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SAMBHV STEEL TUBES LTD

JANUARY 2026

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Initiating Coverage

Sambhv Steel Tubes Ltd. | BUY | TP: Rs 150 | Upside: 67%

Mid-Metamorphosis and Mispriced

We initiate coverage on Sambhv Steel Tubes with a BUY rating and target price of Rs 150. There is a moment in every emerging industrial story where the balance sheet still looks familiar, but the trajectory no longer does. Sambhv is standing exactly there, in the middle of a Dual-engine scale-up: a stable, geographically advantaged, and economically predictable structural pipes franchise, and a high-growth stainless-steel (SS) flat products platform. The Phase-1 Kesda expansion (360kt SS coils; Q4 FY27 launch) fundamentally alters the company's earnings mix, moving SS to ~60% of revenues by FY28 and lifting EBITDA/t materially, aided by BIS restrictions and a ~1mmt import substitution gap. Revenue and EBITDA more than triple, PAT more than quadruples, asset turns recover meaningfully, and ROE steps from 12% to ~20%. We expect rerating of this company on successful SS execution and ROE upliftment.

- **Industry Setup is Accretive to the Strategy:** Structural steel tubes continue to compound at double-digit rates with Industry estimates expecting 18% CAGR in HR-coil-based structural tubes over CY23-30 driven by infrastructure, solar structures, urban verticalization, and the substitution of RCC with fabricated steel. Stainless Steel demand is expected to grow by ~10% CAGR over FY25-30 driven by consumer shifts, critical applications and BIS slab norms leading to import substitution. India's SS per-capita demand is still half the global average. In short, both of Sambhv's operating legs sit in demand pools that are structurally expanding faster than GDP as well as steel.

- **Integration the prevalent MVP:** Sambhv runs a single-geography, end-to-end DRI-route steel platform: sponge → billet → HRC → ERW/CRC → GP coils/pipes, supported by 25 MW (WHRB+AFBC) captive power which is being further expanded by 25MW for the upcoming plant. Integration cushions volatility for Sambhv i.e. HRC self-manufacture continues to earn a ~Rs3-3.5k/t higher spread vs outsourced coil, GP adds a structural Rs1.5k uplift over ERW, captive power neutralises tariff shocks, and the raw-material footprint remains tight within Chhattisgarh's mineral grid. The evidence is visible; H1 FY26 delivered Rs5.9k/t MS EBITDA despite volatile HRC prices and monsoon disruptions.

- **Stainless Steel expansion augments growth:** FY25 marked Sambhv's entry into SS with the commissioning of HR + CR lines (58kt in FY25 to 116kt in FY26). Phase-1 of the Kesda project will add 360kt of SS melt-roll capacity by end of FY27. SS is not just incremental capacity; it structurally changes the earnings profile. SS EBITDA/t is Rs12-14k (2-3x of MS) while similar on margins (%). The company already commercialized 202/204 and is stabilizing 304; 316 follows taking total SS share in mix to ~60% by FY28. The flip side is that higher the SS contribution, the more the valuation starts looking like Jindal Stainless (which the street values at ~9x FY28 consensus EBITDA). The only way Sambhv avoids being pulled down into SS-peer valuation gravity is by delivering much higher earnings growth than JSL and our math implies ~65% FY25-28E PAT CAGR. The rerating argument is not speculative, but conditional on flawless execution.

- **Economics in motion:** Gross margin holds stable between 28-29% even as absolute spreads float with the steel cycle. Asset turns recover from 1.3x to 1.9x as SS throughput scales. EBITDA more than triples from Rs1.5bn in FY25 to ~Rs5.5bn in FY28. ROE lifts from 12% to 20%, leverage remains moderate with Phase-1 Kesda capex (Rs9.35bn) funded through a judicious mix of internal accruals and debt. Net-debt-to-equity cools from 1x in FY25 to ~0.6x by FY28.

- **Valuations, view & risks:** We expect the company to deliver 49%/52%/65% Revenue/EBITDA/PAT CAGR between FY25-28E. We Initiate coverage on Sambhv with a BUY rating valuing it on SOTP framework assigning 13x MS EBITDA, 7.5x SS EBITDA to arrive at a target price of Rs 150/sh. Key risks centre on execution and ramp-up at Kesda, volatility in SS grade acceptance and spreads, and the possibility that rising leverage during capex cycles delays the ROE proof-point required for a re-rating.

Target Price	150
CMP	90
Upside	67%

Price Performance (%)

	1M	6M	1Yr
SAMBHV	-6.1	-29.0	N/A
Nifty 50	-0.5	3.7	11.7

Key Data	
Bloomberg Code	SAMBHV :IN
Curr Shares O/S (mn)	294.7
Diluted Shares O/S(mn)	294.7
Mkt Cap (Rsbn/USDmn)	27.9/0.3
52 Wk H / L (Rs)	149/87
3M Average Vol.	1030442

Source: Bloomberg, ACE Equity, MNCL Research

Shareholding pattern (%)

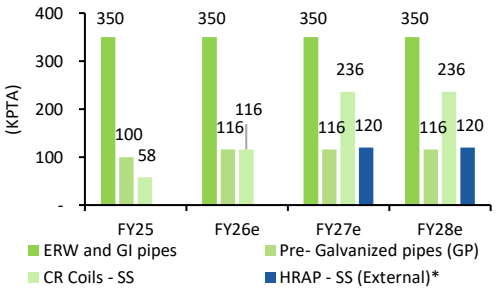
	Dec-25	Sept-25	Jun-25
Promoter	56.2	56.2	56.1
FIIs	1.7	2.3	3.6
DIIs	2.7	3.0	6.8
Others	39.5	38.5	33.4

Source: BSE

Why should you read this report?

- *Understand Sambhv's complex transition into a clear, verifiable earnings framework.*
- *Details on the Stainless-Steel flat market in India - why it has been a monopoly for long time and what changes ahead?*
- *It highlights the few diligence variables that will determine whether Sambhv deserves a rerating or not.*

Expanding Finished Products Capacity by venturing into SS Coil Manufacturing



*Source: Company, MNCL Research Estimates, *Peak HRAP output at optimum utilizaiton*

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Y/E Mar (Rs mn)	Revenue	*YoY (%)*	EBITDA	*EBITDA (%)*	Adj PAT	*YoY (%)*	Adj EPS	RoE (%)	*RoCE (%)*	P/E (x)	EV/EBITDA (x)
FY23	9,372	*14.4*	1,173	*12.5*	604	*(16.3)*	30.1	*33.6*	*17.0*	NM	NM
FY24	12,858	*37.2*	1,599	*12.4*	824	*36.5*	3.8	*25.4*	*16.2*	NM	NM
FY25	15,114	*17.5*	1,545	*10.2*	573	*(30.5)*	2.4	*12.3*	*9.9*	41.0	18.4
FY26E	22,814	*51.0*	2,560	*11.2*	1,197	*109.0*	4.1	*15.7*	12.7	22.2	11.6
FY27E	28,385	*24.4*	3,043	*10.7*	1,295	*8.2*	4.4	*11.9*	10.0	20.5	11.2
FY28E	50,397	*77.6*	5,454	*10.8*	2,585	*99.6*	8.8	*20.1*	15.3	10.3	6.5

Source: Company, MNCL Research estimates, Consolidated Financials

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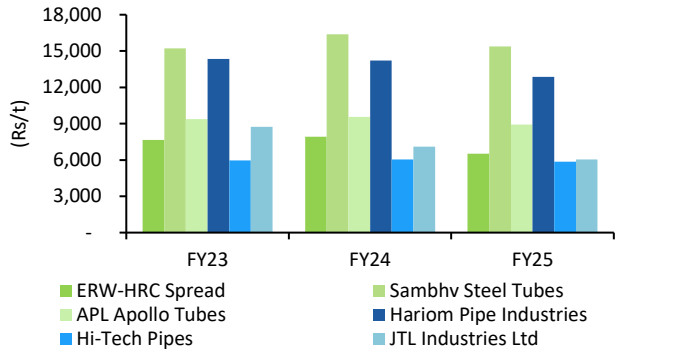
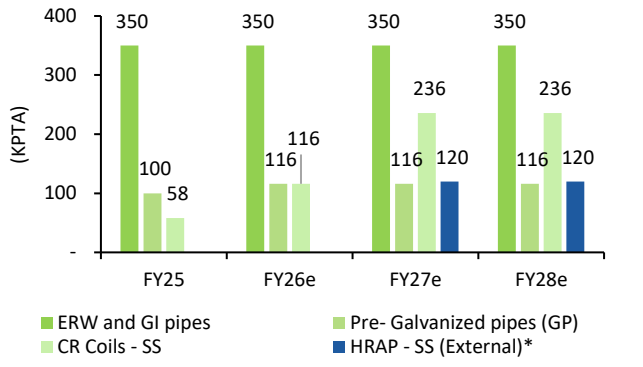
Investment Thesis in Charts

Exhibit 1: Sambhv boasts highest Gross Profit/ton among listed peers due to Backward Integration



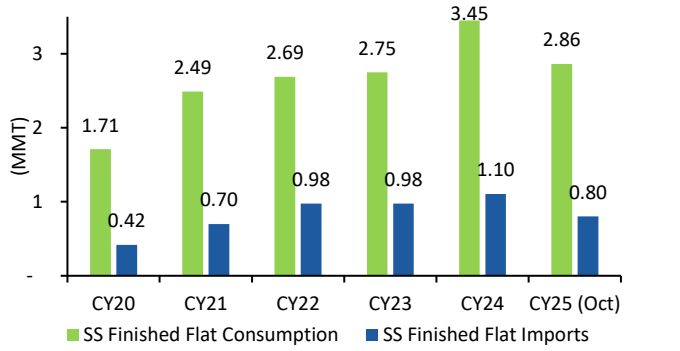
Source: Industry, Company, MNCL Research

Exhibit 2: Expanding Finished Products Capacity by venturing into SS Coil Manufacturing



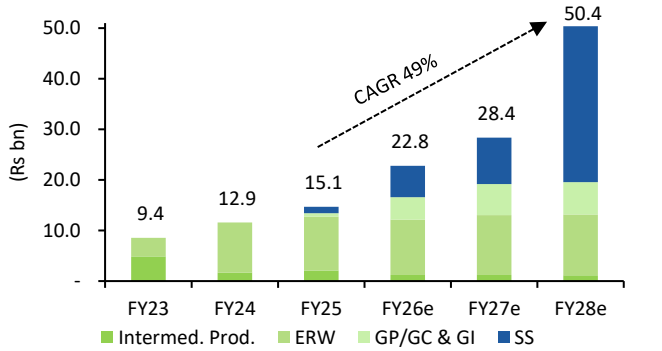
Source: Company, MNCL Research, *Peak HRAP output at optimum utilizaiton

Exhibit 3: Sterning BIS norms bring huge import substitution opportunity



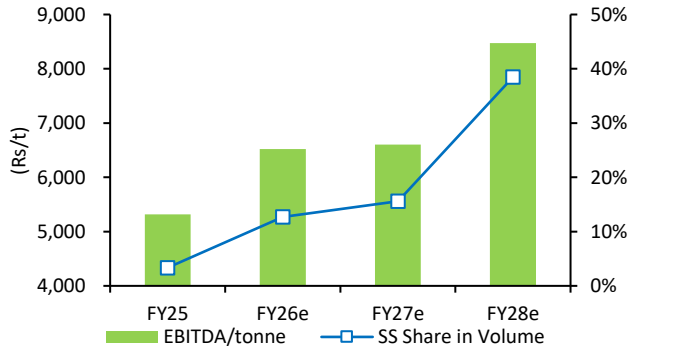
Source: Industry, MNCL Research

Exhibit 4: SS to grab ~60% share of revenue by FY28, driving a CAGR of ~50%



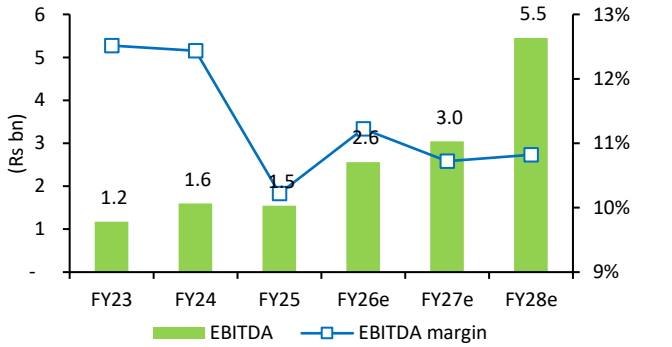
Source: Company, MNCL Research estimates

Exhibit 5: EBITDA/ton to rise meaningfully with increasing share of SS



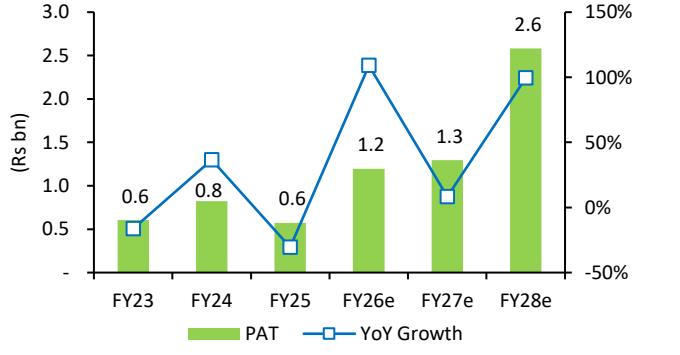
Source: Company, MNCL Research estimates

Exhibit 6: EBITDA to grow at a CAGR of 52% while margins stabilize between 11-12%



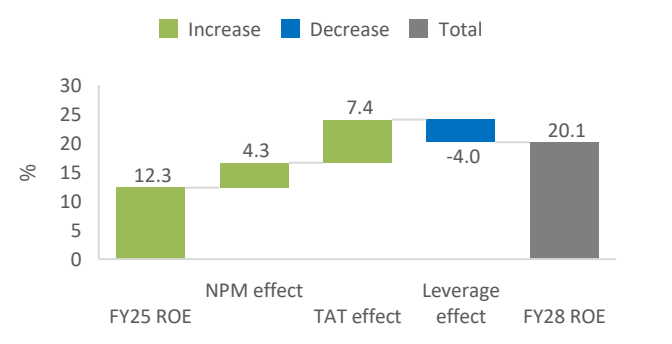
Source: Company, MNCL Research estimates

Exhibit 7: PAT CAGR of 65% from operating leverage



Source: Company, MNCL Research estimates

Exhibit 8: ROE Expansion driven by profitability and efficiency



Source: Company, MNCL Research estimates

FAQ's – What drives our conviction for the company?

Sambhv Steel over the last 3 years has already established itself in the MS pipes and GP segment with a countrywide dealer and distributor network. Sambhv has also proven that its backward integration provides better profit margin vs. other pipe manufacturers especially in bearish pricing environment.

The story and upside for the next 3years is predominantly dependent on scaling of the stainless-steel business. Stainless steel flat products have been for very long time, a monopoly industry, with several re-rollers and large imports catering to the remaining domestic demand. In this section, we answer some of the main questions to explain our conviction in this company.

Q1. How does Sambhv Steel differentiate its products from its competitors? Main products to be focused to expand the offtake?

Sambhv manufactures SS flat products which have up to 0.5mm thickness, essentially in the 200series. The largest domestic manufacturer and peer to Sambhv caters broad thickness of up to 1mm. However, large part of the imports in both 200 and 300 series are concentrated in the below 0.5mm thickness where Sambhv will aim to increase its offtake with the new capacity at phase 1 of Kesda. Further, Sambhv is currently focused on a width of 290mm for its CRC SS flat products. With the phase 1 expansion at Kesda, Sambhv will expand its range up to 600mm width and enter cater to new end users like higher width utensils, elevators, pharma containers, etc. This will reduce the current large dependency on end use i.e. pipes & utensils. Further the introduction of grade 300 will further help diversify the product line and end uses.

Q2. How much is the annual demand for SS flat products in India? How much of flat SS is imported?

As per India Stainless Steel Development Association (ISSDA) and Bigmint, following are the statistics for 2024:
Total capacity for SS flat products: 5mntonnes
Total consumption of SS flat products: 3.45mntonnes
Total imports of SS flat products: 1.10mntonnes
Total exports of SS flat products: 0.23mntonnes
Total domestic production of SS flat products: 2.27mntonnes
Out of the total imports, ~50% is series 300 and ~50%/ 14%/ 14% was imported from China/ Vietnam and Indonesia resp.

Q3. Which are the new capacities announced in SS flat products in India?

Jindal Stainless Ltd. is expanding by 1.2mnt/annum
Shyam Metalics is expanding by 0.5mnt/annum
Sambhv steel is expanding by 0.36mnt/annum

Q4. Why has SS flat products been a monopoly business since several years? Why none of the large steel players ventured into SS flat manufacturing?

There are several reasons for the monopoly in the industry namely:

1. SS flat products are all made from SS scrap along with addition of nickel, chrome, ferro-manganese, etc. The composition of the final product is to be derived, depending on the composition of the SS scrap procured. Therefore, it is essential to have expertise in cracking the right composition.
2. SS Scrap availability can be a challenge.
3. Failure to secure offtake.

4. Large steel players did not enter this industry as SS flat is not a massive volume game. Infact, it is a small 4mntonnes industry currently vs. a 150mnt carbon steel industry.

Q5. What is the right to win for Sambhv steel in the SS flats industry?

1. Sambhv steel has mastered the AOD furnace and final product composition game due to the hiring of an experienced steel melt shop head having more than a decade of experience in this industry.
2. The procurement head comes with a 2 decade of experience in RM sourcing having several avenues to source the SS scrap in case of a deficit from a particular source.
3. Sambhv have established a sales network/ customer network with sales of 4500tonnes/month, achieved in 3 quarters thereby proving product acceptability.
4. Sambhv Steel has applied for 2 PLI schemes which imply government support to encourage new players and reduce import dependence.
5. Sambhv is already planning on RM sourcing and expansion of sales network with an aim to sell 20-25ktonnes/month.

Q6. Where will Sambhv sell its volumes in the SS flat industry?

1. We believe that the end user industry has long been working in an environment of single source for their SS flat requirement and are now looking for options on the supply side.
2. Sambhv will aim to replace imports and volumes of the unorganized market. There is already a 7.5% safeguard duty imposed on imports from China, Vietnam and Thailand which has reduced the dumping of SS flat products in India in 2025(import data discussed in detail on pg. 21). Apart from this, there is also a BIS requirement for slabs and coils imported in India. The government has opened a 3-month window to clear the imports of small traders. After this window closes, imports should be restricted.
3. There is a meaningful re-roller market where Sambhv will sell its HRAP sales from the new Kesda facility. The company plans to start pre-sales of HRAP in FY27 even before the new Kesda facility is commissioned.
4. Addition of higher grade: 304 and 316, which makes 50% of the SS flat imports to India.
5. Out of all the 3 new capacities, Sambhv has the lowest volume to sell, thereby reducing the risk of oversupply in the industry.

Q7. Have we discounted for an oversupply scenario in FY28 in the SS flat industry?

All the three new capacities are expected to ramp up in FY28, being the first year of operations. We expect a slow ramp up for Shyam Metalic being the very first year of operations and sales in the SS flat industry. Sambhv Steel has guided for ~60% capacity utilization for the new Kesda capacity in the first year of operations.

1. We expect a 4.5-5mnt demand for SS flat products in India in 2027/ FY28 and a ~7mnt capacity (peak utilization: 65%)
2. Even if all the new capacities ramped up to 60% in the first year, which is highly unlikely, the market will remain balanced, assuming meaningful import substitution (at least 40%).
3. A lower than 60% ramp up in new capacities in FY28 would surely imply a deficit domestic supply in India.
4. However, to discount for the worst-case scenario, we have assumed some impact on the prices and utilization rate of Sambhv in our estimates.

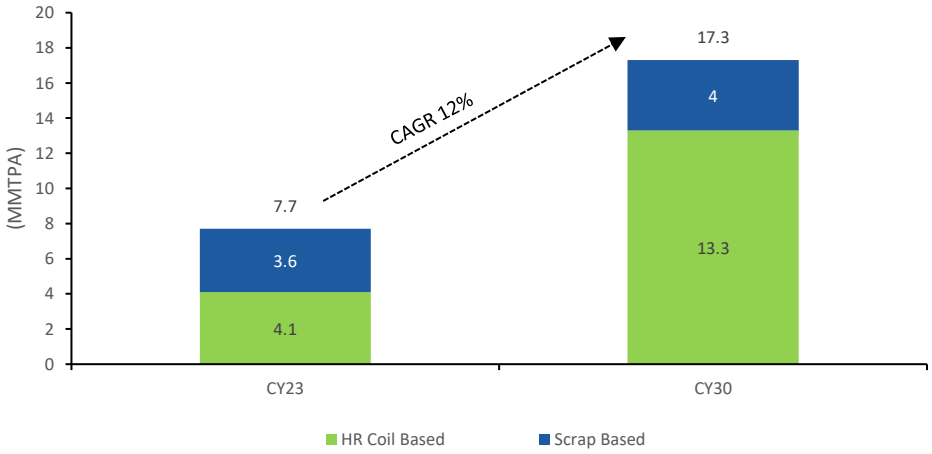
Realization estimate: we have assumed a 3.5% CAGR hike in realization over FY26-FY28E, purely due to improvement in product mix i.e. 15% grade 300 and 85% grade 200 vs. a guidance of at least 25% proportion of grade 300 in FY28. We have not assumed any hike in the base pricing of SS flat products.

