HI-TECH PIPES
BUILDING A NEW INDIA

011-48440050
Info@hitechpipes.in
www.hitechpipes.in

Date: 31st May, 2025

To

Manager, **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex- Bandra (E), Mumbai-400051 ***NSE Symbol: HITECH***	Listing Department, **BSE Limited** Phiroze Jeejeebhoy Towers, Rotunda Building, Dalal Street, Fort Mumbai- 400001 ***Scrip Code: 543411***

Sub: Transcript of the Earning Conference Call held on 26th May 2025

Dear Sir/ Madam,

Please find herein below, the Transcript of the Investor Conference Call held on Monday, 26th day of May, 2025 at 03:00 P.M. **(IST)** in respect to the company's Audited Financial Results (Consolidated & Standalone) for the Quarter and Year Ended March 31, 2025.

This is for your information and records.

Thanking you,

Yours faithfully,
For Hi-Tech Pipes Limited

For HI-TECH PIPES LIMITED
ARUN KUMAR
Digitally signed by ARUN KUMAR
Date: 2025.05.31 18:25:24 +05'30'
Company Secretary

Arun Kumar
Company Secretary & Compliance Officer

“Hi-Tech Pipes Limited Q4 FY25 Earnings Conference Call”

May 26, 2025

MANAGEMENT: MR. ANISH BANSAL – WHOLE-TIME DIRECTOR
MR. ARVIND BANSAL – EXECUTIVE DIRECTOR & GROUP CFO
MR. ARUN SHARMA – COMPANY SECRETARY & COMPLIANCE OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'25 Earnings Conference Call hosted by Hi-Tech Pipes Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anish Bansal – Whole-Time Director of Hi-Tech Pipes Limited. Thank you and over to you, sir.

Anish Bansal: Good afternoon, ladies and gentlemen. It is a pleasure to welcome you to the Q4 and full-year FY'25 Earnings Call of Hi-Tech Pipes Limited. I am joined today by Mr. Arvind Bansal – Executive Director & Group CFO, and Mr. Arun Sharma – Company Secretary and Compliance Officer.

We are honored to connect with our esteemed Investors, Analysts, and Partners. Let us dive straight into what has been an exciting and milestone-filled year for Hi-Tech Pipes.

We close the 4th Quarter FY'25 on a high note, with significant growth across all performance indicators. Revenue climbed 7.74% Y-O-Y to Rs. 734 crores, fueled by strong momentum in infrastructure and construction sectors. Sales volume rose 8% to 1,16,032 tons, reinforcing our leadership and execution strength. Net profit surged an impressive 58%, reaching 17.63 crores, thanks to sharp cost control and high margin products.

Annualized, this fiscal year was truly transformational. Revenue jumped 14% Y-O-Y to Rs. 3,068 crores, our highest ever supported by record sales volume. Sales volume soared 24%, reaching 4,85,447 tons, a new benchmark for the company. Profitability improved significantly, with PAT rising 66% Y-O-Y to Rs.72.95 crores, driven by operational excellence and improved margins.

Now coming to the financial health. Net working capital days shrunk down to 52 days from 63 days, enhancing liquidity and reflecting better operation control. Return on capital employed has improved to 14.34% from Rs. 13.7%. Debt-to-equity ratio has reduced to 0.15. And importantly, credit rating upgraded to A+, a strong vote of confidence in our governance and financial discipline.

Coming to the operational highlights:

Let me now take you through some of the key operational achievements of the company this year. Hi-Tech Pipes is proud to support two of the nation's most critical infrastructure initiatives, the first being the Indian Railway's Kavach anti-collision system, where the company is providing high-quality steel pipes for its safety. Recently, the company has procured orders from Border Security Force modular multi-layered high-strength border fencing.

The growth from Sanand Unit-2 is now a global supply hub for solar top tubes, vital for solar energy infrastructure, serving markets across North America, Europe and the Middle East, delivering high production efficiency, scale and exports, a new symbol of our make-in-India, export-to-world strategy. Additionally, we have successfully commissioned a new hot-dip galvanizing facility at our Hindupur plant in Andhra Pradesh, enabling us to meet growing demands for corrosion-resistant steel pipes. In the last year, we have launched several new SKUs, notably the higher, the large diameter hollow sections such as 250x250 and 300x200.

