.48	176.56	104.54
Net increase in cash flow	1.16	4.35	1.30	-0.07	0.13	7.39	-2.43

Balance sheet

(Rs. in crores)	2019	2020	2021	2022	2023	2024	2025
Non-Current Assets							
Fixed Assets	38.56	112.26	114.02	235.47	294.17	336.79	749.09
CWIP	34.12	4.74	59.63	16.70	21.51	215.61	85.83
Financial Assets	-	-	-	5.84	8.73	15.36	31.25
Other Non-Current Assets	1.07	0.89	3.16	11.51	21.36	57.06	14.35
Total Non-Current Assets	**73.75**	**117.89**	**176.81**	**269.52**	**345.77**	**624.82**	**880.52**
Current Assets							
Inventories	19.25	42.10	35.48	121.51	141.45	149.06	253.89
Cash and Bank	1.43	5.78	7.08	0.06	0.20	7.58	16.25
Trade Receivables	3.80	12.88	7.63	15.64	34.57	94.10	147.16
Other Current Assets	12.36	25.61	43.32	51.68	30.16	64.53	106.77
Total Current Assets	**36.84**	**86.37**	**93.51**	**188.89**	**206.37**	**315.31**	**524.07**
Total Assets	**110.59**	**204.26**	**270.32**	**458.51**	**552.14**	**940.13**	**1404.59**
Equity							
Equity Share Capital	19.59	20.09	20.09	20.09	20.09	241.00	241.00
Retained Earnings	10.36	24.76	57.85	129.21	190.31	197.28	254.34
Total Shareholders' Equity	**29.95**	**44.85**	**77.94**	**149.30**	**210.40**	**438.28**	**495.34**
Liabilities							
Non-Current Liabilities							
Borrowings	51.27	87.97	117.10	136.50	168.99	181.43	330.33
Deferred Tax Liabilities	0.71	3.03	5.32	9.70	14.21	18.75	30.22
Other non-current liabilities	-	-	-	1.10	3.08	4.93	4.20
Total Non-Current Liabilities	51.98	91.00	122.42	147.30	186.28	205.11	364.75
Current Liabilities							
Borrowings	12.20	31.91	23.99	104.79	113.78	165.45	174.1
Trade Payables	10.52	24.96	19.76	30.97	28.26	97.77	324.7
Current tax liabilities	-	-	-	13.04	0.67	6.91	0
Other Current Liabilities	5.94	11.54	26.21	13.11	12.75	26.61	45.70
Total Current Liabilities	**28.66**	**68.41**	**69.96**	**161.91**	**155.46**	**296.74**	**544.50**
Total Liabilities	**80.64**	**159.41**	**192.38**	**309.21**	**341.74**	**501.85**	**909.25**
Total Equity And Liabilities	**110.59**	**204.26**	**270.32**	**458.51**	**552.14**	**940.13**	**1404.59**

Return Matrix

Return Matrix	2019	2020	2021	2022	2023	2024	2025
ROE	**19.60%**	**26.53%**	**42.44%**	**48.34%**	**28.54%**	**18.81%**	**11.56%**
Dupont Analysis							
Net Profit Margins	3.14%	4.89%	6.91%	8.90%	6.44%	6.42%	3.79%
Asset Turnover	1.69	1.19	1.77	1.79	1.70	1.37	1.08
Equity Multiplier	3.69	4.55	3.47	3.07	2.62	2.15	2.84
Fixed Asset Turnover	2.57	2.08	2.76	3.25	2.97	3.82	2.02
Debt to Equity	2.12	2.67	1.81	1.62	1.34	0.79	1.02
Interest Coverage Ratio	2.82	2.41	3.93	6.06	4.72	4.48	2.65
ROCE %	**13.85%**	**13.26%**	**26.80%**	**29.65%**	**20.87%**	**18.16%**	**12.55%**
ROIC %	**11.51%**	**12.13%**	**22.51%**	**30.94%**	**20.90%**	**29.86%**	**12.62%**

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