Utilization levels: We assume a 50% utilization for the new Kesda SS capacity in FY28, lower than the guided 60% utilization by the company.

Carbon Core Fortifying

Industrial Tailwinds Carry a Structural Shift

Exhibit 9: HR Coil based Pipes to outgrow Patra based



Source: Industry, MNCL Research

India's structural steel tube market is in the middle of both cyclical expansion and a structural composition shift. Industry data places the market at 7.7mmt in CY23, growing to 17.3mmt by CY30 (~12% CAGR). Within this:

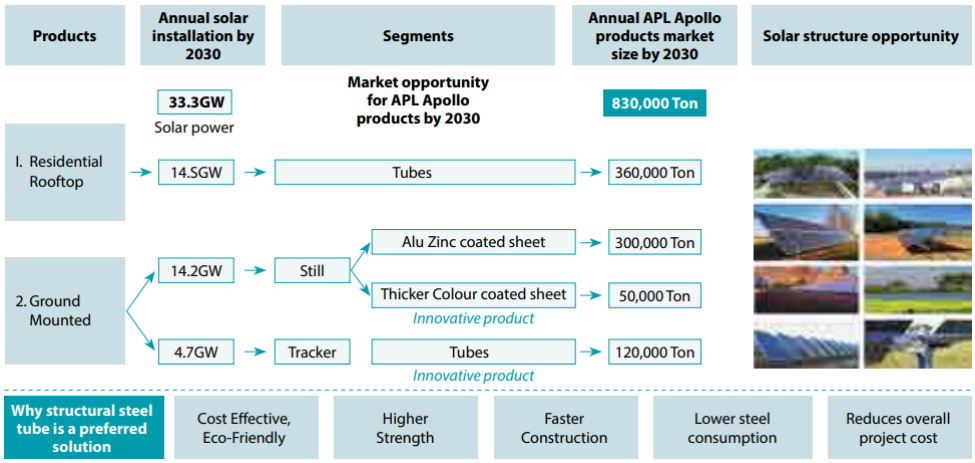
- HR-coil-based tubes expand from 4.1mmt to 13.3mmt (~18% CAGR).
- Scrap-based tubes rise marginally from 3.6mmt to 4.0mmt (~1.5% CAGR).

This implies a meaningful migration in the product mix: HR-based tubes increase from ~53% of the market in CY23 to ~77% by CY30, while scrap-based tubes fall from ~47% to ~23%. This shift reflects tightening customer quality requirements, formalisation of procurement processes, and greater compliance sensitivity in infrastructure and fabrication supply chains. The trend clearly favours HR-coil-based manufacturers like Sambhv.

Policy Architecture Supports HR-Based Organised Players: Over 150 steel standards are now covered. The June 2025 clarification explicitly requires intermediate input (HR, CR, slabs) feeding BIS-certified final products to also comply with BIS standards. This materially raises the entry barrier for scrap rerollers and import-dependent mills.

National solar ambitions present new opportunities for value added products: India has set a target to achieve 280 GW of solar power by 2030 which as of Oct'25 stands at 130GW. Meeting this target warrants installing ~30GW each year. Typically, every MW added requires ~20-30t of GP tubes and the estimated demand from Industrial and Residential rooftops are 360ktpa while ground mounted could reach 470ktpa.

Exhibit 10: Huge Market Opportunity for value added products in solar space



Source: APL Apollo, MNCL Research

Integrated Operating Model; A Structural Advantage

The Indian ERW industry is structurally bifurcated: a large cohort of non-integrated processors, and a very small set of backward-integrated players. Sambhv belongs to the latter. With captive sponge, billets, HR, and downstream CR/GP/ERW all consolidated in proximity, the company operates one of the tightest integrated secondary-route platforms in its peer group.

Exhibit 11: Backward Integrated MS Backbone Anchors Scale and Stability

Product Segment	Product Category	Installed Capacity as on H1FY26 (MTPA)
Sarora (Tilda) Facility (Unit 1)		
Mild Steel (MS)		
Sponge Iron (DRI)	Intermediate Product (Feeder)	2,80,000
Blooms/Slabs	Intermediate Product (Crude Steel)	3,00,000
Narrow-width HR Coils	Intermediate Product	3,90,000
Cold Rolled (CR) Coils	Intermediate Product (Feed for GP Coils/CRFH Pipes)	1,16,000
ERW Black Pipes & Tubes (including CRFH pipes) / GI Pipes	Finished Product	3,50,000
Stainless Steel (SS)		
Blooms/Slabs (with AOD)	Intermediate Product (Crude Steel)	60,000
Narrow-width HR Coils	Intermediate Product	60,000
Power Integration	*Captive Power*	*25 MW*
Kuthrel Facility (Unit 2)		
Mild Steel (MS)		
Pre-Galvanized (GP) Coils	Intermediate Product (Zinc-Coated CR Coils)	1,16,000
Pre-Galvanized (GP) Pipes	Finished Product	1,16,000
Stainless Steel (SS)		
HRAP Coils	Intermediate Product (Captively consumed for CR Coils)	58,000
CR Coils	Finished Product	58,000
	Total Finished Products	**5,08,000**

Source: Company, MNCL Research

Exhibit 12: Sarora (Tilda) Unit

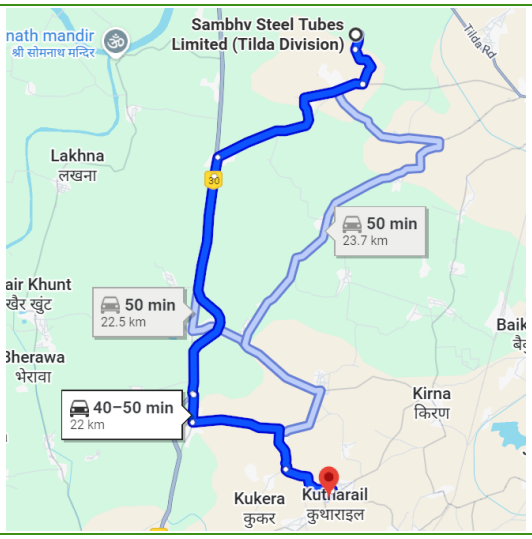
Source: Company, MNCL Research

Exhibit 13: Kuthrel Unit

Source: Company, MNCL Research

While the Kuthrel facility (Unit 2) itself does not house primary upstream manufacturing components like the sponge iron plant or the captive power plant, the entire group is considered fully backward integrated because the Kuthrel unit is strategically located to receive intermediate raw materials directly from the main Sarora (Tilda) facility (Unit 1).

Exhibit 14: Both units at ~1hr travel distance from each other



Source: Google Maps, MNCL Research

This integration matters because it strips out the chronic inefficiencies that typically haunt secondary-route producers. Captive sponge and billets neutralise the volatility of the weekly scrap-and-billet circus; internal HR insulates EBITDA when spreads collapse (Rs6,000-7,000/t on in-house HR versus Rs2,500-3,000/t on outsourced); and running the entire chain inside one campus forces process discipline and uniformity of output.

SKU Breadth and Switching are Understated Advantages

Integration also gives Sambhv something the street systematically undervalues: **speed**.

When HR is in-house and rolling schedules are not dependent on external suppliers, the company can pivot among various SKUs without waiting for coil widths to arrive from someone else's mill. This is why distributors treat Sambhv as a reliable counterpart despite it not being a brand-heavy business. This allows Sambhv to deliver customized goods rapidly, sometimes within five to six days.

Narrow-Width Specialization: Sambhv is one of only two players in India manufacturing ERW pipes using narrow-width HR coil in-house. This specialization, achieved via the secondary manufacturing route, allows Sambhv to customize pipes with varied thickness and size as per customer requirements.

Power Integration adds cushion to margins: Sambhv also sits on a 16 MW waste-heat plant and a 9 MW AFBC unit, both running on process by-products. This insulates them against grid tariff volatility and with an additional 25 MW captive plant progressing, the energy hedge only strengthens.

The Integration benefit really starts FY26 onwards

Until FY24, Sambhv's backward integration was incomplete. The sponge iron plant; the anchor of any secondary-route steel chain, operated at only 105,000 tpa, forcing the company to purchase sponge iron externally. This is visible in the cost structure: sponge iron alone accounted for 33% of the total raw-material cost in FY24, an unusually high share for an "integrated" producer. The economics changed only after Sept'24, when sponge capacity was expanded to 280,000 tpa, fully covering downstream melt requirements. Because the expansion came mid-FY25, the benefit is only partly visible in FY25 results; the first clean year of full integration is FY26. This is why management repeatedly emphasises that FY26 is the "true" base for integrated-margin behaviour.

Integration is not absolute yet, and the remaining gaps explain the variance between Sambhv's theoretical margin potential and reported EBITDA/t. Specifically:

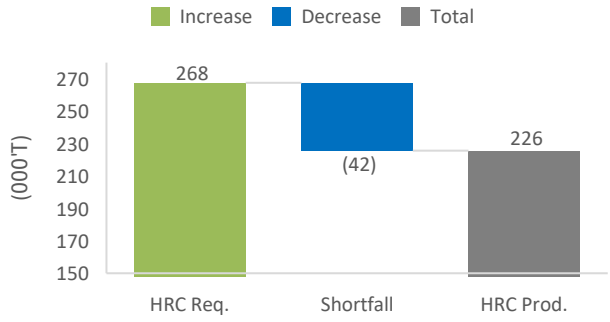
- **HR Coil Outsourcing (30% of requirement today).**

  Sambhv's in-house HR mill can roll up to ~5-inch equivalent widths. ERW sizes beyond this (5-7 inch) require coil widths that the current mill cannot produce, forcing selective outsourcing. These outsourced HR coils deliver only Rs2,500-3,000/t EBITDA versus Rs6,000-6,500/t on in-house coils, which mathematically dilutes blended EBITDA/t.

- **GP Coil Dependency on External HRC.**

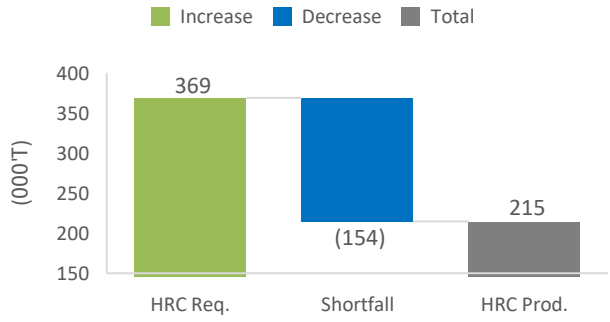
  In the GP segment (GP coils + GP pipes), nearly half of the HRC input is externally sourced, because GP manufacturing requires wider and specific grades that the current HR line cannot supply consistently. When combined, ERW (5-7 inch) and GP collectively push ~30% of total HRC requirement to external sourcing.

Exhibit 15: FY25 HRC Shortfall



Source: Company, MNCL Research estimates

Exhibit 16: FY28e HRC Shortfall



Source: Company, MNCL Research estimates

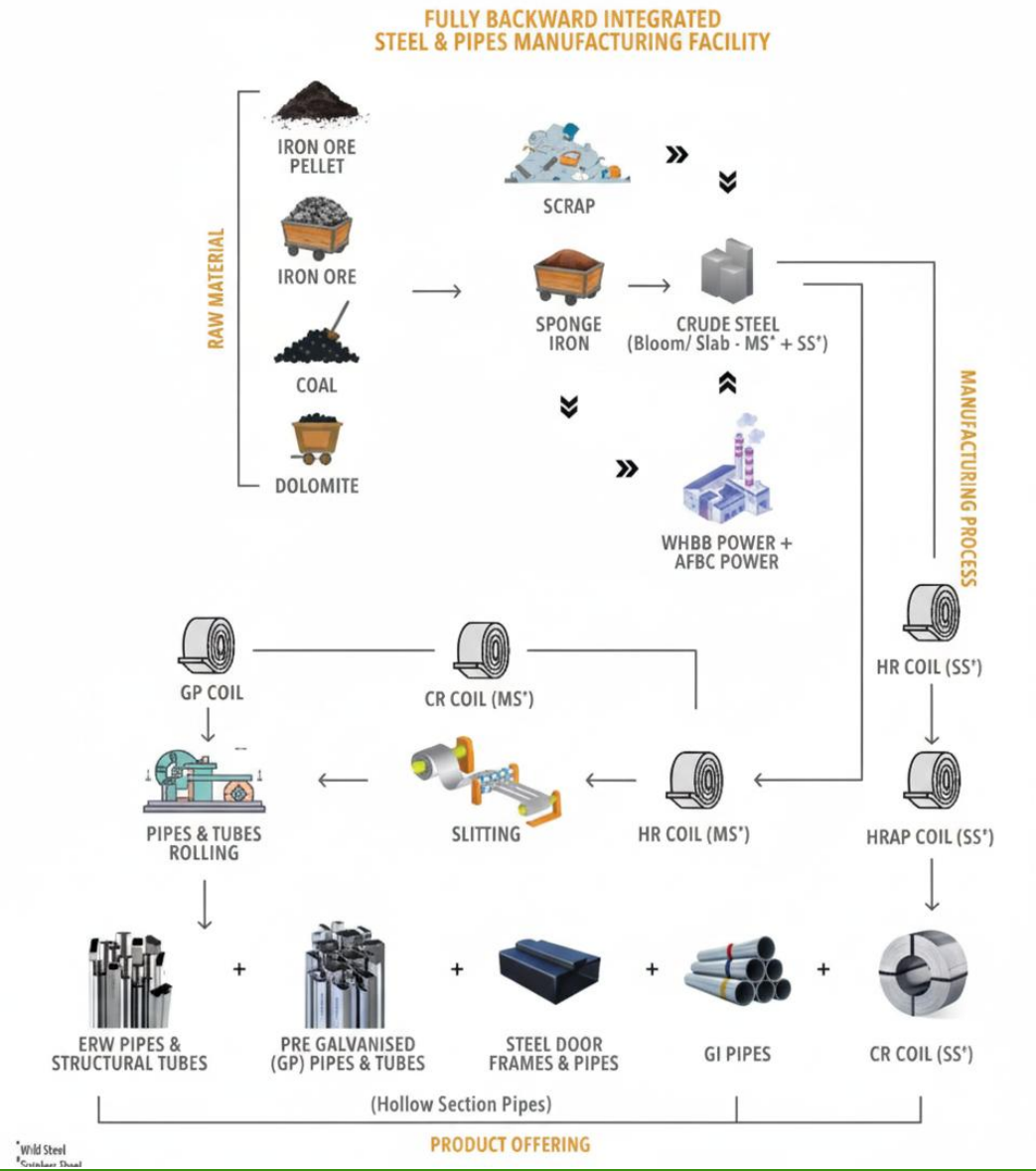
The company has already indicated how this gap closes.

The next phase of hot-rolling expansion is designed to meaningfully widen in-house rolling capability, which would allow the company to internalise a materially larger portion of ERW pipe input requirements that are currently sourced externally. Once this expansion is in place, dependence on outsourced coils is expected to reduce structurally.

Recent Debottlenecking Kuthrel Uplifting Utilization in GP coils and pipes

The most visible near-term operating step-up for Sambhv is in pre-galvanized (GP) coils and pipes. GP as a product line is new, commissioned only in FY25 with an initial installed capacity of 100 ktpa, and has since been scaled to 116 ktpa through process improvements and line balancing. This has uplifted utilization from 37% in FY25 to ~89% in H1 FY26, implying an annualised run-rate of roughly ~80 kt production. On the upstream side, GP draws CR feed from the CR mill at Sarora (Tilda), while the galvanising and GP pipe operations sit at Kuthrel, effectively tying the two sites into a single coated-product chain. Management has also indicated a focus on allowing a larger share of ERW-capable HR to be diverted into higher-realisation coated products.

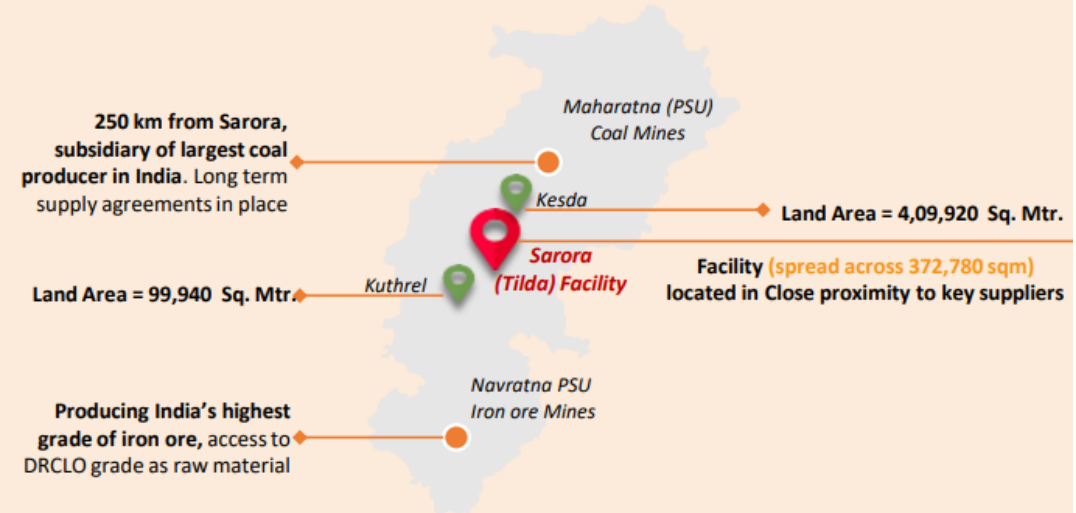
Exhibit 17: Value chain of Sambhv



Source: Company, MNCL Research

Proximity to Key Suppliers

Exhibit 18: Geographic Moat



Source: Company, MNCL Research

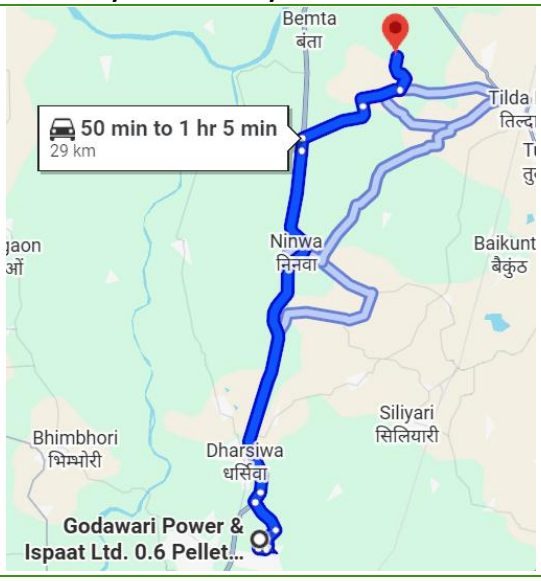
Sambhv's biggest non-balance-sheet advantage is geographic. The entire operation sits in the Raipur-Durg belt, practically on top of India's mineral grid, where iron ore from NMDC's Chhattisgarh mines and coal from Coal India subsidiaries move in straight-line, sub-250 km routes. In a business where each tonne of finished steel consumes nearly 2.5-3 tonnes of raw material, logistics is not a footnote; it is the cost curve.

Iron Ore: Sourced primarily from NMDC for DRCLO-grade or, a Navratna PSU with the country's highest-grade ore located in Bailadila Sector. Sambhv draws calibrated lump ore suitable for sponge iron (DRI) feedstock. 90-day LC terms from NMDC lighten working capital drag.

Coal: Sourced through long-term 5-10yr linkages from a Coal India subsidiary (SECL), one of Asia's largest coal-mine clusters. Price stability is ensured by domestic linkage-based (>50% linkage).

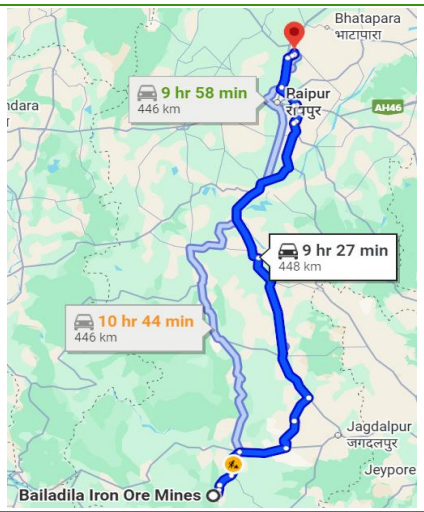
Iron Ore Pellets: Primarily from Godawari Power & Ispat and Shyam Metalics. Godawari pellets, despite being premium-priced, are preferred for lower phosphorus content and consistent metallurgical behaviour.