Now, coming to the project implementation progress:

The Greenfield plant at Secunderabad is under advanced stage of commissioning. The unit is a pivotal part of our roadmap to achieve 1 million tons of production capacity by FY'26. The facility will produce specialized ERW steel pipes catering to infrastructure, defense and renewable sectors. Secondly, the Brownfield expansion at Sanand Unit-2. Our Sanand Unit-2 expansion aimed at serving infrastructure and energy sectors. This is in line with our strategy to enhance value-added products offering while optimizing the existing plant ecosystem.

Now, coming to the branding:

The company has amplified its brand awareness through various projects. For example, Maha Kumbh in Prayagraj and the enhanced visibility at all the Gujarat and UP airports. Additionally, robust grassroots campaigns through dealer signages, wall paintings and local activations.

With robust tailwinds from infrastructure, defense, clean energy, and the outlook for the steel pipes is bright. We are fully aligned to achieve our long-term vision of 2 million tons installed capacity by FY'29. Backed by the strategic initiatives, fundamental strength and execution excellence, Hi-Tech pipes is geared to deliver sustained value to all stakeholders.

Now, we may open the floor for questions.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Vikas Singh from PhillipCapital. Please go ahead.

Vikas Singh: The first question is regarding FY'26 volume and EBITDA per turn guidance as well as the value-added mix which we are targeting.

Anish Bansal: For this year, we have done 4,85,000 tons net sales volume and FY26, we are targeting upwards of 600,000 tons. And the EBITDA should range from Rs. 3,500 to Rs. 4,000 per ton for the full year. And the value-added share right now, we have closed this year at 38%. And with the new facilities and the recently installed galvanizing facility in Hindupur, we should be around 42% - 43% by end of FY'26.

Vikas Singh: Given your guidance shall we assume that the 1-million-ton capacity expansion is coming in the first half itself otherwise, that 600,000 tons of volume would be difficult?

Anish Bansal: Yes, sir. So it is on track. We are in a very-very advanced stage of commissioning and the trial productions will be starting from the upcoming quarter.

Vikas Singh: My second question is regarding the networking capital days. It basically came down to almost 49 in FY'23. Since then, it's increasing. Given we are going to push more volume, how should we look at this networking capital days? It would be flattish or you expect it to come down? And by how much, if you could give us some idea regarding that?

Anish Bansal: This year, we have come down from 63 days to 52 days. So, you know, there is already an improvement of 11 days. And going forward also, I think there should be further improvement in the net working capital days.

Vikas Singh: Lastly, on the competitive intensity, almost everybody is putting identical products. And we have seen that a couple of large players have seen some margin push or competition in the common segment. So how is our thought process regarding that? And because we are also talking about EBITDA per turn improvement, can I ask what is the EBITDA per turn in April or May, on a monthly basis as well?

Anish Bansal: This is an ongoing quarter, and we are in the middle of this quarter. But it is decent right now and we will have to see the next month or month-and-a-half looks like. Coming back to the competition, we are confident of adding 25% sales volume every year. So that is our main target. And in the last many years we have focused there, and we have been able to achieve that. Because of new products, geographical expansion, product expansion, and through marketing strategies, the company is already doing well in exports also. So, combined, the market is there for us and it is more about execution.

Vikas Singh: One last question. Gensol was one of our customers. So, do we have a major exposure to that or is some minor one and we should not be worried about any bad debts?

Anish Bansal: One of their subsidies was our customer for the solar segment. And I guess in that volume there was an impact, but it is not significant in the overall scheme of things. And within solar also, it was less than 10% in our solar customer profile. So, it is not a big impact.

Vikas Singh: Understood. That is pretty reassuring.

Moderator: The next question comes from the line of Krish, an individual investor. Please go ahead.

Krish: I just have two questions. So, the first one is, if I look at the steel tariffs, similar tariffs, were imposed by US back in 2018 and there we saw steel prices crashing after that, like there was a spike and then they dropped down significantly and all the steel players were affected really badly, especially with China dumping them in the global market. So, given the similar scenario now, are we optimistic about the quarters that are coming forth or do you see something similar playing out?

Anish Bansal: You are absolutely right. You know, they were because of the steel tariffs imposed by US for worldwide steel mills. This is definitely a concern. But the Indian government proactively, have introduced a safeguard duty of 12% on imported steel. So, there is an insulation from these global shocks. And what import was coming like 1- 1.5 years ago it has come down quite drastically in last 6-8 months. And this duty is for 200 days and if the findings are there, then this will be extended to 3 years. So, we have this insulation of external price shocks.

