20th April 2026

Sambhv Steel Tubes Ltd.

BSE: 544430 | NSE: SAMBHV

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**120/-**	**138/-**	**15.0%**

Sambhv Steel Tubes Ltd. (Sambhv) is one of the key backward-integrated manufacturers of Electric Resistance Welded (ERW) steel pipes and structural tubes (hollow section) in India in terms of installed capacity. The company operates two manufacturing facilities in India (Sarora and Kuthrel), with an installed capacity of (a) 3,50,000 Metric Tonnes per Annum (MTPA) of ERW pipes and tubes; (b) 1,16,000 MTPA of pre-galvanized (GP) coils; (c) 1,00,000 MTPA of GP pipes; and (d) 58,000 MTPA of Stainless Steel coils.

Key Investment Rationale:

- **Integrated operations backed with captive power capabilities:** Sambhv operates a fully integrated manufacturing facility in Sarora (Tilda), Chhattisgarh. The plant produces intermediates like sponge iron, blooms/slabs, narrow-width HR coils and cold rolled coils in-house as well as finished products like ERW black pipes, tubes and steel door frames. The facility is supported by a 25 MW captive power plant. Further, the company commissioned a new facility in Kuthrel (Raipur), which introduced finished products like pre-galvanized (GP) coils, pre-galvanized (GP) pipes, and stainless steel HRAP and CR coils.
- **Capex roadmap:** The company plans to commission a Greenfield facility in Kesda, Chhattisgarh with 1.2 million tonnes (mnt) of capacity for finished products, to be commissioned in phases. Environmental Clearance has been received and execution is underway. Phase 1 cost is estimated at Rs 930 cr - 940 cr, funded via Rs 600 cr – Rs 650 cr in debt and the remainder through internal accruals. Commercialization is expected by 4QFY27. Sambhv is considering entry into the stainless-steel seamless tube market (aiming for import substitution in diameters >6 inches) and planning a 2,00,000 tonne DFT (Direct Forming Technology) plant for larger diameter pipes (7–14 inches) which shall have higher margins than existing MS pipes made from purchased coils.
- **Competitive advantages:** The company has received approval for two applications under the PLI 2.0 scheme for future stainless-steel expansion, which will provide significant long term support. The company is successfully transitioning its stainless-steel mix towards the higher-margin 300 series, targeting a 50/50 mix with the 200 series (up from 30/70).
- **Record operational performance:** During 4QFY26/FY26, the company achieved its highest-ever quarterly/annual Value added producets (VAP) sales volumes, up by 31.2%/51.3% YoY to 95,797 MTPA/3,55,688 MTPA respectively. Total sales volume (VAP + Intermediate products) for 4QFY26/FY26 increased by 17.6%/36.5% YoY to 1,07,785 MTPA/3,96,731 MTPA, respectively. For 4QFY26, the management has guided for a sharp sequential recovery in EBITDA/t from Rs 5,500 in 3QFY26 to ~Rs 7,500, supported by rising price realizations and the commissioning of higher-margin value-added capacities.
- **Attractive Valuation:** At the CMP of Rs 120, the stock trades at FY26E/FY27E Bloomberg consensus EV/EBITDA multiple of 14.6x/12.1x respectively.

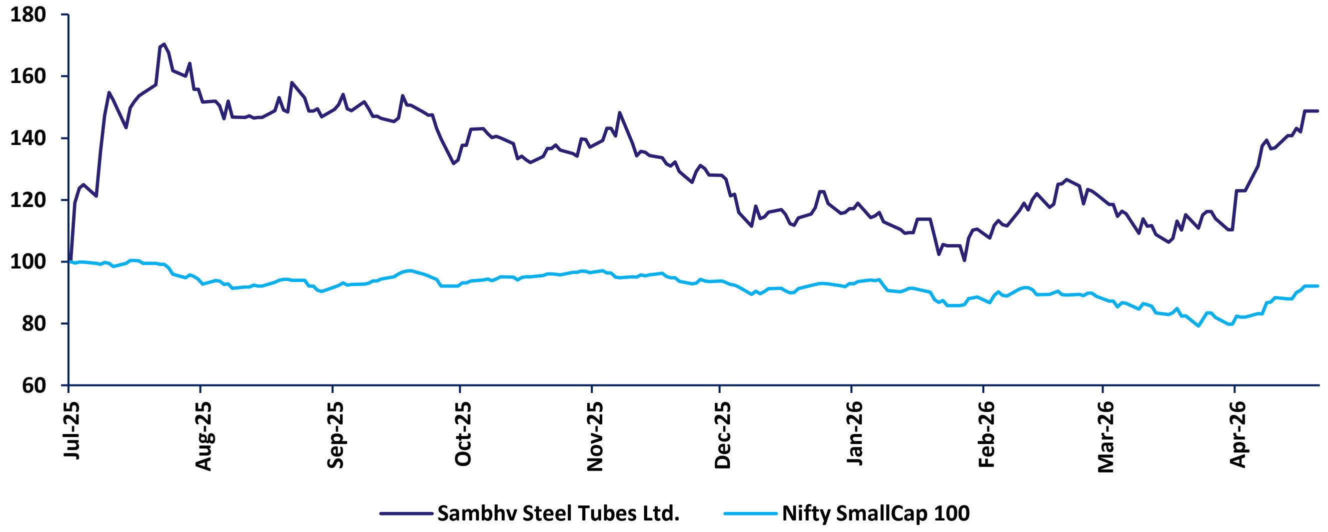
Key risks: Delay in ramp-up of new capacities; Slowdown in domestic & international demand.

Financial Summary

Particulars (Rs cr)	FY24A	FY25A	FY26E	FY27E
Net Sales	1,286	1,511	2,358	2,901
EBITDA	160	154	256	309
Net Profit	82	57	127	142
EBITDA Margin (%)	12.4	10.2	10.9	10.7
EPS (Rs)	3.4	2.4	4.3	4.8
RoE (%)	8.4	5.8	16.6	12.9
P/E (x)	35.7	51.3	28.4	25.4
EV/EBITDA (x)	23.5	24.5	14.6	12.1

Source: Bloomberg Estimates

Stock Performance (since listing) – Indexed to 100



Source: Ace equity, SSL Research

Recommendation History

Date	Stock Price (Rs)	Target Price (Rs)	Recommendation	Status
-	-	-	-	-

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