Exhibit 19: GPIL pellet plant is merely an hour away from Sarora Unit



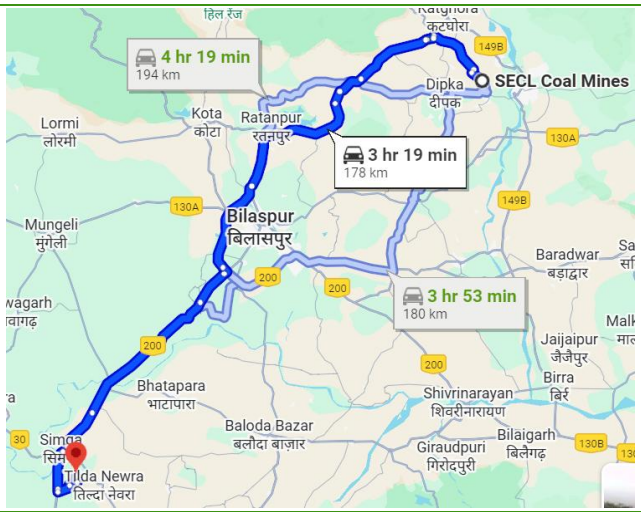
Source: Google Maps, MNCL Research

Exhibit 20: NMDC iron ore mines are the farthest at ~450km



Source: Google Maps, MNCL Research

Exhibit 21: SECL coal mines within 200km

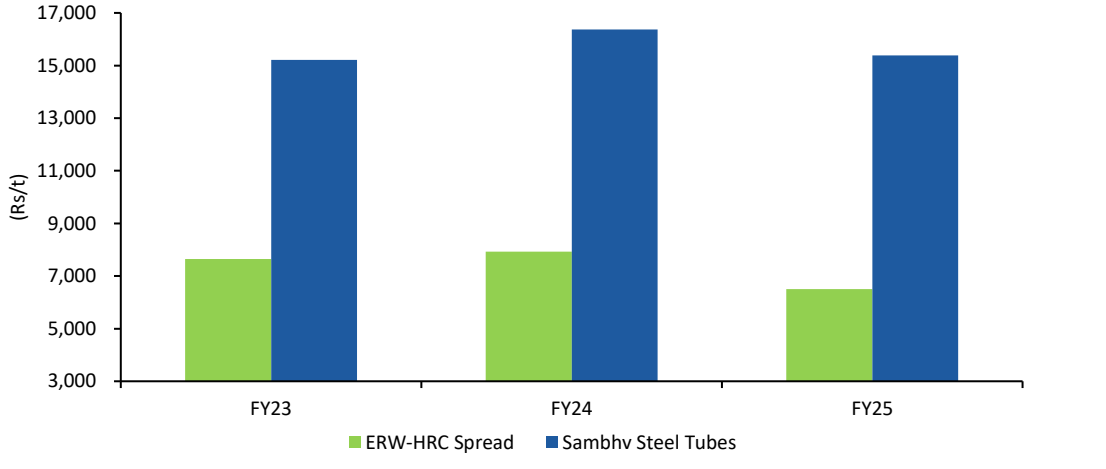


Source: Google Maps, MNCL Research

Margin Characteristics: A Spread Business First, an Integrated Business Second

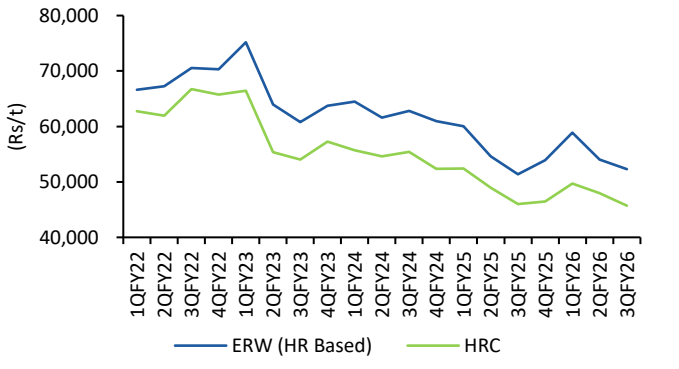
Sambhv operates in a market-priced industry where both revenues and gross spreads ultimately take their cue from benchmark ERW-HRC spreads. The company is not immune to this system; its gross profit per ton rises and falls in the same direction as the market, as evidenced by the annual relationship between Sambhv's GP/t and industry ERW-HRC spreads. The slope of Sambhv's GP/t curve broadly mirrors the slope of market spreads because output prices (ERW, GP) adjust faster than input costs (iron ore, pellets, coal, sponge), and the timing gap between the two forces aligns Sambhv with the broader cycle.

Exhibit 22: Sambhv's Gross Profit/ton significantly surpasses market spreads



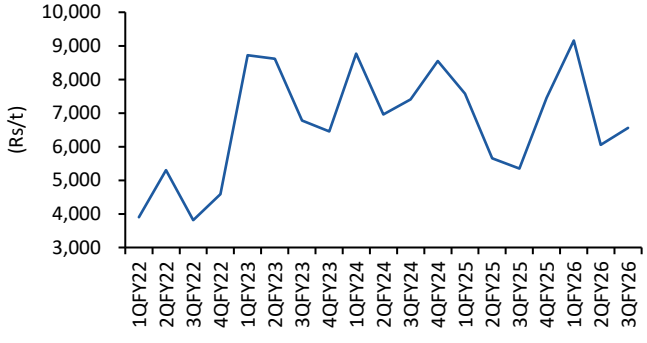
Source: Industry, Company, MNCL Research

Exhibit 23: ERW pipes prices follow HRC closely



Source: BigMint, MNCL Research

Exhibit 24: Spreads volatile in short term



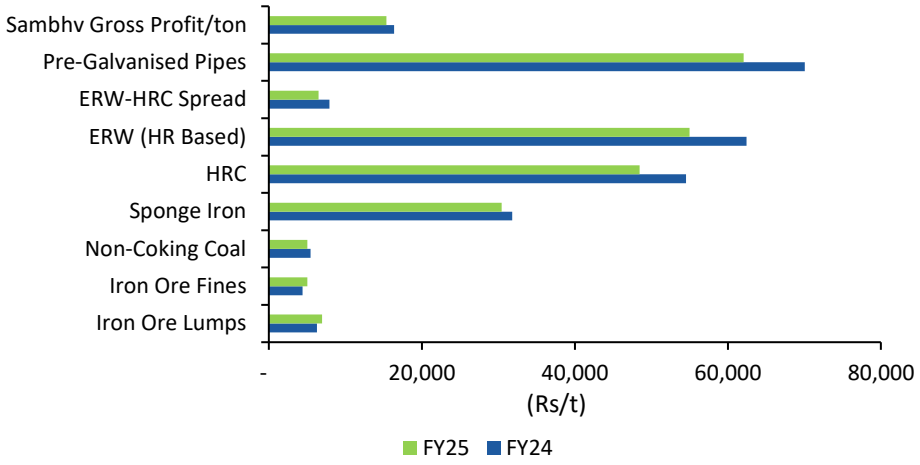
Source: BigMint, MNCL Research

Why Spreads Shrink Despite Falling Prices on Both Ends

A superficial view suggests that if HRC and ERW prices both fall, spreads should remain stable. The data contradicts this: annual ERW and HRC prices compressed through FY25, yet the ERW-HRC spread declined in FY25 and quarterly spreads whipsawed between Rs5,300 and Rs9,100/t.

A similar trend was observed in the GP/ton, the explanation lies in the behaviour of the inputs Sambhv actually buys:

Exhibit 25: Sambhv's integration benefit impacted by increase in iron ore prices



Source: BigMint, Company, MNCL Research

- Iron ore lumps/fines did not fall proportionately to HRC (FY24 → FY25: lumps up 10%, fines up 15% while HRC fell 11%).
- Sponge iron prices remained sticky (-4% YoY vs HRC -11%).
- Coal prices bottomed gradually, not linearly.

A large part of India's induction-route input basket is not perfectly correlated with HRC/ERW selling prices.

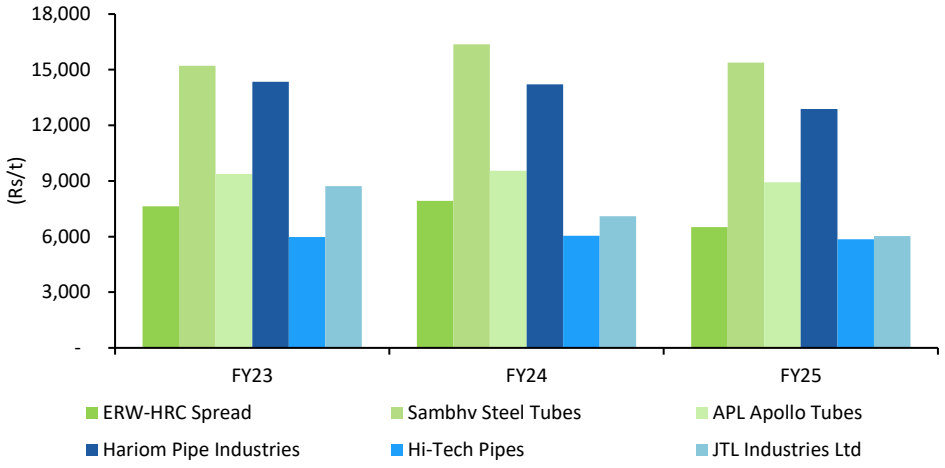
In other words, end-product prices corrected meaningfully, but key raw materials corrected slower, compressing contribution spreads across the industry. This shows up sharply in quarterly spreads: Q2FY25 saw spreads fall to Rs5,650/t despite relatively mild changes in HRC because iron ore and sponge did not move in tandem.

Backward Integration Helps Magnitude, Not Direction

Sambhv's backward integration does not detach it from ERW-HRC spread economics; it only lifts its position within the curve. Market ERW-HRC spreads fluctuate in the Rs6,000-8,000/t zone, while Sambhv's GP/t sits materially higher at Rs15,000-16,000/t. The direction (up/down) is the same as the market, but the amplitude is superior. This is consistent with industry logic: captive billets + HR reduce procurement drag, but they do not change the fact that final prices are benchmark-linked and raw materials carry their own pricing cycles.

This trend is industry-wide. Every listed peer shows the same directional dependence:

Exhibit 26: Sambhv leads the pack in terms of Gross Profit/ton



Source: Industry, Company, MNCL Research

The absolute level differs by business model (integrated > semi > converters), but the slope tracks the ERW-HRC spread for all of them. Sambhv outperforms on level because it runs a deeper chain (DRI → HR → CR → ERW/GP) than APL, Hi-Tech, JTL and most regional mills.

Gross Margin % Still Expands Despite Falling Spreads

Despite this cyclicality in GP/t, Sambhv's gross margin (%) has expanded meaningfully:

FY22 → FY25: 24.4% → 29.6%

The explanation is structural, not cyclical: every year, the company adds a larger share of CR, GP, and SS-derived products, which structurally carry higher value-add. This mix shift offsets the compression in absolute GP/t during down-cycles. Integration insulates the magnitude of compression; mix upgrades lift the margin ratio.

EBITDA/t Follows Market Direction but Margin % Stays Steady

EBITDA per ton behaves exactly like GP/t: it follows the benchmark cycle, rising and falling with ERW-HRC spreads. But EBITDA margin (%) is consistently stable in the 10-12.5% range because:

- Operating leverage on a single-site integrated asset is significant.
- Power integration cushions cost volatility.
- Mix (GP, CR, SS) adds incremental value every year.
- Raw material changes flow through with a 1-quarter lag, smoothing the curve.

Exhibit 27: Sambhv's structurally superior unit economics across the cycle

EBITDA/Ton	FY23	FY24	FY25	H1FY26
Sambhv Steel Tubes (MS only)	7,422	7,161	5,084	5,949
APL Apollo Tubes	4,480	4,553	3,797	4,966
Hi-tech Pipes	2,915	2,936	3,297	3,425
JTL Industries	5,383	4,467	3,173	3,184

Source: Company, MNCL Research

Even in the trough year FY25, when industry spreads compressed sharply, Sambhv delivered EBITDA/t of Rs5,084 in MS; 34% higher than APL and ~50-60% higher than Hi-Tech and JTL, reflecting the tangible benefit of backward integration and narrower-width in-house HR. The rebound in H1FY26 to ~Rs5,949/t (MS) versus APL's ~Rs4,966/t and peers at ~Rs3.2-3.4k/t shows that Sambhv not only enjoys a higher through-cycle floor, but also captures operating leverage faster when spreads normalise. In effect, Sambhv consistently sits in the top quartile of the cost curve, validating that its margin advantage is structural, not cyclical.

Positioning vs listed ERW peers: where Sambhv actually sits

For the ERW / structural tube part of the story, Sambhv is not competing in a vacuum. The relevant listed peer set is:

- **APL Apollo Tubes**: market maker and brand leader in HR-based structural tubes
- **Surya Roshni**: large, diversified pipes player with strong GI/API presence
- **JTL Industries, Hi-Tech Pipes**: fast-growing, mostly HR-buyer structural players
- **Hariom Pipe**: the only other genuinely backward-integrated small/mid-cap from iron ore to ERW

Against this backdrop, Sambhv is best thought of as a *Chhattisgarh-centred, integrated, narrow-width specialist* sitting somewhere between APL's scale and Hariom's integration, with a very different geographic and product skew.

Exhibit 28: One of the 2 listed backward integrated player

Company	Manufacturing set up			Finished products						
	DRI	Casting	Cold Rolling	HR coils	Pipes & Tubes	GI pipes	Steel Door frames	SS coils (HR, CR HRAP)	GP coils	Pre-Galvanized (GP) Pipes
APL Apollo Tubes			■		■	■	■			
Hariom Pipe Industries	■	■	■	■	■	■				
Hi tech Pipes			■		■	■				
Rama Steel Tubes					■	■				
JTL Industries			■	■	■	■				
Surya Roshni			■		■	■				
Vibhor Steel Tubes					■	■				
Sambhv Steel	■	■	■	■	■	■	■	■	■	■

Note: Green colored tab indicates presence of the corresponding facility with the respective company.
DRI: Direct reduced iron (Sponge iron)

Source: Company, MNCL Research

1) Scale and role in the market

- **APL Apollo** is in a different weight class: ~4.3 mmtpa structural capacity by FY25 and targeting 5+ mmtpa, effectively setting weekly pricing benchmarks in structural HR-based tubes.
- **Surya Roshni**'s steel pipes division is ~1 mmtpa with large-dia, GI and API exposure; it straddles both infra/API and structural segments.
- **Hi-Tech Pipes** currently runs ~0.75 mmtpa capacity and has announced expansion to 1.2 mmtpa by FY28.
- **JTL Industries** has emerged as a focused structural tube player with ~0.69 mmtpa and pan-India warehousing; it is scaling aggressively towards the same structural tube macro that APL talks about.
- **Hariom Pipe** remains at ~0.4 mmtpa but integrated; it is still predominantly a South-centric, mild-steel pipes story.

Sambhv, at 350kt ERW + 116kt GP capacity, is clearly a mid-cap in scale, nowhere near APL/Surya, but not a fringe microcap either. It is large enough to matter regionally and to national distributors, but small enough that product mix, not volume alone, drives value.

2) Route and integration: who actually controls their feedstock?

- **APL Apollo, JTL, Hi-Tech, Surya** are overwhelmingly *HR buyers*: they source hot rolled coils from primary steel majors (JSW, Tata, AM/NS, etc.), then slit and form into tubes. None of them are fully backward-integrated into sponge/billet/HR coil production.
- **Hariom Pipe** and **Sambhv** are the outliers: both are *secondary-route integrated*. Hariom runs captive iron ore → sponge → billet → HR strip → pipes in Telangana/AP. Sambhv does something similar in Chhattisgarh, but with a narrower-width HR coil focus and a parallel stainless chain.

This matters any time the HR spread compresses or imported HRC gets dumped. HR buyers see immediate margin compression unless they can push price hikes through branding and channel power (APL). Integrated players at least have one more lever: they capture part of the spread inside the value chain. In practice:

- APL / JTL / Hi-Tech are spread takers;
- Hariom and Sambhv are spread managers, with the ability to flex sponge/scrap mix and internal HR realisations.

Sambhv sits closer to Hariom on this axis, but with a much larger GP franchise and a stainless bolt-on that Hariom does not have.

3) Product mix and where Sambhv is actually playing

At the ERW level, everyone sells "structural tubes," but the underlying mix is not the same:

- **APL Apollo** is heavily skewed to branded structural and hollow sections for construction, warehousing, PEBs and retail; it pushes design-led products (Plank, Ready-Build, etc.) through a premium brand and dealer network.
- **Surya** leans more into GI, medium-/large-dia and API line pipes, serving oil & gas, water and infra, with structural as one of several verticals.
- **JTL / Hi-Tech** are closer to APL in product type but much earlier in brand cycle; more B2B + project-linked, less consumer pull as of now.
- **Hariom's** portfolio is skewed toward standard mild steel pipe products, with some participation in pre-galvanised products.

Sambhv's MS chain is tilted to narrow-width HR-based ERW and GP:

- It manufactures its own narrow-width HR coils (up to ~560 mm) and converts them into ERW and GP products, with a strong presence in small/medium structural sizes used in fabrication, agri, infra ancillaries and solar mounting.
- Management is explicitly reallocating in-house HR from bare ERW to higher-margin GP coils/pipes, using ERW more as a "base load" and GP as the profit engine.
- Sambhv's product range is a subset of APL's and is priced attractively across all products along with providing higher margins to distributors. Sambhv's pricing sits ~Rs1000 lower in ERW and GP pipes, but SG premium (APL's sub brand) sells ~2000 cheaper than Sambhv.

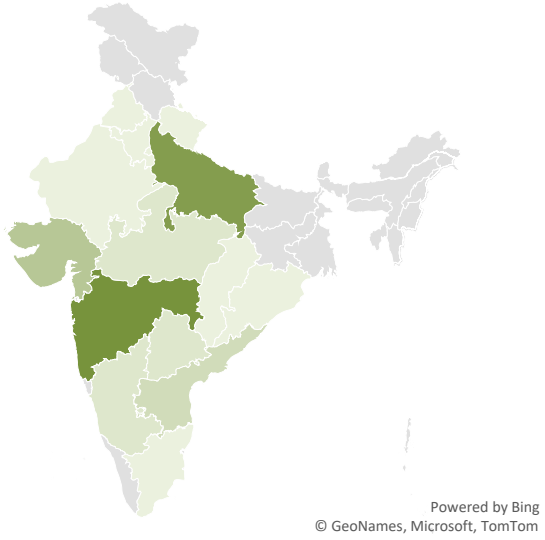
4) Geography and channels

- **APL Apollo, JTL, Hi-Tech** have gone for *pan-India multi-location footprints*, adding mills near North/West/South consumption pockets to reduce freight and support next-day delivery.
- **Surya** has a multi-plant footprint with strong North & West presence and export orientation.
- **Hariom** is still heavily South-skewed (Telangana/AP/Karnataka).

Sambhv is **clustered**:

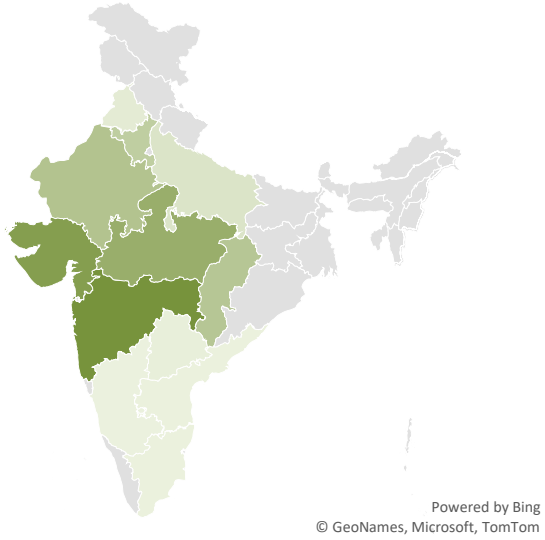
- Both units sit in Chhattisgarh, allowing tight logistics to raw material belts and reasonably central access to North, Central and East India.
- The distribution model is **100% dealer-driven for ERW**, with ~43 distributors and 750+ dealers, and select OEMs for MS/GP applications.
- Roughly half their offtake is in western part of India followed by some significance in the central region, and they are expanding Pan India.