Krish: But largely this 12% duty, is this considered to be sufficient by the market? And was a similar thing not there in place back in 2018?

Arvind Bansal: No, that time it was not there and this 12% is on top of the custom duty, which is 7.5%. Then there is a cess also. So, all in all, it becomes 21%-22% blended, which is a significant deterrent.

Krish: And these things were not existing back in 2018?

Anish Bansal: No, not at that time.

Krish: The last question is, we had projected for a volume of 500,000 tons for FY'25. And judging by the first three quarters, it was going quite well. Why was there sort of a slack in Q4 in terms of volume?

Anish Bansal: As Vikas ji had mentioned there were orders from this company, which was a subsidiary of Gensol, where we had these orders in hand, but then we had planned for these order executions, but it did not happen in this quarter. So, there was a small deviation there. Overall, if you see out of 500,000 tons, so we have done 4,85,000 tons. We are very near and because of this issue, there was a loss of little quantity. Otherwise, we are on track.

Krish: So just to confirm, due to these tariffs, we are not looking at reducing the margin guidance in any way?

Anish Bansal: No, not at all.

Moderator: The next question comes from the line of Sagar Shah from Spark Capital Private Wealth Management. Please go ahead.

Sagar Shah: My first question is related to our CAPEX plans. We have already around 190 crores in capital work in progress. And we are commissioning a new greenfield plant at Secunderabad and a brownfield expansion in Sanand Unit-2 Phase. I understand that you have given the figure that will reach 1 million tons of capacity by FY'26. But can you throw some light at what exactly is going to be the capacity from 7.5 lakh tons to – can you specify a number? And secondly, can you suggest a timeline that is the capacity expansion already over or will it get functional by Q2 or Q3 FY'26?

Anish Bansal: Regarding the CAPEX plans- we have the ongoing CAPEX going on at Secunderabad, which I mentioned in my speech, and the Sanand Unit-2 phase 2. So, these are under advanced stages of commissioning and very soon we will be announcing the trial production at both the facilities. Along with that, new facilities at Sri City in Chennai that is already on the ground development work has started there. The Sanand Phase-3 of Unit-2, that is also under start. So, by end of this financial year, we will be at a 1 million ton capacity. And we will be on another 25%-30% capacity increase in FY'27.

Sagar Shah: Basically 1 million tons that is including the Sanand Phase-3 and the Sri City expansion or without that?

Anish Bansal: No, without that.

Sagar Shah: So, we will equate to around 1 million tons to be precisely along with all the entire capacity that you are talking of, including the Secunderabad, Sanand, Hindupur and Khopoli, right?

Anish Bansal: Yes.

Sagar Shah: My second question is related to your guidance that you have just given of surpassing 6 lakh tons of capacity. So, what are the drivers for that? Are you expecting some more client addition into your bookcase, such as more solar power companies or maybe some more real estate developments? What exactly are the drivers for increase in the volumes actually for FY'26?

Anish Bansal: Sagar ji, there will be an improvement in the sales. This is not the capacity actually these are the net sales volume, 6 lakh tons. So, 1 lakh ton additional sales. We will be selling this through our existing distribution channels. There is sufficient demand for our products. Rightly as you mentioned solar being one of the major one where the growth is coming from and we have a very strong focus on this segment. Also because of the geographical reach, we have been able to penetrate this market in a very proactive manner. And apart from this, I mentioned a lot of new requirement and demand is coming from the railways also. So, this also helping the company in higher volumes.

Sagar Shah: And my last question is related to our OPEX actually for this quarter. Under other expenses, it came by almost half actually in this quarter at 14 crores compared to 28 crores last quarter.

Where was the divergence so much actually in just a matter of 3 months, can you explain the difference?

Arvind Bansal: Actually, in the other expenses, in Quarter 1, 2, and 3 are the limited revenues and this quarter, this is the final audited number. So, you know, in the year-end, some adjustments are always there on a full year basis. One reason is this and second is, as we are expanding our capacities, some capitalization of expenses is also there, which has been accounted for.

Sagar Shah: Capitalization led to reduction in expenses.

Arvind Bansal: Actually, in earlier quarters, it is only a limited review. Year-end adjustment is always there, which is being reflected in Q4 and being the balancing figure of the year-end. But if you see on a year-on-year basis other expenses numbers are at par.

Sagar Shah: No, no. Last year also, other expenses was at 28 crores.

Arvind Bansal: I am talking about full year numbers. On a full year basis, last year was Rs. 90.50 crores and this year it is Rs. 90.70 crores.