Exhibit 29: Distribution Network Dec'25



Source: Company, MNCL Research

Exhibit 30: Sales 9MFY25



Source: Company, MNCL Research

Exhibit 31: Unit Economics Place Sambhv in the Upper Quartile of the Peer Set

Particulars - FY25	Sambhv	APL Apollo	Hariom Pipe	Hitech Pipes	JTL Industries	Surya Roshni
Capacity (tonnes)	4,50,000	42,93,000	4,37,000	7,50,000	6,86,000	9,61,000
Sales (tonne)	2,90,581	31,57,978	2,45,467	4,85,447	3,87,555	8,77,000
Revenue - Rs mn	15,114	1,99,963	13,570	29,811	19,163	57,491
EBITDA - Rs mn	1,545	11,990	1,754	1,600	1,230	4,465
EBITDA margin	10.2%	6.0%	12.9%	5.4%	6.4%	7.8%
PAT - Rs mn	573	7,571	617	729	988	2,539
Realization per tonne	52,011	63,320	55,284	61,409	49,446	65,554
EBITDA per tonne	5,316	3,797	7,147	3,297	3,173	5,091
ROE	12.3%	19.4%	11.9%	8.0%	9.9%	15.0%
ROCE	9.9%	19.8%	15.1%	11.3%	10.9%	15.4%
Market share (FY25)	2%	34%	3%	5%	4%	8%
Dealer & distributor network	750+	800+ distributors	800+ dealers	500+ dealers & distributors	1000+ + distributors and retailers	250+ distributors 21000+ dealers/ retailers
Plant locations	Sarora (Tilda), Kuthrel - Chattishgarh	Sikanderabad (3 units), Raipur (2 units), Hosur, Murbad, Chegunta, Bengaluru, Malur, and Dujana	Mahabubnagar (2 units), Anantapur, and Perundurai	Sikanderabad (2 units), Sanand (2 units), Hindupur, and Khopoli	Derabassi, Mangaon, Mandi Gobindgarh, Raipur	Bahadurgarh, Malanpur, Hindupur, Bhuj

Source: Company, MNCL Research

Channel Checks Indicate Parity with Market leader

Initially, one concern that emerged was Sambhv's perceived reliance on patra, which supposedly limited its quality positioning compared to APL Apollo. However, our dealer checks uniformly indicated that Sambhv's quality is on par with Apollo's providing clear test certificates in their corporate brochure, with the added benefit of cost competitiveness as well as higher commissions. The patra narrative, therefore, appears more like a residual perception or a competitor-driven bias rather than an operational reality.

Distributors consistently highlight that Sambhv's products are easier to source and more reliably available versus peers, particularly in standard sizes up to ~7 inches where order fulfilment speed matters more. While Sambhv is typically priced slightly cheaper, the bigger differentiator is its ability to keep material moving without supply gaps.

Sambhv offers a diverse portfolio of steel products, each serving critical roles across various infrastructure and industrial sectors. Their ERW Steel Tubes and Pipes are foundational in construction, used for building frames, columns, and trusses, as well as in HVAC systems for air ducting and piping networks. The Pre-Galvanized (GP) Pipes provide rust protection for outdoor use, such as in roadside crash barriers, highway sign gantries, greenhouse structures, and solar panels. Galvanized Iron (GI) Pipes are specifically hot-dip treated for corrosion resistance in water, air, and steam applications. In the transport sector, their products form the skeletons for bus bodies and rail coaches, as well as station canopies. Additionally, Steel Door Frames provide durable, fireproof, and termite-proof solutions for institutional buildings like hospitals and schools.

APL's SG Premium: A Pricing Signal, Not a Structural Reset

APL Apollo's launch of SG Premium deserves attention not because it changes the industry's competitive equilibrium, but because it reveals how aggressively the market leader is willing to defend perceived territory. The product is priced at or below HRC parity, which suggests it is a tactical response rather than a scalable, margin-accretive franchise. As per our understanding, the pricing is economically unsustainable and positions SG as a defensive offering. The unintended consequence, as highlighted by distributors, is that some buyers have substituted downwards within APL's own product hierarchy, choosing SG over higher-priced APL SKUs. Some distributors highlighted inaccessibility to the test certificates for SG. From Sambhv's vantage point, the impact is real but contained: SG can pressure pricing in pockets, but the constrained volume, narrower SKU breadth and limited differentiation mean it does not alter the competitive landscape meaningfully. The SG premium brand is therefore a tactical play, not structural.

Pricing and demand: Channel feedback suggests pricing is largely stable at current levels, with limited scope for further meaningful downside. Post-Diwali demand has been described as steady, though near-term offtake is being constrained by distributor-level liquidity rather than end-demand weakness.

Closing the Carbon Chapter

The carbon-steel engine at Sambhv is not the headline-grabber, but it is the bedrock. The company enters its SS scale-up with a carbon franchise that is (i) structurally aligned with industry migration toward HR-based tubes, (ii) backed by a level of upstream control that most mid-caps simply do not possess, and (iii) increasingly protected by geography, input logistics and SKU agility that translate into stable margins even in a weak pricing cycle. The MS business will not drive the re-rating by itself, but it gives Sambhv the one ingredient the SS expansion cannot function without: a steady, predictable, cash-generating core that keeps the balance sheet honest. With this foundation established, the real valuation swing factor now shifts to the stainless steel platform, where mix, margin architecture and execution fidelity will determine how far the earnings profile can stretch.

Exhibit 32: MS continue to operate as the stable arm

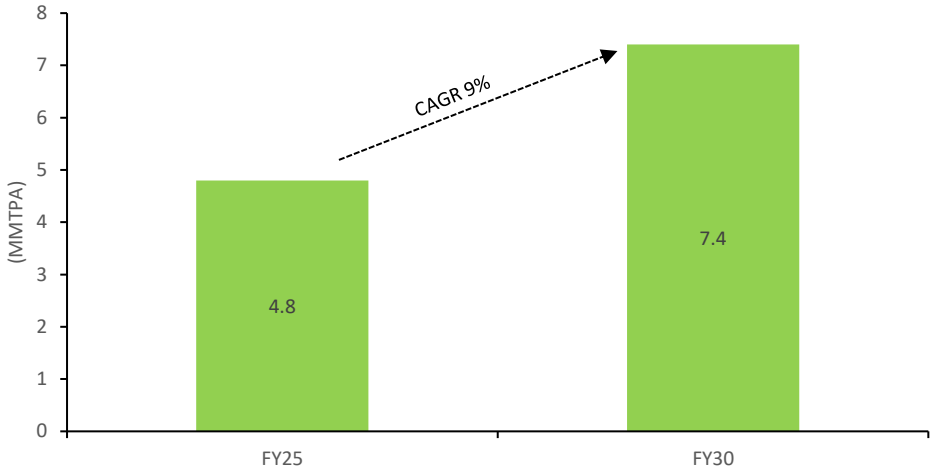
MS Financials	Unit	FY23	FY24	FY25	FY26e	FY27e	FY28e
Volumes	tonne	1,58,053	2,23,261	2,80,836	3,42,608	3,89,108	3,96,088
Revenue	Rs mn	8,529	11,572	13,451	16,563	19,163	19,532
EBITDA	Rs mn	1,173	1,599	1,428	1,912	2,146	2,360
Margin	%	13.8%	13.8%	10.6%	11.5%	11.2%	12.1%
EBITDA/ton	Rs	7,422	7,161	5,084	5,580	5,515	5,957

Source: Company, MNCL Research estimates

Stainless; The Higher-Value Half of the Sambhv Story

Industry Architecture & Demand Dynamics

Exhibit 33: Stainless steel demand outlook is structurally strong

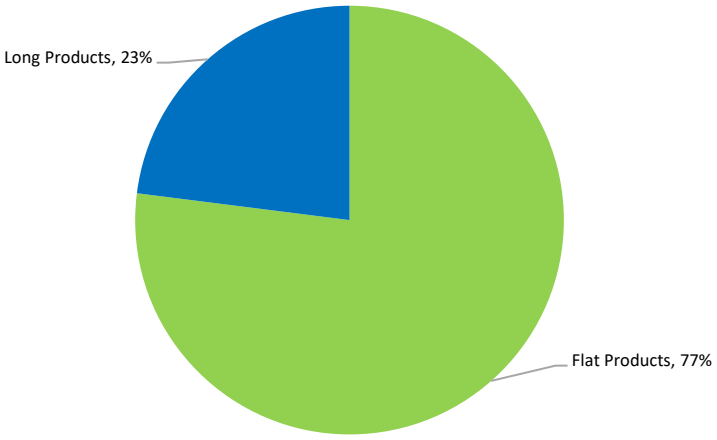


Source: Industry, MNCL Research

India's stainless-steel ecosystem is no longer a side-show to carbon steel; As per Crisil Industry estimates, SS consumption in India stood at 4.8mmtpa in FY25 which is expected to grow at a CAGR of 9% reaching 7.4mmtpa by FY30. Growth is being driven less by utensils and more by the "hard" economy: building & construction, industrial machinery, automotive/transport, process industries and urban infrastructure.

The demand mix is also upgrading, not just growing. Three structural pivots matter for Sambhv:

Exhibit 34: Flats dominate the market



Source: Industry, MNCL Research

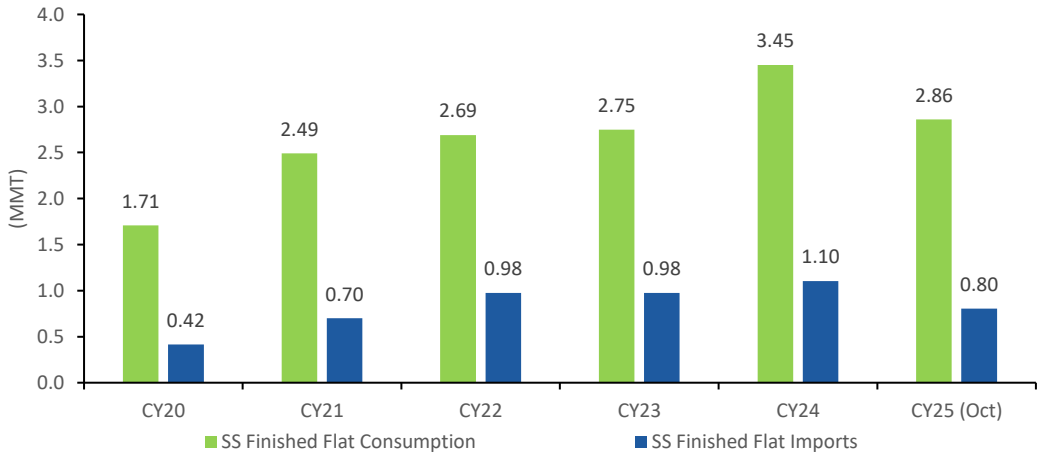
- **Flat products dominate**: Flat SS products (sheets, plates, coils) already account for ~77% of the demand and are expected to retain this lead. This is exactly the space Sambhv is targeting with HRAP and CR coils, not long bars or generic shapes. These flat products primarily serve utensil manufacturers, SS pipe and tube makers, and other industrial uses, which together constitute the bulk of today's downstream demand.
- **300-series & austenitic grades lead value:**
  - The 300-series holds a considerable share of the market in 2025, due to its corrosion resistance and thermal stability, and is the preferred grade for construction, chemical processing, food-contact, and higher-spec pipes.

- Austenitic SS overall accounts for less than a third of value but majority of volume, as it is the workhorse grade used across industrial, automotive and household applications.
- This aligns well with where Sambhv wants to go: a 200/300-series coil supplier feeding B2B pipe-makers, utensil manufacturers and industrial fabrication. The market is already skewing towards the grades Sambhv is preparing to mass-produce.

- **Growth is accelerating, not plateauing**: Stainless demand in India growth is expected to outpace historical growth, with consumption uplift coming from industrial machinery, urban infrastructure, automotive, process industries, and higher-value fabrication. This is not a "one more commodity" story; it's a slow but persistent migration of applications from coated carbon steel / aluminium to SS on life-cycle and reliability grounds.

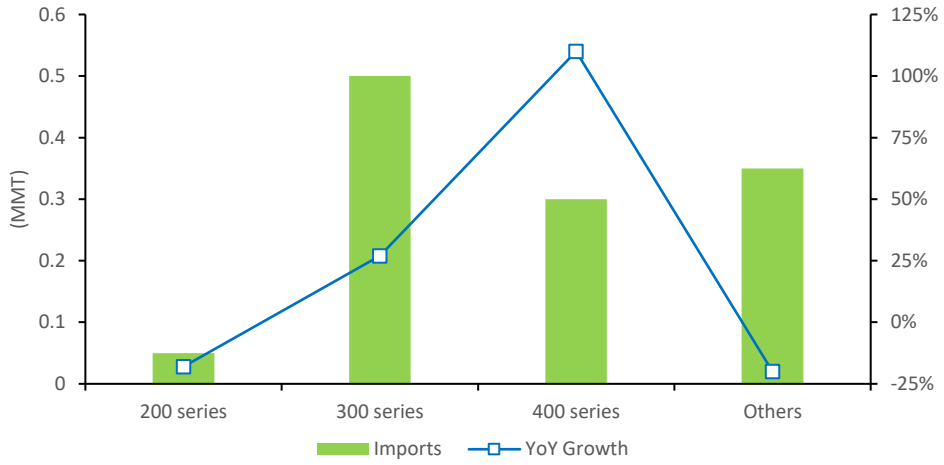
On the policy and structural side, the environment is increasingly protective of organised, flat-product SS players:

Exhibit 35: Meaning Import substitution opportunity



Source: Industry, MNCL Research

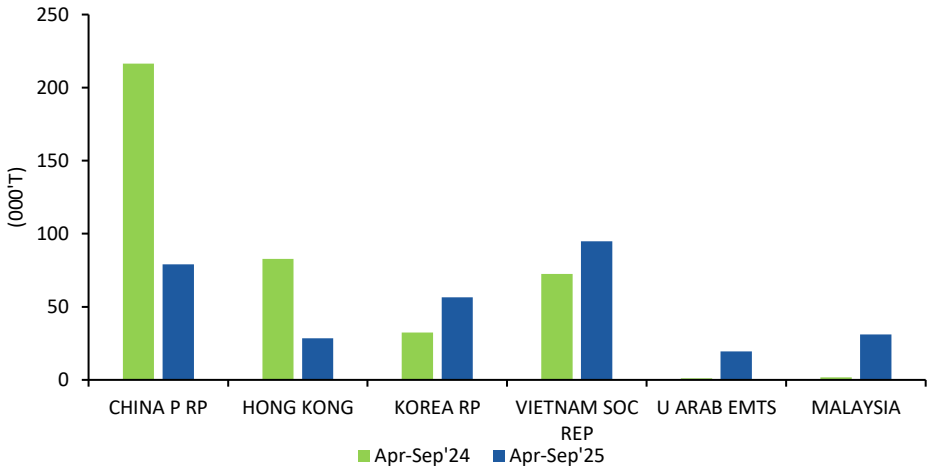
Exhibit 36: 300 series have the highest import volumes in CY24



Source: Industry, MNCL Research

- **BIS & QCO tightening**: Successive rounds of **BIS norms and Quality Control Orders** now cover not just finished products but, post June 2025, **intermediate inputs used to make BIS-certified outputs**. That impedes supply for import-reliant cold rollers and anyone quietly feeding on non-compliant Chinese slabs. The collapse in direct Chinese volumes post-BIS in SS and the over-enthusiastic surge from "new" routes like Vietnam/Malaysia implies that the market may already be attempting re-routing. The steel ministry's direction of travel (SIMS 2.0, traceability, more QCO coverage) suggests the window for such arbitrage is likely to shrink, not widen.

Exhibit 37: Drastic decline in Chinese imports as stricter BIS norms get levied



Source: Industry, MNCL Research

- **Capex policy tailwinds**: Stainless rides on the same structural levers that support carbon steel, but with higher intensity in urban infra, high-spec construction, process industries, automotive and transport. Government programmes like Make in India, Smart Cities, large infra capex and PLI for specialty steel are indirect but meaningful tailwinds: they don't guarantee margins, but they do guarantee that demand for higher-grade flat SS remains structurally under-supplied if domestic capacity does not keep up.

Add geography to this: West and South India (Maharashtra, Gujarat, Tamil Nadu, Karnataka) are expected to remain the heaviest SS consumption and processing pockets, driven by auto, engineering, ports and export-oriented fabrication. That is precisely where a large part of the demand for 200/300-series flat products and downstream pipes/tubes originates.

For a player like Sambhv that is deliberately building **AOD → slab → HRAP → CR** capacity in 200/300-series coils rather than just chasing generic SS re-rolling, this isn't a vague "macro tailwind". It is the precise part of the stainless value pool that is growing faster, more protected from imports, and structurally short of credible domestic suppliers.

Exhibit 38: Progressive Potential Market

Market Application	Consumption per Unit (Metric Tonnes)	Market Potential / Context	Specific Applications / Components
Foot Over Bridge (FOB)	100-150 MT per Bridge	Potential market of 1000 FOB/Year	All load Bearing Members including Girders, Columns, Cross Beams etc.
Road Over Bridge (ROB)	250-350 MT per ROB	Potential market of 300/Year	Foundations of Bridges, Columns etc.
Flyovers	2000-2500 MT per Flyover	Potential market of 1000 Bridges/Year	-
Underframes (Railway Coaches)	6.6 MT per coach	Potential market of 8000 coaches	-
Railway Station (ABC+Structurals)	1500-2000 MT per Station	7700 total stations (including 1275 for redevelopment)	-
Airport (ABC+Structurals)	2000-2500 MT per Airport	Potential market of 137 Airports	-
Ethanol	450-500 MT per 100 klpd (kilolitres per day) plant.	Current capacity 19.9bn litre, expected to increase with blending requirements. 20% ethanol blending by 2025 achieved.	Fermentation tanks, Beer well, CO2 Column, Applications Analyzer column, Heavy molasses tank, Rectifier column
Green Hydrogen	70-80 KT of SS for 5 MMTA of hydrogen production.	Potential is at least 5 MMT per year by 2030.	Hydrogen Electrolysers (Bi Polar Plate); Hydrogen Generation Equipment (LP Piping, Buffer Tanks, Heat Exchanger, Driers, Cryogenic Storage).
Water (Treatment Plants)	300-500 MT per 100 MLD (Million Litres per Day) treatment plant.	1.5 trillion metric cube of water by 2030 with 38,000 MLD of WTP (Water Treatment Plant).	Water Treatment Plant Components (Trash rack equipment, Intake Screens, Weirs, Gates, Piping, Agitators, Treatment sections, Dryers etc).
Nuclear (Power Plants)	7000-8000 MT SS used per 700-800 MW nuclear plant.	Current capacity is 8,180 MW, targeted to expand to 22,480 MW by 2032.	Super critical boilers, Piping, Fission Reactors, Tanks, chimneys.

Source: Jindal Stainless, MNCL Research

Stainless Steel raw materials

At the core, stainless is just carbon steel plus alloying elements that buy you corrosion resistance and strength. For our purposes, the economically relevant ones are **chromium (Cr), nickel (Ni), manganese (Mn), and molybdenum (Mo)**, with stainless scrap as the base "carrier."

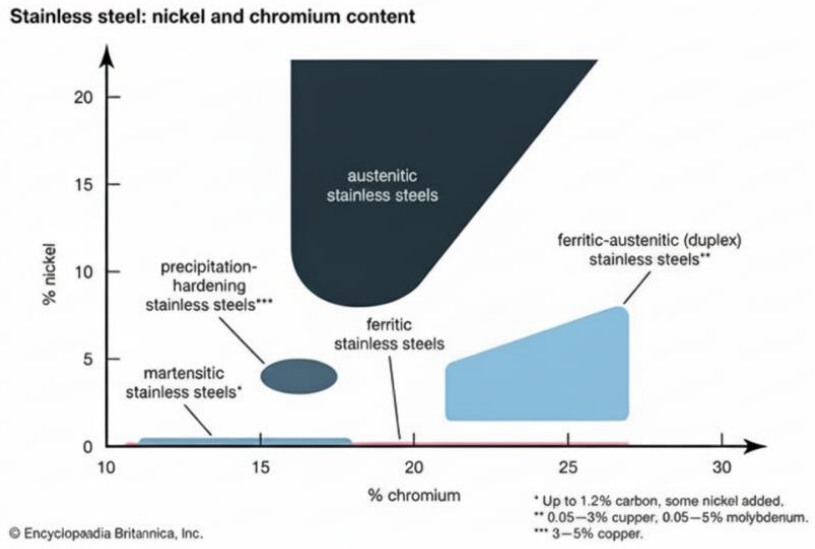
1) Typical alloy mix by series (wt% ranges)

Exhibit 39: Alloy Chemistry Defines Cost Volatility and Margin Upside

Family / Grade	Cr (%)	Ni (%)	Mn (%)	Mo (%)	Comment
200 series - 202	17-19	4-6	4-6	-	Austenitic; part-Ni, part-Mn design. Lower Ni than 300, uses high Mn & N to stabilise austenite.
200 series - 204	15-17	1.5-3	7-9	-	
300 series - 304	18-20	8.0-10.5	≤ 2	-	Workhorse austenitic; high Cr & Ni, good general corrosion resistance.
300 series - 316	16-18	10-14	≤ 2	2-3	"Marine / process" grade; adds Mo for pitting resistance, even more Ni.
400 series - 409	10.5-11.75	≤ 0.5	≤ 1	-	Low-Ni ferritic; used in auto exhausts / basic corrosion environments.
400 series - 430	12-14	~0	≤ 1	-	Ferritic with high Cr, virtually no Ni; used in appliances, trims.

Source: Industry, MNCL Research

Exhibit 40: Nickel composition higher in austentic particularly 300 series



Source: Industry, MNCL Research

Two points that matter for Sambhv:

- 200 series is structurally less nickel-intensive than 300 series (Ni ~4-6% vs ~10-14%) but leans heavily on Mn, plus nitrogen.
- 304 / 316 are real Ni & Mo stories. As Sambhv leans harder into 300-series coils, it faces much higher exposure to Ni + Mo price cycles.

2) Scrap as the base feedstock

Globally, stainless is already a "closed-loop" system: industry data indicate that about half of stainless steel production uses stainless scrap as raw material, with the balance from virgin ferro-alloys and primary metals.

India is no exception: JSL and others routinely describe stainless scrap as a major input, supplemented by ferrochrome, ferronickel/NPI and molybdenum-bearing alloys. The practical implication for Sambhv:

- The "base metal" risk is increasingly a scrap + alloy basket, not just primary ore.
- Price transmission often runs from LME Ni / ferrochrome → global stainless coil → scrap, with a lag; local scrap is not an independent universe.

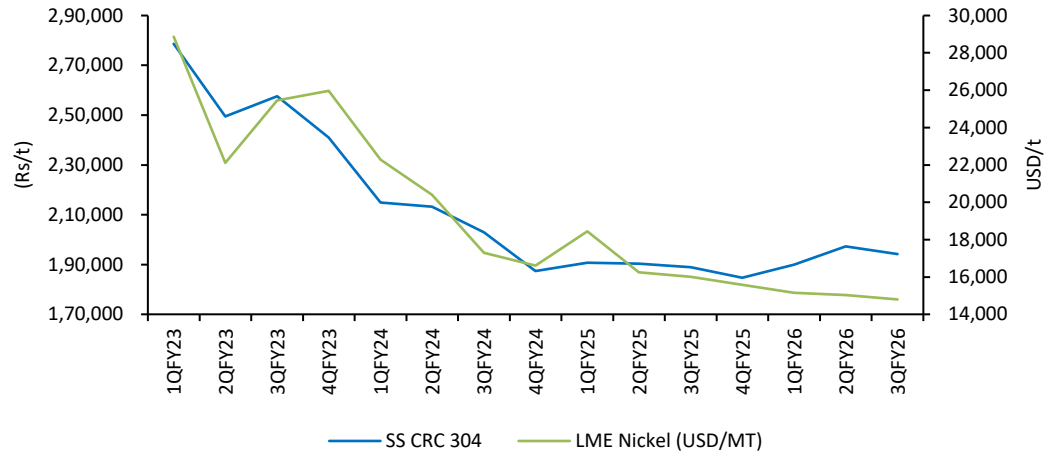
Where the alloy metals come from: India's balance sheet vs the world

Nickel: 100% imported, and geopolitically concentrated

Nickel is the critical bottleneck for 300-series and Mo-bearing grades:

- India has negligible economically viable nickel ore reserves and is effectively 100% import dependent for nickel units (ore, ferronickel, NPI, refined), which makes stainless producers structurally vulnerable to global nickel swings.
- Indonesia is now the dominant source of global nickel supply, accounting for roughly half of world nickel mine production in 2023; the Philippines is a distant second.
- With Indonesia having banned raw ore exports and pushed value-added NPI / matte, stainless makers (including Indian) are effectively locked into an Indonesian-centric cost base for Ni, whether directly or via intermediaries.
- In March 2022, LME nickel saw an unprecedented short squeeze: prices briefly surged above USD 100,000/t before trading was suspended and contracts cancelled but reverted close to USD 30,000/t which was still an elevation from the previous qtr.
- Since then, prices have collapsed under the weight of Indonesian supply; by 2024-25, LME nickel is down >80% from the 2022 spike, with oversupply fears dominating.

Exhibit 41: The SS CRC 304 prices are highly correlated with Nickel prices



Source: BigMint, Bloomberg, MNCL Research

For Sambhv: as 300-series ramps, they are importing not just price risk but also **country risk** (Indonesia policy, LME disruptions, sanctions on Russian Ni, etc.).

Chromium / chromite: relative strength, but still linked to global ferrochrome cycles

On chromium, India is on much firmer ground:

- India holds roughly 79mmt of chromium reserves, 3rd largest globally, with Odisha accounting for ~95%.
- India is a meaningful chromite and ferrochrome producer and exporter, competing with South Africa and Kazakhstan in the global ferrochrome trade.

So while ferrochrome prices are set in a global market, Indian stainless producers at least **start from a domestic ore base**. For a Chhattisgarh-based player like Sambhv, this is primarily a cost-plus import-parity game, not an existential feedstock issue.

Molybdenum: tiny domestic base, imported risk for 316

Molybdenum is a small percentage of 316 by weight (2-3%) but a large share of its cost:

- The Indian Mineral Yearbook classifies molybdenum as a scarce mineral in India, with very small reserves and negligible domestic mine production; India imports most of its Mo requirement as oxide or ferro-molybdenum.

- Major Mo ore producers are China, Chile, the US and Peru; pricing is effectively dollar-linked and cyclical, tied to both stainless and alloy steel demand.

For Sambhv: any aggressive tilt into 316/316L is a deliberate **Mo bet on top of the Ni bet**, with no domestic cushion.

Scrap & alloying elements (Mn, Fe)

- **Manganese**: India is much better positioned, with around 34% of global manganese ore resources and large reserves in Odisha, Karnataka and Maharashtra. That favours 200-series (high-Mn, low-Ni) production in India.
- **Stainless scrap**: India imports sizeable stainless scrap volumes (notably 304 and 201 scrap), and domestic prices track Ni and stainless coil. Stainless scrap prices in India move directionally with Ni and stainless coil, but tend to be less spiky than pure Ni because they bundle multiple metals and are tied to local demand / collection constraints

Net: India is self-reliant or advantaged in Cr and Mn, but structurally import-dependent in Ni and Mo. Sambhv's current 200-series tilt is aligned with India's resource strengths; the move into 304/316 explicitly loads Ni/Mo risk onto the P&L.

Sambhv's Existing presence

Exhibit 42: Stainless Capacity is Small Today but Architected for Expansion

Product Segment	Product Category	Installed Capacity as on H1FY26 (MTPA)
Sarora (Tilda) Facility (Unit 1)		
Mild Steel (MS)		
Sponge Iron (DRI)	Intermediate Product (Feeder)	2,80,000
Blooms/Slabs	Intermediate Product (Crude Steel)	3,00,000
Narrow-width HR Coils	Intermediate Product	3,90,000
Cold Rolled (CR) Coils	Intermediate Product (Feed for GP Coils/CRFH Pipes)	1,16,000
ERW Black Pipes & Tubes (including CRFH pipes) / GI Pipes	Finished Product	3,50,000
Stainless Steel (SS)		
Blooms/Slabs (with AOD)	Intermediate Product (Crude Steel)	60,000
Narrow-width HR Coils	Intermediate Product	60,000
Power Integration	*Captive Power*	*25 MW*
Kuthrel Facility (Unit 2)		
Mild Steel (MS)		
Pre-Galvanized (GP) Coils	Intermediate Product (Zinc-Coated CR Coils)	1,16,000
Pre-Galvanized (GP) Pipes	Finished Product	1,16,000
Stainless Steel (SS)		
HRAP Coils	Intermediate Product (Captively consumed for CR Coils)	58,000
CR Coils	Finished Product	58,000
	Total Finished Products	**5,08,000**

Source: Company, MNCL Research

Sambhv is already past the "pilot" stage in stainless but is still small in absolute tonnage. The company now runs a fully integrated melt–roll–finish line at Sarora and Kuthrel, with important nuances that matter for understanding how Kesda scales on top of it.

Melting & Casting (AOD route):

Sambhv does not operate dedicated MS and SS casters. The 360 ktpa slab capacity is a pooled system, flexibly allocated between MS and SS depending on downstream rolling requirements. As stainless ramps, a higher share of this 360 ktpa will be pulled into SS, reducing the slab availability for MS HRC and requiring a limited outsourcing of MS slabs (management explicitly calls this a manageable and planned dependency).

Hot Rolling (HR / HRAP):

The SS hot-rolling line remains officially at 58 ktpa capacity until regulatory clearances are received. Physical installation for 116 ktpa is complete, but the additional 58 ktpa block will come onstream only post CTO, expected in Q4, implying that by end of FY26 the full 116 ktpa nameplate should be online.

Cold Rolling (CR):

Exhibit 43: Sambhv's Cold Rolling Machine

Source: Company, MNCL Research

SS CR capacity is also currently physically doubled to 116 ktpa, mirroring the HRAP expansion. However, CR output is not a simple "58 + 58" equation. Stainless CR at Kuthrel has double-rolling and anneal-pickle cycles, meaning the incremental 58 ktpa block structurally maxes out at ~50% utilization, while the existing block runs closer to ~90%.

The steady-state implication is important: even on a doubled nameplate, effective SS CR output is capped at ~70–75 ktpa, and this 72 ktpa ceiling behaves like a hard throughput limit for the current Kuthrel setup. This architecture is what the upcoming Kesda Phase-1 is designed to fix: it adds dedicated stainless melt, anneal-pickle capacity, and significantly higher rolling speeds, allowing Sambhv to break out of the inherited Kuthrel bottleneck and scale from a ~70 kt stainless shop into a 400+ kt stainless platform.

Grade / product-wise, they are already commercial in:

- **200 series (202/204)** as the workhorse grade for utensils and pipes. ~Rs1.25 lakh/ton.
- **300 series (304)** started from Sep'25 with small but growing volumes. ~Rs1.85 lakh/ton.

Phase - 1 Kesda; The ambition to drive the story

The Kesda project is the centre of gravity. Phase-1 (360kt; HRAP + CR; commissioning targeted Q4 FY27) creates Sambhv's first meaningful stainless platform at scale which is being developed and operated by its wholly owned subsidiary, Sambhv Tubes Private Limited.

Kesda is designed as a 360 ktpa stainless melt–roll system where:

- Slabs are produced dedicated to stainless, unlike the current pooled 360 kt MS+SS system in Sarora.
- These slabs are rolled into stainless HRC and then move to annealing & pickling (HRAP).
- The output structurally caps at ~240 ktpa due to metallurgical losses, line speeds, and the inherent thermal cycles in stainless hot finishing.

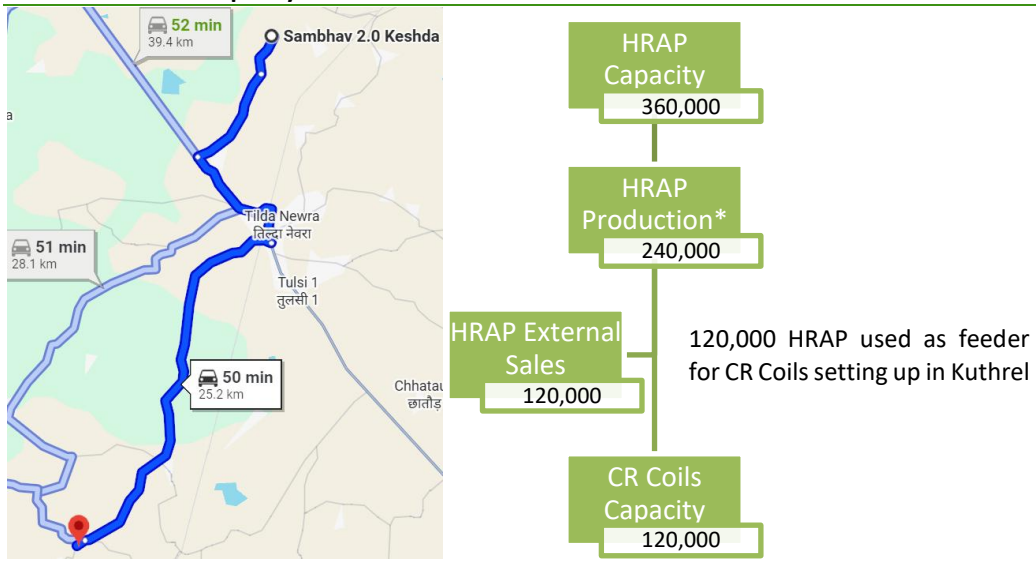
This 240 ktpa is the true usable HRAP mass, not the headline 360 ktpa.

The Split: 120 kt External HRAP + 120 kt Feeder to CR

The HRAP output bifurcates cleanly:

- **120 ktpa will be sold externally as HRAP** (a value-added product, margin-rich, shortage-driven).
- **120 ktpa will feed the cold rolling lines**, which are **not part of Kesda**.
- All CR processing will continue at Kuthrel, where a new 120 ktpa CR unit is being installed specifically to convert Kesda HRAP into finished CR coils. The existing Kuthrel CR line will continue to cap at ~72 ktpa due to its double-rolling architecture.

Exhibit 44: Kesda Capacity Additions



Source: Company, MNCL Research

** At Optimum Utilization*

Kesda is the industrialisation of the previous pilot; higher tonnage, wider width, tighter tolerances, better surface finish, and the ability to participate in meaningful volumes of 200-series and eventually 300-series cold-rolled products. This is not just stainless capacity addition; it is Sambhv graduating from small-lot rolling into a scale player in HRAP and CR, where the industry's fatter per ton margin lies.

As procurement muscle is built out, Sambhv can taper into higher 300-series dependence without destabilising spreads. Their stated FY28 mix; targeting at least 25% 300-series signals intent, but not reckless ambition.

Captive Power Capacity addition: 25 MW captive power plant, attached to Phase-1, with management's thumb rule of ~Rs20mn EBITDA per MW per year benefit once fully on stream.

Total Phase-1 capex: ~Rs9.35bn of which ~Rs2bn already spent by H1FY26.

- Rs8.1bn for the stainless process route
- Rs1.25bn for the 25 MW power plant

Initial capex intensity is high because Phase-1 bears the fixed cost burden of setting up the casting, rolling, pickling, annealing, and AOD backbone, which can then be leveraged in Phase-2/3 at significantly lower incremental cost.

Funding mix: Up to Rs6bn of peak project debt, Balance via internal accruals.

Commissioning target: Q4 FY27, with management trying to pull forward but we should treat Q4 FY27 as the realistic anchor.

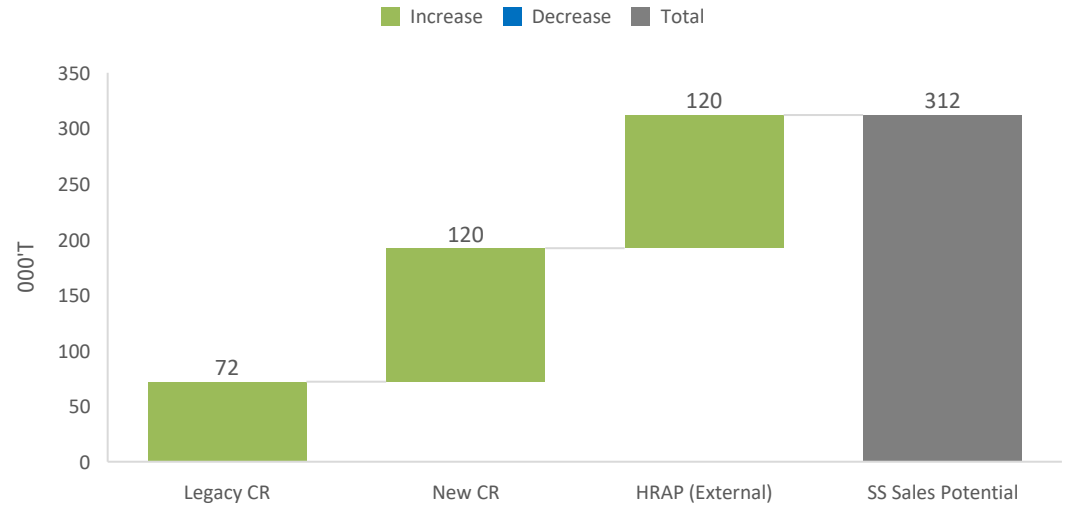
We expect cold rolling utilization to reach 70% within the first year of commissioning.

At maturity, this creates ~312 ktpa of stainless saleable volume across the group:

72 kt legacy CR + 120 kt new CR + 120 kt HRAP sales.

At current SS realisations (HRAP ~Rs1.1L/t; CR ~Rs1.25–1.3L/t), the platform supports Rs 30 bn revenue by FY28, pushing the stainless share of the topline above 60% and a potential to reach peak revenue of Rs 40 bn by FY30.

Exhibit 45: 312ktpa of peak saleable volume in Stainless Steel



Source: Company, MNCL Research Estimates

Kesda also creates a direct pathway for backward integration into Phase-2 and Phase-3 without massive incremental capex. Because Phase-1 includes the melting, casting and rolling backbone, Phase-2 can be materially cheaper depending on the product mix. **Sambhv** has procured a state-of-the-art **1.2 MMTPA Hot Rolling Mill** from **China**, featuring advanced Hydraulic Automatic Gauge Control (HAGC) technology to produce high-precision MS and SS coils as part of its fully backward-integrated value chain. An SS-heavy Phase-2 would cost ~3bn (leveraging the already-installed caster and refining infrastructure), whereas an MS-heavy Phase-2 would be closer to 6-7bn due to incremental rolling and finishing lines. This optionality matters for capital discipline: Sambhv can flex between SS and MS depending on spreads, alloy cycles and competitive dynamics. That is a strategic hedge, not indecision.

Exhibit 46: Kesda return profile at optimum utilization appears attractive

(Rs mn)	FY29e
EBIT	2,529
NOPAT	1,872
Capex	9,280
WC	2,890
Capital Employed	**12,170**
ROCE	21%
ROCE (Post tax)	15%

Source: Company, MNCL Research estimates

Unit Economics: Realisations, Margin Architecture & Mix Shift

Stainless Steel Realisations sit structurally higher than MS products

Sambhv's stainless-steel platform carries a step-function pricing advantage over MS products. Indicative industry realisations based on FY25 pricing bands:

Exhibit 47: Stainless steel realizations are more than double of MS

Product	Realisation (Rs/t)	Notes
SS 200-series CR	1,20,000-1,30,000	202/204 grades; low nickel exposure.
SS 304 CR	1,75,000-1,85,000	Strongly nickel-linked; higher volatility.
MS ERW (HR-based)	52,000-56,000	Commodity-linked, low value-add.
GP Pipes	62,000-65,000	~Rs10,000/t premium over ERW due to zinc coating.

Source: Company, MNCL Research

The inherent stainless premium reflects alloy intensity, corrosion performance, and the deeper industrial customer base. Even within stainless, 304 realisations are ~30% higher than 202/204 due to nickel-driven pricing.
This sets the baseline for Sambhv's mix-led uplift: even if SS initially accounts for less than half of volumes post-Kesda, it can command ~65% of the revenue pool.

EBITDA per tonne: Where Stainless Actually Lifts the Curve

Exhibit 48: Management's guided steady-state economics:

Segment	Steady-State EBITDA/t (Rs)	Drivers
SS 200-series	13,000-15,000	Chromium-manganese alloying; lower nickel dependence.
SS 304-series	15,000-17,000	Higher ASPs; quality-sensitive end-use.
MS ERW (in-house HR)	6,000-7,000	Full integration benefit.
MS ERW (outsourced HR)	2,500-3,000	Width-dependent external sourcing.
GP Pipes	8,000-8,500	Zinc coating & CR usage.

Source: Company, MNCL Research

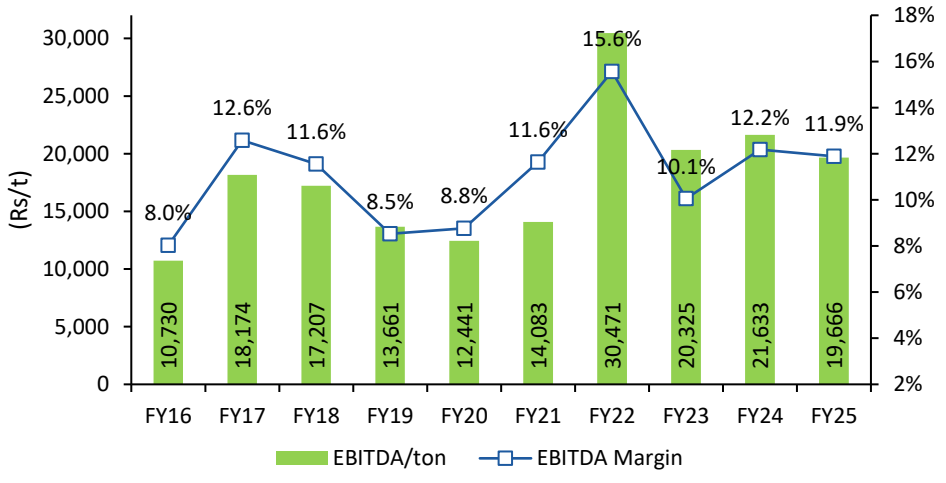
The delta is clear: **SS EBITDA/t is ~2-2.5x MS**, and as the SS share expands, consolidated EBITDA/t mechanically rises even if MS profitability stays flat.

EBITDA Margin Behaviour Rhymes: Both MS and SS margins tend to sit in a 10-13% corridor, largely stable because price changes are passed through with a 1qtr lag.

This is well-aligned with India's largest stainless producer, **Jindal Stainless (JSL)**, whose long-term numbers provide the cleanest benchmark.

What JSL's 10-Year Data Actually Shows About Stainless Cyclicality

Exhibit 49: Structural uplift in JSL's margins with FY22 being outlier



Source: Company, MNCL Research

The FY22 Spike Was an Extreme Outlier, Not a Steady-State Indicator

JSL's FY22 EBITDA/t jumped to Rs30,471 and EBITDA margins to 15.6%, driven by the historic LME nickel short squeeze (Mar'22). Trading was suspended and trades were cancelled by the LME. Global stainless coil shortages, tight ferrochrome markets, and extreme post-Covid demand.

These conditions are not repeatable at annual scale.

The Structural Margin Shift Is Real

Exhibit 50: Excluding FY22, JSL's trend is clear:

Period	EBITDA/t (Rs)	EBITDA Margin
FY16-20 (pre-expansion era)	~10-14k	8-9%
FY23-25 (normalised)	~19-22k	10-12%

Source: Jindal Stainless, MNCL Research

This uplift is supported by factual company disclosures:

- **Larger, more efficient asset base** (Odisha into double capacity at lower capex/t).
- **Upgraded supply chain**: shorter pipelines, 15% reduction in working capital cycle.
- **Richer product mix**: >120 stainless grades, deeper penetration into automotive, rail, process industries.

This explains why JSL's "steady state" in the last three years looks nothing like the FY16-20 regime, even though nickel cycles have come full circle.

Mapping This Structural Template to Sambhv

With Phase-1 Kesda:

- SS revenue share increases from <10% → ~60% by FY28.
- SS EBITDA contribution expands from ~15% → ~57% of consolidated EBITDA.

Given Sambhv's steady-state SS economics (Rs12-16k/t), and MS staying in the Rs6-7k/t band, consolidated EBITDA/t naturally rises toward ~Rs9k/t once the SS ramp normalises.

Controlled exposure to volatile 300-series

- Sambhv's initial stainless focus is 200-series, which is *less* exposed to nickel volatility.
- The company is targeting only ~25% 300-series in the FY28 mix.
- This mirrors JSL's strategy of driving growth on flat-rolled stainless while avoiding excessive 300-series concentration.

This moderates absolute rupee volatility while still delivering a strong uplift in percentage margins.

SS introduces noise on a per-ton basis, but lifts the entire P&L to a structurally higher unit economics and ROCE plane.

If Sambhv is eventually migrating to a SS heavy mix, why not simply invest in JSL?

Jindal Stainless (JSL) is the reference asset in India's stainless steel ecosystem

A 3mmt player moving to 4.2mmt by FY27, with upstream (SMS), midstream (HRAP/CR), downstream processing, and even nickel security through its NPI JV in Indonesia. It has already executed the sector's most important structural milestones; corporate consolidation, deleveraging, backward integration, and VAP expansion. As a result, the stock has already transitioned into a stable compounding profile, with consensus building in a clean FY25-28 CAGR matrix of 12%/16%/21% for Revenue/EBITDA/EPS. This is the correct positioning for a large-cap stainless name, and it provides beta exposure to the stainless steel cycle with limited fundamental uncertainty.

Sambhv, however, sits on a completely different slope of change.

Driven by the Phase-1 Kesda stainless expansion (360kt HRAP + 120kt CR), revenue mix shift from <10% stainless today to ~60% by FY28, step-function increases in EBITDA/t, and operating leverage from the already-built intermediate chain (sponge, billets, HR) that now pivots from MS into stainless. The difference is not about relative "quality", it is about the magnitude of earnings inflection. JSL compounds; Sambhv transforms. On a combined basis this brings our estimated FY25-28 CAGR to 49%/52%/65% for Revenue/EBITDA/PAT.

Risk-reward asymmetry is materially different.

JSL's business is diversified across geographies, grades and long-cycle end markets. Its margin profile is already stable; EBITDA/t has been consistently in the ~20-22k zone in recent years and the incremental uplift from new capacities is largely priced through predictable ROE trajectories (~16% by FY27). Sambhv's margin architecture starts from a lower base (MS + narrow stainless lines) but expands sharply as the product mix changes: CR stainless (200/300-series) and HRAP with more reliable premiums, and the captive sponge→billet→HR chain lowers cost volatility versus standalone cold rollers. The combined effect is a multi-year widening of blended EBITDA%, not through commodity spreads but through mix and efficiency.

Portfolio construction arguments also differ.

JSL is a stainless beta name: stable, integrated, hedged (via NPI), with predictable free cash flow and balance-sheet visibility. Sambhv is a re-rating candidate: its valuation shall still hold the roots anchored in the secondary MS convertor business, even though its earnings profile is migrating toward stainless manufacturing. If Phase-1 executes cleanly and the capex structure is designed so that Phase-2/3 become materially cheaper, the delta to valuation is non-linear. Economic optionality is the core of Sambhv's case.

Zooming out

Sambhv's stainless platform is no longer an adjunct to the MS business; it is the fulcrum around which the company's margin shape, capital cycle discipline, and long-term earnings profile now pivot. With Phase-1 Kesda establishing a scalable HRAP/CR spine and future phases offering mix flexibility, the business ceases to behave like a traditional ERW/GP franchise and begins to resemble a dual-engine metals platform with structurally different economics across MS and SS. That shift requires moving away from isolated segment commentary and evaluating Sambhv at the combined company level: the revenue architecture, unit-economics stack, mix migration, margin redistribution, capital employed productivity, and the implied valuation corridor that emerges once these engines run simultaneously rather than sequentially.

Exhibit 51: SS to shine from FY28

MS Financials	Unit	FY23	FY24	FY25	FY26e	FY27e	FY28e
Volumes	tonne	-	-	9,745	49,880	71,791	2,47,520
Revenue	Rs mn	-	-	1,209	6,251	9,221	30,864
EBITDA	Rs mn	-	-	117	648	897	3,094
Margin	%	-	-	9.7%	10.4%	9.7%	10.0%
EBITDA/ton	Rs	-	-	12,000	13,000	12,500	12,500

Source: Company, MNCL Research estimates

Putting the Pieces Together: What Sambhv Becomes When Both Engines Fire

This is where we graduate the story. Right now, Sambhv still screens like a pipes name with a stainless bolt-on; by FY28 it's basically a stainless-tilted platform with a very respectable pipes franchise attached, breaking the misperceived notion of "Poor Man's APL Apollo" or "Mini Jindal Stainless".

Exhibit 52: Capacity Mix Pivots Decisively from Carbon Steel to Stainless Steel Post FY26

Capacity - in tonnes	FY25	FY26e	FY27e	FY28e
MS				
Sponge iron	2,80,000	2,80,000	2,80,000	2,80,000
Blooms / slab	3,00,000	3,00,000	3,00,000	3,00,000
HR coils	3,90,000	3,90,000	3,90,000	3,90,000
CR coils	1,00,000	1,16,000	1,16,000	1,16,000
ERW and GI pipes	3,50,000	3,50,000	3,50,000	3,50,000
Pre- Galvanized pipes (GP)	1,00,000	1,16,000	1,16,000	1,16,000
SS				
Blooms / slab	60,000	60,000	4,20,000	4,20,000
HR coils	60,000	60,000	4,20,000	4,20,000
HRAP	58,000	1,16,000	4,76,000*	4,76,000*
CR coils	58,000	1,16,000	2,36,000	2,36,000
Total Finished Products	**5,08,000**	**5,82,000**	**7,02,000**	**7,02,000**

Source: Company, MNCL Research
**Of the 476ktpa, 120kt is dedicated for external sales as value added products (not included in total)*

Since the revision of the Phase 1 entirely to SS, the MS footprint is effectively frozen; the SS footprint multiplies. Through FY25-28, the MS complex stays constant at: 350kt of ERW, 116kt of CR and correspondingly GP Coils/Pipes, 390kt HR Coils and 280kt of sponge iron. Utilisation normalises but does not meaningfully climb.

The SS side is the inversion. Stainless capacity rises from 58kt HRAP and CR in FY25 to 476 kt HRAP and 236 kt CR by FY27. This is not incremental reform, it is a multi-fold expansion. Activating this capacity governs everything else. Capacity utilisation will reflect the physics of commissioning.

Exhibit 53: Stainless Transitions from Pilot Scale to Meaningful Volume by FY28

Sales volume - in tonnes	FY25	FY26e	FY27e	FY28e
Intermediate products - includes sponge iron etc.	55,565	43,200	43,200	43,200
Structural pipes & tubes - ERW	2,12,623	2,27,500	2,45,000	2,48,500
GP & GC (includes GI pipes)	12,648	71,908	1,00,908	1,04,388
Total Mild Steel	**2,80,836**	**3,42,608**	**3,89,108**	**3,96,088**
HRAP - SS (external)	-	-	-	*1,17,956*
CR - SS	*9,745*	*49,880*	*71,791*	*1,29,564*
Total Stainless Steel	**9,745**	**49,880**	**71,791**	**2,47,520**
Total Sales Volume	**2,90,581**	**7,35,097**	**8,50,008**	**10,39,697**

Source: Company, MNCL Research estimates

ERW goes from 212 kt to 248 kt, GP from an artificially suppressed 12.6 kt in FY25 to >100 kt once the bottlenecked line is freed, and MS CR stabilises at 90%. This side of the business becomes predictable: no volume surprises, no capital surprises, no configuration change.

Stainless sales volumes move from ~10 kt in FY25 to ~248 kt in FY28, i.e. SS goes from rounding error to roughly 38% of group tonnage but contributes two-thirds of the revenue because realisations are >2× higher.

Integration Becomes a Bottleneck as Finished-Product Ambitions Scale

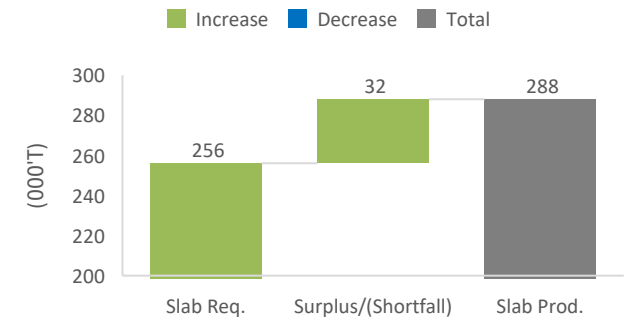
Exhibit 54: Finished-Product Ambitions Outrun the Integration Backbone

Sarora & Kuthrel	FY25	FY26e	FY27e	FY28e
Total Slab Prod.	2,88,000	2,88,000	2,88,000	2,88,000
HRC (MS+SS)	2,50,983	2,64,380	2,86,291	2,86,500
Slab req for HRC	2,56,003	2,69,668	2,92,017	2,92,230
Surplus/Shortfall	***31,997***	***18,332***	***(4,017)***	***(4,230)***
HRC Req for ERW & CR (MS)	2,67,534	3,25,598	3,65,403	3,68,549
Shortfall	***(41,841)***	***(1,11,098)***	***(1,50,903)***	***(1,54,049)***
Shortfall%	-16%	-34%	-41%	-42%

Source: Company, MNCL Research estimates
Note: This does not include HRC requirements for Kesda as it will consist of self-sufficient slab capacity

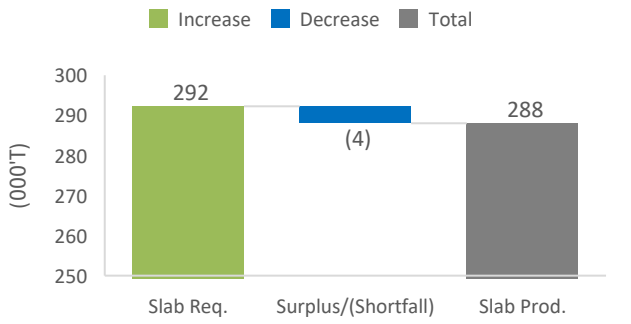
Sambhv's finished-products expansion is now outpacing its upstream melting backbone, and that creates a structural tension in the core thesis. The company's slab capacity is effectively a single 360 ktpa pool shared between MS and SS. When SS was a 58 kt business, this was inconsequential; the slab system was implicitly "MS-first." But with Kuthrel already stabilising at a run-rate of ~72 ktpa CR-equivalent stainless output after the brownfield doubling, a small share of the fixed slab pool will be migrating to stainless. Every incremental tonne of SS displaces a tonne that would otherwise feed MS HRC, and Sambhv has already acknowledged that this shift will require selective slab outsourcing for the MS segment. Layered onto this is the coil-width constraint: Sambhv must outsource HR coils for 5-7 inch pipe sizes, and roughly ~30-40% of total HRC consumption in the MS/GP chain continues to be externally sourced, yielding only Rs 2.5k–3k/t EBITDA, compared to ~Rs 6.5k/t on in-house HR.

Exhibit 55: FY25 Slab Surplus



Source: Company, MNCL Research estimates

Exhibit 56: FY28e Slab Shortfall



Source: Company, MNCL Research estimates

Financial Analysis

Topline drivers shift meaningfully

Exhibit 57: Revenue Mix Pivots Decisively from Carbon Steel to Stainless Steel Post FY27

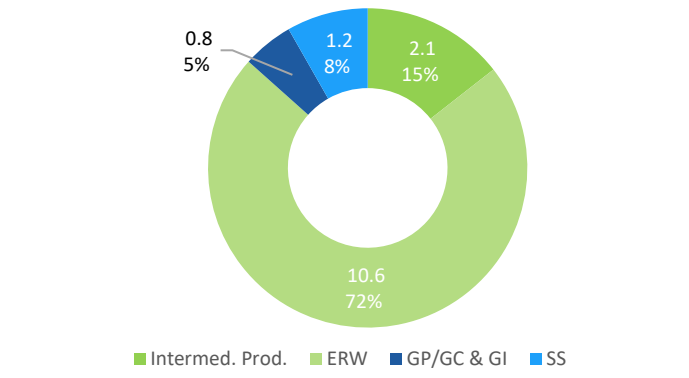
Revenue by products	FY25	FY26e	FY27e	FY28e
Intermediate products - includes sponge iron etc.	2,116	1,201	1,189	1,177
Structural pipes & tubes - ERW	10,579	10,980	11,825	11,994
GP & GC (includes GI pipes)	756	4,382	6,150	6,362
HRAP - SS	-	-	-	13,474
CR - SS	*1,209*	6,251	9,221	17,391
Stainless Steel	**1,209**	**6,251**	**9,221**	**30,864**
Others	453	-	-	-
Total Revenue	**15,114**	**22,814**	**28,385**	**50,397**
YoY Growth	18%	51%	24%	78%

Source: Company, MNCL Research estimates

On our current estimates, Sambhv's top line steps up from Rs15.1 bn in FY25 to Rs50.4 bn by FY28, a 3yr revenue CAGR of ~49%. The shape of that growth matters more than the quantum:

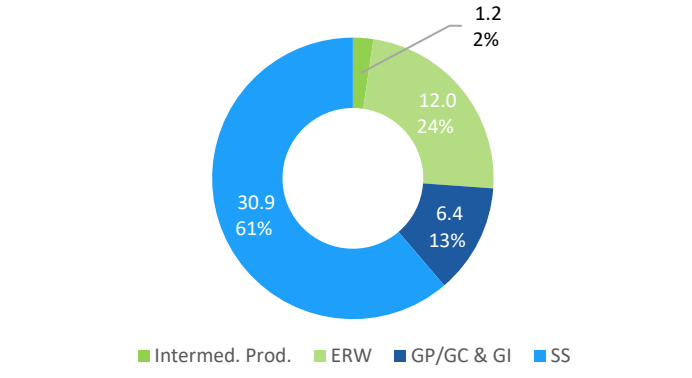
- **Stainless share of revenue** moves from 8% in FY25 (Rs1.2 bn) to 61% in FY28.
- **MS (ERW + GP + intermediates)** still grows in absolute terms (Rs13.4 bn in FY25 to ~Rs19.5 bn in FY28), but gets dwarfed by the stainless ramp.

Exhibit 58: FY25 Revenue Split (Rs bn)



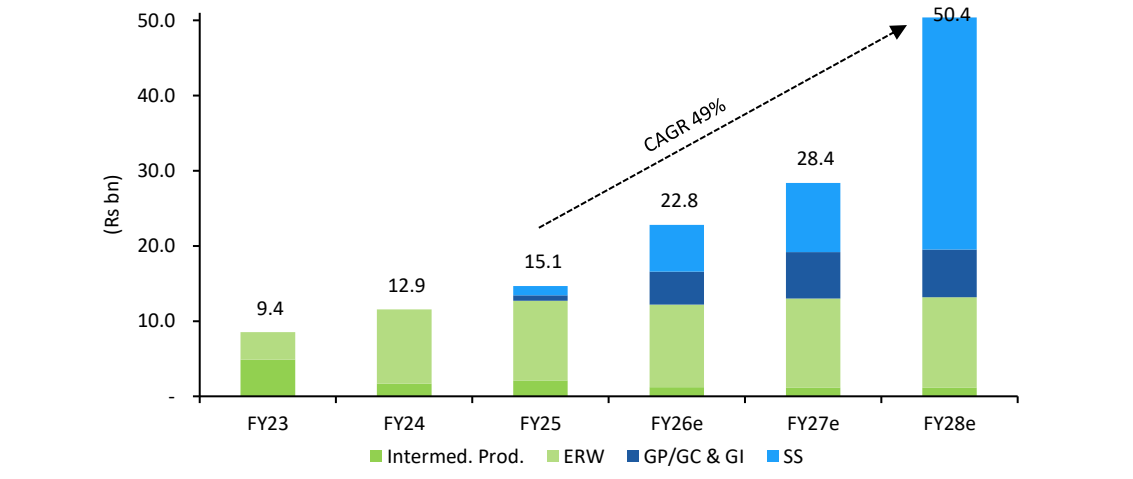
Source: Company, MNCL Research estimates

Exhibit 59: FY28e Revenue Split (Rs bn)



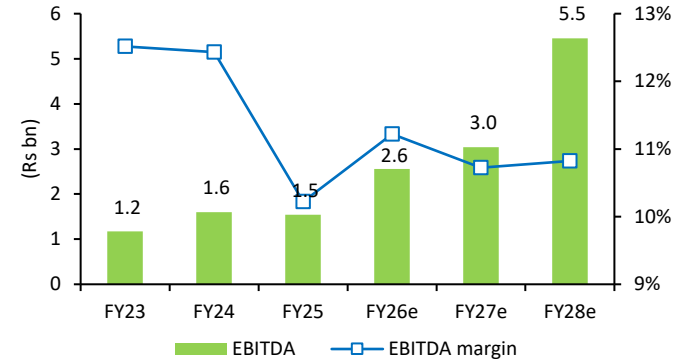
Source: Company, MNCL Research estimates

Exhibit 60: Exorbitant Revenue growth driven by Stainless Steel



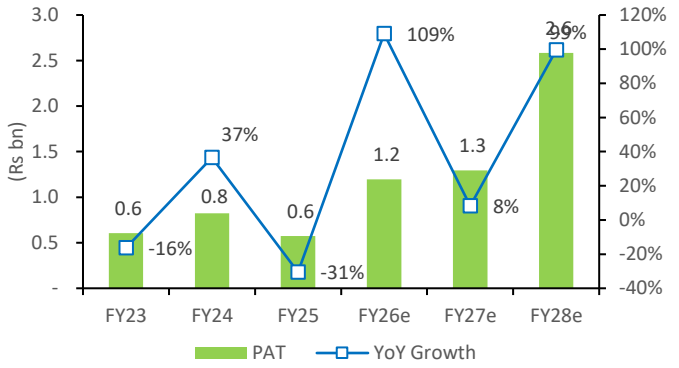
Source: Company, MNCL Research estimates

Exhibit 61: EBITDA growing at a CAGR of 52%



Source: Company, MNCL Research estimates

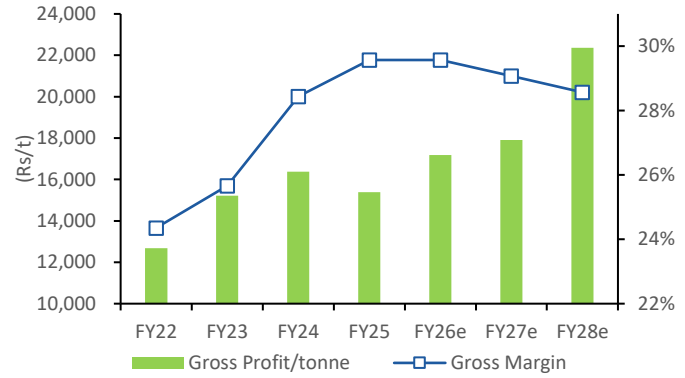
Exhibit 62: PAT growing at a CAGR of 65%



Source: Company, MNCL Research estimates

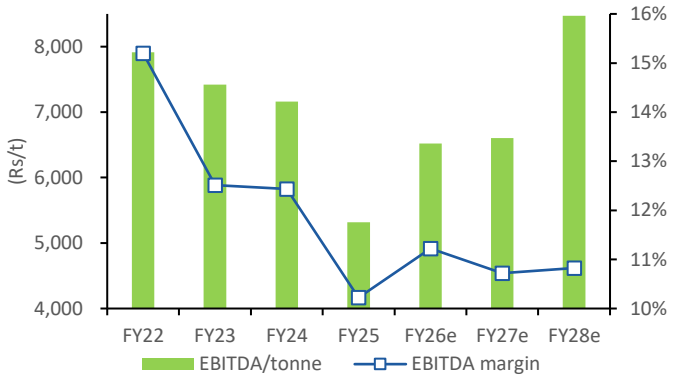
Unit Economics

Exhibit 63: Gross Profit/ton



Source: Company, MNCL Research estimates

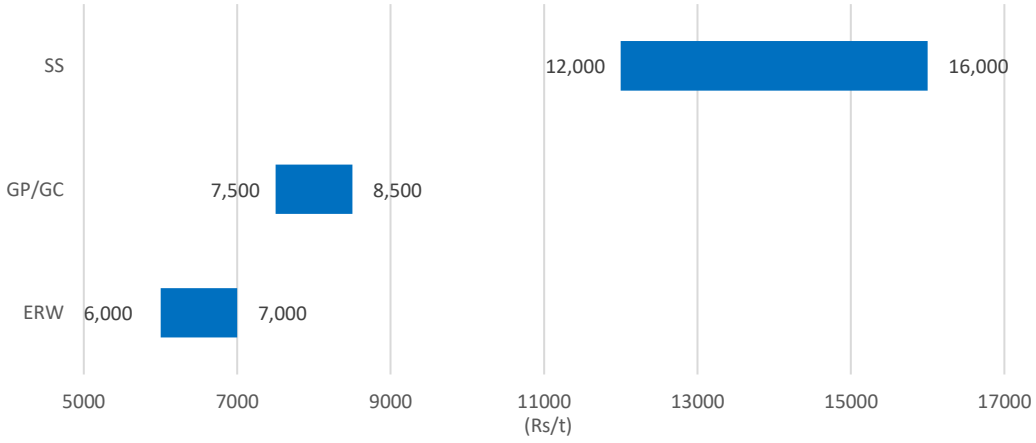
Exhibit 64: EBITDA/ton



Source: Company, MNCL Research estimates

Gross margins behave the same way in both MS and SS segment, however the absolute per ton margins get uplifted with increasing share of SS.

Exhibit 65: Stainless steel EBITDA/t is nearly double of ERW

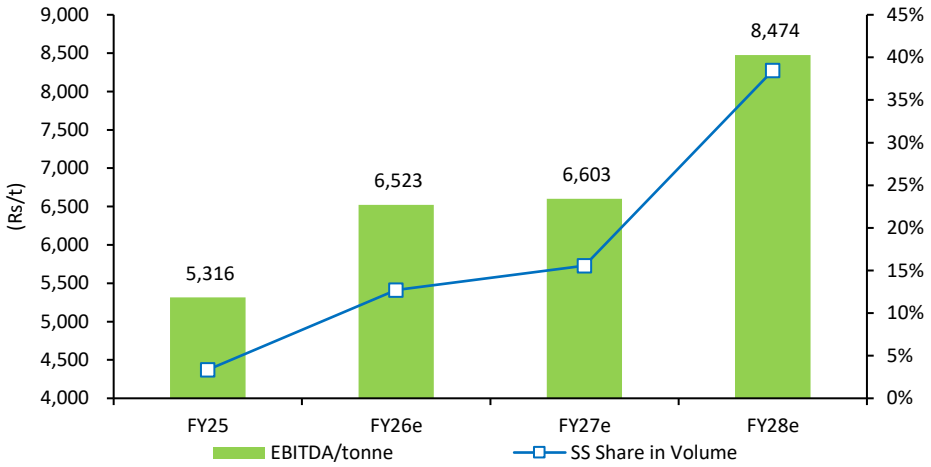


Source: Company, MNCL Research

ERW behaves like ERW everywhere: Rs6k/t of EBITDA, occasionally Rs7k/t in good quarters. GP earns Rs1.5k/t higher because of zinc and processing. Combined, MS EBITDA/t stays in the Rs5–7k range and stays stable across the period.

Stainless lives on a different curve: CR 200-series earns Rs13–15k/t; 304/316 CR earns Rs15–17k/t. HRAP typically sits at ~Rs9–11k/t depending on alloy spreads.

Exhibit 66: EBITDA/t to rise with increasing share of Stainless Steel



Source: Company, MNCL Research estimates

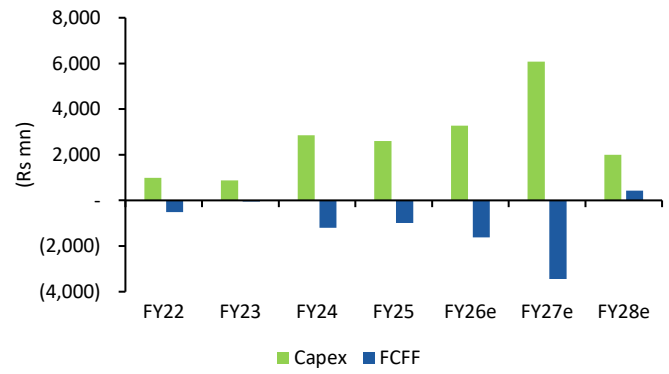
Blend these against the rising tonnage and the consolidated EBITDA/t lifts from Rs5,316/t in FY25 to Rs8,474 in FY28. The percentage EBITDA margin looks flat at ~10–11% because stainless is alloy-intensive, but the rupee curve steepens year after year.

Earnings Compound Because the Mix Compounds

- EBITDA moves from Rs1.55 bn in FY25 to Rs5.45 bn in FY28. This is a 52% EBITDA CAGR, almost entirely explained by stainless mix rather than MS volume.
- PAT moves from Rs573 mn to Rs2.59 bn across the same period (65% CAGR) and EPS grows from Rs2.4 to Rs8.8, a 55% CAGR.

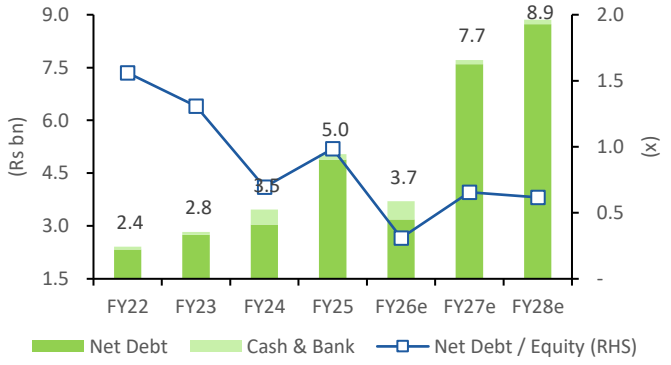
Balance Sheet Carries the Capex Without Breaking

Exhibit 67: Kesda Capex spread over 2yrs



Source: Company, MNCL Research estimates

Exhibit 68: Debt rises in a balanced manner



Source: Company, MNCL Research estimates

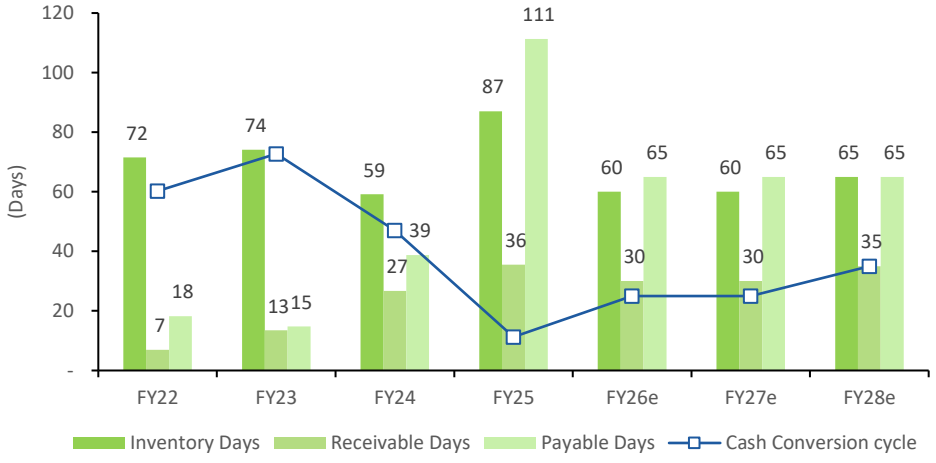
Leverage elevates but doesn't overshoot

Phase-1 capex of Rs9.35 bn lifts gross debt to Rs8.9 bn in FY28 of which ~3.9bn shall be working capital related and the rest Rs5bn term loan. Net-debt-to-equity rolls from 1.0× in FY25 to 0.3× in FY26 (post-IPO and pre-capex), then back up to 0.7×/0.6× in FY27/28 as the project debt comes in.

Working capital stays contained

Inventory at ~60 days, receivables 30–35 days, payables 65 days, so a cash conversion cycle of 25–30 days even in the heavier SS years.

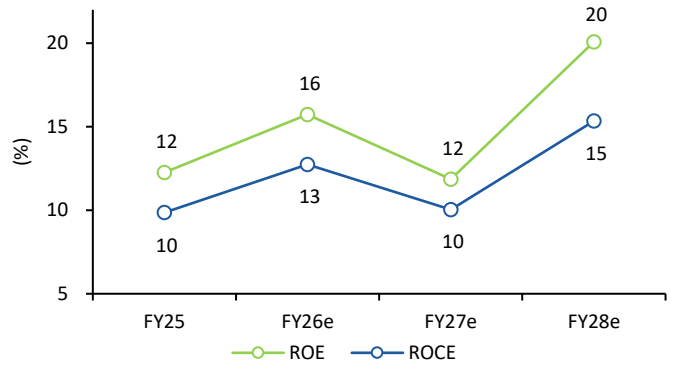
Exhibit 69: Cash conversion cycle to moderately increase with relaxed debtor terms in SS



Source: Company, MNCL Research

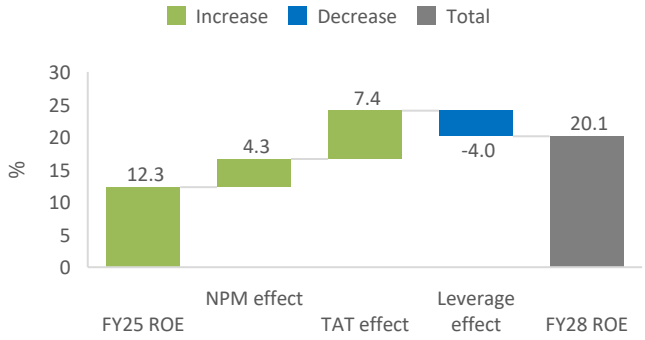
Return Ratios dip through the construction phase, then recover

Exhibit 70: Return Ratios expand meaningfully



Source: Company, MNCL Research estimates

Exhibit 71: Driven by profitability and efficiency



Source: Company, MNCL Research estimates

That 15% ROCE in FY28 doesn't look flashy in isolation, but Sambhv is midway through a large, not-yet-fully-sweated stainless capex cycle. The incremental ROCE on the Phase-1 + GP debottlenecking block is what really matters, and our numbers implicitly assume no heroics there.

- **ROE:** 12% in FY25 is expected to reach 20% in FY28 as utilization and SS mix catch up with the balance sheet.
- **ROCE:** 10% to 15% over the same period, against a cost of capital that is not going to be in single digits for this risk profile.

IPO Details

Exhibit 72: IPO Funds Raised for Debt Repayment

S. No.	Estimated Amount (Rs mn)
Total Offer Size	**5,400**
Offer for Sale (OFS) Component	1,000
Gross Proceeds (Fresh Issue)	4,400
Less: Offer related expenses	(275)
Net Proceeds	**4,125**
Pre-payment or scheduled re-payment of borrowings	3,900
General corporate purposes (GCP)	225
Total Proposed Utilization	**4,125**

Source: Company, MNCL Research

Status of Utilization: The management confirmed shortly after the listing (Q1 FY26 earnings call, July 25, 2025) that the IPO proceeds were being used for repayment of debt, meeting working capital needs, and for general corporate purposes. The Long term Borrowings have reduced from 3.6bn in FY25 to 620mn in H1FY26.

Valuation – Rerating Sambhv hai

Sambhv sits at an unusual intersection; an established MS pipes franchise and a scaling stainless platform that reshapes the earnings mix from FY27 onward. Against its listed peers, the company's growth, margin architecture, and balance-sheet reset justify a valuation framework that differentiates between the two businesses rather than applying a blended multiple.

Exhibit 73: Highest Earnings CAGR in the Peer Set with a Valuation Discount

Company	Mkt Cap (Rs bn)	CAGR (FY25-FY28E)			EBITDA margins - %				ROE - %			
		Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Sambhv Steel Tubes Ltd	26	49.4	52.3	65.3	10.2	11.2	10.7	10.8	12.3	15.7	11.9	20.1
APL Apollo Tubes Ltd	536	16.0	27.5	32.9	6.0	7.4	7.7	7.9	19.4	24.3	25.0	24.9
HI-Tech Pipes Ltd	17	20.3	23.8	32.3	5.4	5.4	5.7	5.9	8.0	8.1	9.9	10.7
JTL Industries Ltd	27	31.2	41.5	41.0	6.4	6.4	7.3	8.1	9.9	7.2	9.2	12.3
Shyam Metalics & Energy Ltd	229	24.4	27.7	35.3	12.4	12.4	13.5	13.5	9.0	11.1	14.0	15.3
Jindal Stainless Ltd	651	12.4	16.5	21.3	11.6	12.3	12.7	12.9	16.1	16.9	17.5	17.5

Company	ROCE - %				EV/EBITDA				PE Ratio			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Sambhv Steel Tubes Ltd	9.9	12.7	10.0	15.3	18.4	11.6	11.2	6.5	41.0	22.2	20.5	10.3
APL Apollo Tubes Ltd	19.8	25.5	26.4	25.6	44.8	31.2	25.4	21.6	70.8	46.6	36.8	30.2
HI-Tech Pipes Ltd	11.3	N/A	N/A	N/A	10.9	8.7	6.8	5.7	23.8	16.3	12.2	10.3
JTL Industries Ltd	10.9	14.7	34.5	45.9	21.9	17.7	11.1	7.7	27.2	23.3	14.8	9.7
Shyam Metalics & Energy Ltd	10.3	N/A	N/A	N/A	12.6	9.6	7.3	6.0	25.2	18.4	12.9	10.2
Jindal Stainless Ltd	16.0	N/A	N/A	N/A	15.3	12.6	11.0	9.7	26.0	20.8	17.1	14.6

Source: Company, Bloomberg, MNCL Research estimates

Versus APL Apollo (21.6x FY28e consensus EV/EBITDA)

APL deserves its premium for distribution dominance, brand, and scale. Sambhv does not compete on brand or breadth and should not trade anywhere close to APL's 21.6x. Our 13x multiple on Sambhv's MS EBITDA implicitly prices in a 40% discount, reflecting its smaller footprint, narrower channel presence, and lower balance-sheet maturity, while still acknowledging the operational tailwinds from integration, capacity upgrades, and improving GP/ton visibility.

Versus Jindal Stainless (9.7x FY28e consensus EV/EBITDA)

JSL is the scale benchmark in stainless, with melting-secured inputs and access to NPI/CRM through global JVs. Sambhv is several cycles behind in stainless execution and carries higher RM and ramp-up risk. Our 7.5x multiple on Sambhv's SS EBITDA applies a 23% discount to JSL, recognising its inferior raw material security and early-stage stainless platform, but also acknowledging the disproportionate earnings acceleration Sambhv delivers as HRAP and CR volumes scale from FY27.

Why a bifurcated multiple makes sense

Sambhv's financial profile does not resemble a single business. The MS franchise grows mid-teens with stable 10-12% EBITDA margins; the stainless arm grows >50% CAGR with materially higher unit economics. Assigning a blended valuation would either overvalue MS or undervalue SS. Separating the businesses therefore preserves line-of-sight on each profit pool and avoids overestimating the optionality embedded in the stainless scale-up.

At the CMP, Sambhv trades at a 6.5x FY28 EV/EBITDA, materially below both APL and JSL, even after adjusting for its smaller size and higher variability in stainless realisations.

Three elements can compress the valuation gap:

- **Earnings trajectory:** FY25–28 Revenue/EBITDA/PAT CAGRs of 49%/52%/65%; unmatched in the comparable listed steel universe.
- **Mix shift:** Stainless share rising from 8% to ~61% of revenue by FY28, lifting blended margins and RoCE (FY28E ROE/RoCE ~20/15% vs ~12/10% in FY25).
- **Balance sheet discipline:** Net-debt-to-equity peaking <0.8x through the capex cycle, with peak project debt already visibly capped.

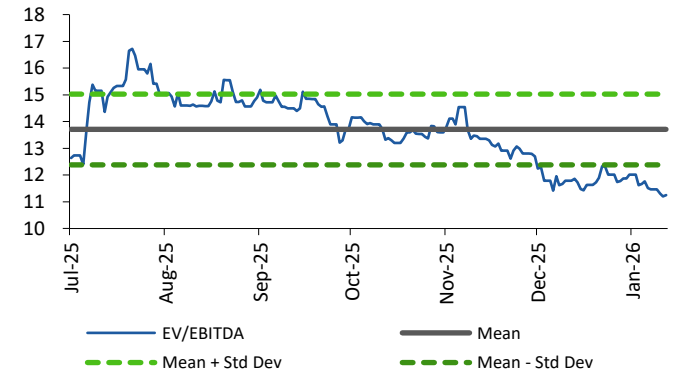
We Initiate coverage on Sambhv with a BUY rating valuing it on SOTP framework assigning 13x MS EBITDA, 7.5x SS EBITDA to arrive at a target price of Rs 150/sh, corresponding to a blended 10x EV/EBITDA multiple and 17x P/E, or a PEG of 0.32; a level that systematically undervalues a 50% CAGR compounding engine transitioning into its first year of stainless scale.

Exhibit 74: Valuation Table

Valuation	FY28
MS EBITDA	2,360
Multiple	13.0
MS EV	30,675
SS EBITDA	3,094
Multiple	7.5
SS EV	23,205
Total EV	**53,880**
EBITDA	5,454
Implied Multiple	*10*
-Debt	8,860
+Cash	126
Mkt Cap	45,146
No of Sh	295
TP	**150**
CMP	90
Upside	67%

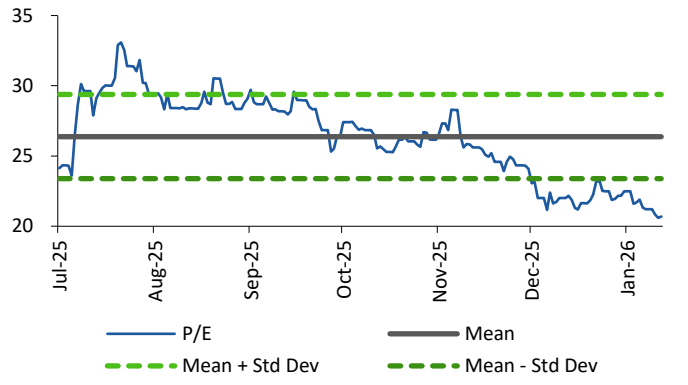
Source: Company, MNCL Research estimates

Exhibit 75: EV/EBITDA 1-year forward



Source: Company, Bloomberg, MNCL Research estimates

Exhibit 76: PER 1-year forward



Source: Company, Bloomberg, MNCL Research estimates

Key Risks

1. Stainless Execution Risk (Kesda ramp, HRAP/CR quality, utilisation trajectory)

The Kesda Phase-1 stainless platform (360 ktpa HRAP/CR) is a greenfield undertaking in a segment where process stability hinges on tight control of melting chemistry, pickling losses, annealing cycles, gauge consistency, and surface finish. Ramp curves in SS are prone to non-linear setbacks, especially in CR lines where yield leakage and rejection rates can widen abruptly. Any slippage in commissioning (Q4 FY27 target), utilisation (70% in 6-9 months), or product acceptance in OEM channels materially alters the FY28-29 earnings shape.

2. Raw Material Volatility (Nickel, ferrochrome, scrap availability)

While Sambhv's near-term SS mix is 200-series heavy, the progression toward a higher 304/316 mix (targeting ~25% by FY28) increases sensitivity to nickel particularly, along with chromium, and high-quality stainless scrap. India imports >90% of its nickel units, and global scrap tightness has risen due to export restrictions (EU, Indonesia) and higher Asian absorption. Alloy volatility flows directly into HRAP and CR realisations with a 1–2 quarter lag, widening earnings dispersion even when percentage margins remain stable.

3. Working Capital Stretch Through Scale-Up

SS is structurally more working-capital intensive than MS. HRAP/CR inventory cycles will be longer, distributor credit tends to expand during market share build-out and imported alloy inputs require upfront payment cycles. Management itself guides toward structurally higher WC of Rs 3-4bn, and debtor days will stretch as Sambhv enters new geographies and OEM accounts. A rapid 3-year revenue CAGR (~55%) can push WC/Revenue ratios to uncomfortable levels unless cash generation keeps pace.

4. Competitive Response from JSL, APL, and Regional SS Cold Rollers

Jindal Stainless is executing a capacity expansion toward 4.2 mmtpa by FY27 and integrating upstream nickel supply via NPI JVs. In parallel, APL Apollo's SG Premium is already creating tactical pricing enclaves in certain tube thicknesses. The cold-rolled stainless space is also fragmented with many small players who can adapt to alloy cycles by flexing output. If competitors compress spreads to defend share during alloy downturns, Sambhv's early-cycle margins may face pressure during ramp-up.

5. HR Coil Outsourcing Dependence Until Phase-2

Sambhv still externally sources 30-35% of its HR coil requirement (primarily for >5-inch ERW sizes and Kuthrel's GP line). Outsourced HR yields ~Rs3k EBITDA/t vs ~Rs6.5k for in-house coils, creating a structural drag until wider-width in-house rolling (target: up to 7 inches in Phase-2) comes online. Any delay in Phase-2 capex or melt/rolling bottlenecks prolongs reliance on outsourced coils, keeping MS spreads below potential.

6. Balance Sheet Load Through Peak Capex (FY26–28)

Phase-1 capex of ~Rs9.35bn, including the captive power plant (Rs1.25bn), and front-ended infrastructure could raise peak debt to ~Rs9bn, with net debt-to-equity temporarily stepping up to ~0.7x. Any cost overrun, commissioning delay, or prolonged SS ramp curve increases refinancing and liquidity risk.

7. Market Pricing Risk Across MS & SS Chains

MS pipes face classic commodity spread cycles. ERW-HRC spreads currently oscillate between Rs5.5-7.5k/t; stainless HRAP and CR realise differential volatility of Rs12-16k/t across alloy cycles. A misaligned cycle; MS spreads compressing while SS realisations soften under global inventory correction, could simultaneously pressure both segments. Integrated players are protected in percentage terms, but absolute EBITDA/ton variance can persist.

8. Regulatory Overhangs (BIS enforcement, import windows, alloy duties)

BIS certification tightening (2025 circular re: intermediate inputs) currently favours domestic integrated producers. However, temporary import "relaxation windows" (such as the Dec'25 extended to Mar'26 slab/coils window) can abruptly reintroduce global competition. Duty tweaks on nickel, ferrochrome, or scrap, or relaxation of BIS norms under diplomatic pressure (especially ASEAN relationships) can alter competitive intensity.

Corporate Governance

We believe that sound corporate governance is necessary for enhancing the trust of shareholders and other stakeholders. We have undertaken a detailed corporate governance study covering broad aspects such as the composition of the board of directors, independent directors, compensation paid to the promoter directors and independent directors, nature and amount of contingent liabilities, and related party transactions.

Exhibit 77: Board Composition

Board Composition	FY25
Total Strength	6
Promoter Group Directors	2
Executive Directors	3
Independent Directors	3
% share of Promoters	33%
% share of Executive	50%
% share of Independent	50%
% Women on board	17%

Source: Company, MNCL Research

The board is equally split between Executive and Independent directors with nearly one third of it being promoters. The presence of a woman on board further confirms to the regulations laid in Company's Act 2013.

Exhibit 78: Executive Directors Compensation

Name	Designation	FY25 (Rs mn)
Executive Directors		
Suresh Kumar Goyal	Chairman & Executive Director	18
% share of PAT		3.1%
Vikas Kumar Goyal	Managing Director & CEO	18
% share of PAT		3.1%
Bhavesh Khetan	Executive Director & COO	9
% share of PAT		1.6%
Total executive director compensation		**45**
Ceiling for executive Directors as per act		57
Salary earned as a % of ceiling		78.6%
% share of PAT		7.9%

Source: Company, MNCL Research

The Executive Directors' compensation for FY25 has been well within the ceiling of Company's Act 2013 of <5% for individual and 10% aggregate. Including Independent Directors' compensation as well the amount remains within the ascribed limit of 11%.

Exhibit 79: Independent Directors Compensation

Name	FY25 (Rs mn)
Manoj Khetan	0.55
Nidhi Thakkar	0.40
Kishore Kumar Singh	0.35
Total	**1.3**
% share of PAT	0.2%

Source: Company, MNCL Research

Contingent liability analysis

Sambhv's contingent liabilities have been declining both in absolute as well as proportion of Net worth and with the listing in FY26 this proportion is expected to decline even further. The company does not make provisions for these contingent liabilities as it considers them safe. The details are as follows:

Exhibit 80: Contingent Liabilities

Particulars (Rs mn)	FY24	FY25
Excise/Goods & service tax demands	0.7	-
Income tax demands	4.5	3.2
Outstanding bank guarantees	58.8	54.6
Capital commitments	1,063.8	335.2
Export Duty Saved	1.8	24.2
Export Obligation yet to be fulfilled	10.9	156.0
Total	**1,140.4**	**573.2**
Net Worth	4,382.8	4,953.4
Contingent liabilities as a % of Net Worth	**26%**	**12%**

Source: Company, MNCL Research

Related party transaction analysis

RMT's related party transactions mainly involve sale/purchase of raw materials, sale/purchase of finished goods, rent charges, and corporate guarantees. The details are as follows:

Exhibit 81: Related Party Transactions

Nature of Transaction (Rs mn)	FY24	FY25
Advances Given	271.0	360.2
Advance Received against supply of material	-	100.0
Advances Paid back	-	99.7
Advances Received Back	271.0	359.7
Interest on Unsecured Loan	16.1	4.2
Interest received on advances given	2.1	15.1
Job work Charges Paid	79.7	18.0
Purchase of Capital Goods	2.7	12.2
Purchase of Material (Excl. GST)	706.5	153.0
Purchase of Investment	0.1	654.4
Rent Paid	2.8	2.6
Rent Received	4.8	4.8
Repayment of Unsecured Loan	406.9	20.7
Sale of Capital Goods	7.4	3.1
Sale of Goods (Excl. GST)	699.7	87.5
Unsecured Loan Taken	146.9	293.5
Corporate guarantee taken / (Released) (Jointly and severally)	5,594.6	4,988.2
Total	**8,212.3**	**7,176.8**

Source: Company, MNCL Research

Exhibit 82: Related Party Balances

Nature of Balance (Rs mn)	FY24	FY25
Payables (Including Trade Payables)	42.1	10.4
Receivables (Including Trade Receivables)	0.9	1.0
Investment	-	651.7
Unsecured Loan Taken	-	272.8
Interest payable on Unsecured Loan	-	3.7
Corporate guarantee taken (Jointly and severally)	11,111.6	16,099.8
Total	**11,154.6**	**17,039.5**

Source: Company, MNCL Research

- **Sambhv Tubes Private Ltd (STPL) is the financial and project SPV hub**: Equity, debt, advances, interest and rent are all concentrated here. The listed entity is effectively funding, warehousing and guaranteeing the stainless expansion through STPL.
- **Promoter-entity operating dependence has collapsed:** RPT revenues and raw-material purchases with Ganpati, Pyarelal, Niros, etc., have shrunk by ~75–85% YoY, which is a real governance improvement.
    - Niros & Sadguru (earlier sponge/billet manufacturing entities) now sold off; no current transactions.
    - Anjaneya remains; acts as a trading arm, especially used for coal procurement and tender bidding support.
- **Funding has shifted from family to structure:** Individual/HUF unsecured loans (dominant in FY24) have largely been replaced by inter-company funding via STPL and banks in FY25.

About Sambhv

Exhibit 83: Key Milestones

FY18	• Commenced operation with the manufacturing of sponge iron with installed capacity of 60,000 TPA.
FY19	• Expanded the production capacity of Sponge iron to 90,000 TPA.
FY20	• Commissioned 15MW power plant (6 MW WHRB + 9 MW AFBC) and commenced manufacturing of blooms / slabs with installed capacity of 120,000 TPA.
FY22	• Expanded the capacity of blooms / slabs to 150,000 TPA and commenced manufacturing of HR coils with installed capacity of 150,000 TPA.
FY23	• Increased the capacity of Sponge iron to 105,000 TPA, blooms/slabs to 231,000 TPA and HR coils to 350,000 TPA. • Commenced manufacturing of ERW Pipes with installed capacity of 150,000 TPA & increased it to 250,000 TPA.
FY24	• Increased the installed capacity for blooms/slabs to 317,000 TPA and commenced manufacturing of GI pipe. • Commissioned a 132 kVA power line.
FY25	• Expanded the capacity of sponge iron to 280,000 TPA, HR coils to 390,000 TPA, ERW & GI Pipes to 350,000 TPA, and the power plant to 25 MW (16 MW WHRB + 9 MW AFBC). • Achieved the capability to produce stainless steel blooms/slabs & HR coils with installed capacity of 60,000 TPA each. Commenced manufacturing of GP Pipes with installed capacity of 100,000 TPA and Stainless Steel CR Coils with installed capacity of 58,000 TPA.
FY26	• Successfully raised Rs 4.4bn & listed on stock exchanges. • Consent to Establish (CTE) granted for doubling GP coils and SS CR coils capacity from 58,000 TPA to 116,000 TPA each. • Received Environmental Clearance for the Kesda Plant.

Source: Company, MNCL Research

Exhibit 84: Management Background

Name	Designation	Background
Brijlal Goyal	Founder & Chairman Emeritus, Promoter	He holds no formal degree. He brings ~34 years of manufacturing experience (and over five decades in the steel ecosystem as a promoter). He is the originating force behind the company's trajectory.
Suresh Kumar Goyal	Chairman & Executive Director, Promoter	He holds a B.Com and has 20+ years in steel manufacturing. His strengths span project execution, strategy, technology adoption, and quality systems. He has been central to product diversification and process upgrades. Recognized as Times Most Powerful Leader, 2022.
Vikas Kumar Goyal	Managing Director & CEO, Promoter	He holds a B.Com and brings nearly two decades of experience across finance, sales, marketing, procurement, strategy, and business development. Awarded Young Leader 40 Under 40, 2024.
Bhavesh Khetan	Executive Director & COO	He holds a B.Com and has 10+ years in steel trading and manufacturing. Earlier proprietor of Vinayak Traders (iron, scrap, coal). Currently oversees plant operations and administration.
Anu Garg	Chief Financial Officer	She is a CA and holds a B.Com. She has 3+ years of finance experience and was appointed CFO effective 1 July 2024.
Bikash Agrawal	Chief Strategy Officer	He is a CFA (USA) and holds an MBA. He has 12+ years of experience across financial institutions and investment roles, including RBL Bank and RattanIndia Finance.
Niraj Shrivastava	Company Secretary & Compliance Officer	He is an FCS (Fellow Company Secretary) and holds an M.Com and LLB. With 17+ years in governance and compliance, he has held roles at MP Urban Development Co., Bagadiya Brothers, and DB Corp.

Source: Company, MNCL Research

Financials

Exhibit 85: Income Statement

Y/E March - Rs mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**8,193**	**9,372**	**12,858**	**15,114**	**22,814**	**28,385**	**50,397**
Materials cost	6,198	6,967	9,202	10,645	16,068	20,134	35,999
% of revenues	**75.6**	**74.3**	**71.6**	**70.4**	**70.4**	**70.9**	**71.4**
Employee cost	235	415	571	884	1,335	1,803	3,049
% of revenues	**2.9**	**4.4**	**4.4**	**5.9**	**5.9**	**6.4**	**6.1**
Others	516	818	1,486	2,040	2,851	3,405	5,895
% of revenues	**6.3**	**8.7**	**11.6**	**13.5**	**12.5**	**12.0**	**11.7**
EBITDA	**1,245**	**1,173**	**1,599**	**1,545**	**2,560**	**3,043**	**5,454**
EBITDA margin (%)	***15.2***	***12.5***	***12.4***	***10.2***	***11.2***	***10.7***	***10.8***
Depreciation & Amortisation	101	162	209	344	492	773	1,053
EBIT	1,144	1,011	1,390	1,201	2,068	2,271	4,401
Interest expenses	191	218	318	473	486	634	921
Other income	14	18	36	53	39	124	27
Exceptional items	-	-	-	-	-	-	-
PBT	967	811	1,108	782	1,621	1,761	3,507
Taxes	246	207	283	209	424	466	923
Effective tax rate (%)	**25.4**	**25.6**	**25.6**	**26.8**	**26.2**	**26.5**	**26.3**
PAT	**721**	**604**	**824**	**573**	**1,197**	**1,295**	**2,585**

Source: Company, MNCL Research Estimates

Exhibit 86: Key Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratio (%)							
Revenue	NA	14.4	37.2	17.5	51.0	24.4	77.6
EBITDA	NA	(5.8)	36.3	(3.4)	65.7	18.9	79.2
Adjusted PAT	NA	(16.3)	36.5	(30.5)	109.0	8.2	99.6
Margin Ratios (%)							
Gross	24.4	25.7	28.4	29.6	29.6	29.1	28.6
EBITDA	15.2	12.5	12.4	10.2	11.2	10.7	10.8
Adjusted PAT	8.8	6.4	6.4	3.8	5.2	4.6	5.1
Return Ratios (%)							
ROE	48.3	33.6	25.4	12.3	15.7	11.9	20.1
ROCE	21.8	17.0	16.2	9.9	12.7	10.0	15.3
ROIC	22.3	17.4	16.8	10.2	13.1	10.2	15.4
Turnover Ratios (days)							
Gross block turnover ratio (x)	3.3	2.9	3.4	1.8	2.8	1.6	2.9
Debtors	7	13	27	36	30	30	35
Inventory	72	74	59	87	60	60	65
Creditors	18	15	39	111	65	65	65
Cash conversion cycle	60	73	47	11	25	25	35
Solvency Ratio (x)							
Net Debt/equity	1.6	1.3	0.7	1.0	0.3	0.7	0.6
Interest coverage ratio	6.0	4.6	4.4	2.5	4.3	3.6	4.8
Net debt/EBITDA	1.9	2.3	1.9	3.2	1.2	2.5	1.6
Current Ratio	1.2	1.3	1.1	1.0	1.0	0.9	1.2
Per share Ratios (Rs)							
Adjusted EPS	35.9	30.1	3.8	2.4	4.1	4.4	8.8
BVPS	74.3	104.7	20.1	20.6	34.9	39.3	48.0
CEPS	40.9	38.1	4.8	3.8	5.7	7.0	12.3
DPS	-	-	-	-	-	-	-
Dividend payout %	-	-	-	-	-	-	-
Valuation (x)*							
P/E (adjusted)	NA	NA	NA	41.0	22.2	20.5	10.3
P/BV	NA	NA	NA	4.7	2.6	2.3	1.9
EV/EBITDA	NA	NA	NA	18.4	11.6	11.2	6.5
Dividend yield %	-	-	-	-	0.0%	0.0%	0.0%

Source: Company, MNCL Research Estimates

Exhibit 87: Balance Sheet

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	201	201	2,410	2,410	2,947	2,947	2,947
Reserves & surplus	1,292	1,903	1,973	2,543	7,328	8,623	11,207
Shareholders' fund	**1,493**	**2,104**	**4,383**	**4,953**	**10,275**	**11,570**	**14,154**
Total Debt	2,413	2,828	3,469	5,044	3,700	7,710	8,860
Def tax liab. (net)	97	142	188	302	302	302	302
Lease liabilties	2	22	35	20	20	20	20
Provisions	9	8	14	22	22	22	22
Total Liabilities	**4,014**	**5,105**	**8,088**	**10,342**	**14,319**	**19,624**	**23,358**
Gross Block	2,453	3,199	3,735	8,201	8,201	17,551	17,551
Less: Acc. Depreciation	101	259	367	710	1,202	1,975	3,028
Net Block	2,353	2,940	3,367	7,491	6,999	15,576	14,523
Capital WIP	167	215	2,156	858	4,131	858	2,858
Intangible assets	2	1	1	6	6	6	6
Net Fixed Assets	**2,522**	**3,157**	**5,524**	**8,355**	**11,135**	**16,440**	**17,387**
Non-Current Investments	58	87	153	309	309	309	309
Inventories	1,215	1,414	1,491	2,539	2,641	3,310	6,411
Sundry debtors	156	346	941	1,472	1,875	2,333	4,833
Cash & Bank balance	84	77	430	163	516	113	126
Loans & Advances	2	2	6	12	12	12	12
Other assets	548	438	858	1,197	1,197	1,197	1,197
Total Current Asset	2,063	2,365	3,877	5,691	6,550	7,274	12,887
Trade payables	310	283	978	3,247	2,909	3,633	6,459
Other current Liab.	261	132	333	446	446	446	446
Provisions	0	1	2	11	11	11	11
Net Current Assets	1,492	1,948	2,564	1,987	3,184	3,184	5,971
Total Assets	**4,014**	**5,105**	**8,088**	**10,342**	**14,319**	**19,624**	**23,358**

Source: Company, MNCL Research Estimates

Exhibit 88: Cash Flow

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Profit bef Working Capital changes	1,243	1,180	1,599	1,564	2,560	3,043	5,454
Net changes in Working Capital	(773)	(416)	23	689	(844)	(402)	(2,775)
Others	(125)	(108)	(198)	(991)	(424)	(466)	(923)
Cash flow from operations	**345**	**656**	**1,424**	**1,262**	**1,292**	**2,175**	**1,756**
Net Capex	(987)	(852)	(2,847)	(2,265)	(3,273)	(6,078)	(2,000)
Others	(16)	3	(269)	(66)	39	124	27
Cash flow from investing activities	**(1,002)**	**(849)**	**(3,116)**	**(2,332)**	**(3,233)**	**(5,954)**	**(1,973)**
Net Proceeds from Borrowings	833	415	641	1,576	(1,344)	4,010	1,150
Interest paid	(176)	(217)	(326)	(525)	(486)	(634)	(921)
Others	(0)	(3)	1,451	(5)	4,125	-	-
Cash flow from financing	**657**	**195**	**1,766**	**1,045**	**2,294**	**3,376**	**229**
Net change in cash	**(1)**	**1**	**74**	**(24)**	**353**	**(402)**	**12**

Source: Company, MNCL Research Estimates

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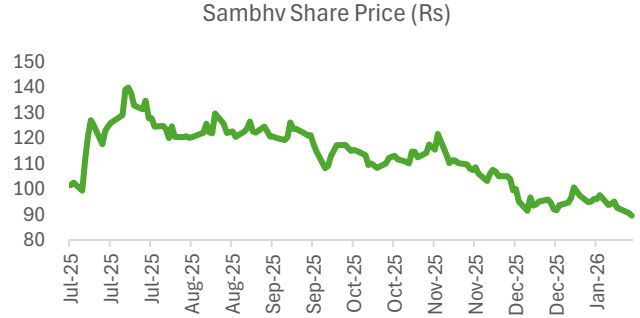

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