Sagar Shah: Yes, that is the same. Okay, thank you.

Moderator: The next question comes from the line of Radha from B&K Securities. Please go ahead.

Radha: Year-on-year our volumes have grown by 24% on a full year basis. I am assuming similarly our raw material procurement would have gone up in the same range. With this kind of growth, what is the incremental discount per ton that the company is getting in terms of raw material procurement in FY'25 when we compare it with FY'24?

Anish Bansal: This bracket where we are operating right now, it is more or less the same. But after this, after the company becomes like a 7-8 lakh ton player, then there will be a significant difference in the costing per ton. Right now, we are in the bracket where the slabs are the same. But as we move upwards of 6.5-7 lakh tons, then there is an additional change there.

Radha: Any numbers that you can give on a per ton basis? What would be the estimated discount post we reach that level?

Anish Bansal: That depends on several factors, the market conditions and everything. So, that will happen when it happens. I think FY'27 is the right period and now it is almost a year and a half away, so we are focusing on the current financial year. But of course, the higher volumes is part of our costing strategy also.

Radha: If we talk on the basis of index numbers, suppose now we are doing 4.8 lakh tons of volumes and it should get X percentage of discount. So, when we cross that 7-8 lakh metric ton of volumes can you give some kind of indication what would this X become at those levels?

Anish Bansal: Radha, you can take a range of Rs. 200 - Rs. 400 per ton. How it will play out that will depend on the market conditions also.

Radha: Rs. 200 – Rs. 400 at what level of volumes, sir?

Anish Bansal: On 7 lakh tons.

Radha: And post that when we cross 1 million ton?

Anish Bansal: In the same percentage proportionately.

Radha: That was helpful. Secondly, I wanted to understand if the competitor's procurement is 6x-7x of Hi-Tech, then how will this discount work? Will it be solely based on volumes or will it be similar to the largest player or will it remain the same for all?

Anish Bansal: There are freight factors also, the landed price also. And the mills, there is one slab that is the highest slab it works out. There is one after a certain threshold where the discounts are maximized. At a million-ton level all the players are more or less in a very similar range of costing.

Radha: So, what I understood is at 1-million-ton production, the raw material discount would be similar for all the players. And there is a certain threshold post which the procurement or discount would increase for those players.

Anish Bansal: Yes. So, discounting becomes very, very similar at that level.

Radha: Sorry, sir. Just a confusion. At 1 million tons, it is similar for all players. And what is the threshold post which it would be higher for higher volumes?

Anish Bansal: What I have told you is at 1-million-ton level the pricing structure, the costing structure and the discount structure is very very similar for all the players.

Radha: Okay, understood.

Moderator: The next question comes from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: First question is on this purchase of stock in trade. This quarter also, it has been pretty high at 75 crores. So, what exactly is this? Is this more of a trading business or what is the nature of this?

Anish Bansal: This is not trading. Basically, some inventory that is stuck with the company, some odd sizes, some odd widths are there, some material defects are there. So, this is the sale of those items. In the overall scheme of things, it is just 5% - 5½% percent. It is not a significant number.

Pallav Agarwal: Will this sustain every quarter, or this is more of a one-off?

Anish Bansal: This is ongoing, and this has been ongoing for several years and it is across the industry. So, there are a lot of stuck material which need to be liquidated on time.

Pallav Agarwal: So, this is something that we produce or is it something that we have purchased and we have got stuck with it?

Anish Bansal: Both.

Pallav Agarwal: The other thing is on the broad market trends. Now, post safeguard duty HRC has again gone up. Is there more competition from Petra pipes now, given that the premium has gone up again?

Anish Bansal: Actually, there is a lot of market distinction that has taken place. So, Petra players have formed their own market and the branded players, and the organized players have their own market. It is not a big impact. As you have seen we have done higher sales of 24% volume wise. For us, we are finding our new markets and new products and cutting-edge products. So, that is not a big issue right now.

Pallav Agarwal: Also, if you could just tell us what are the warrants outstanding and how much of money can probably come in, whether it will come in FY'26 or FY'27?

Anish Bansal: No, there is nothing pending for conversion.

Pallav Agarwal: Okay, everything is converted. So, there will be no more dilution then going ahead.

Anish Bansal: Yes.

Pallav Agarwal: Just lastly, this year because of the QIP we would have ended with a net cash position right now, right? I do not think we would be having any debt on our books, including working capital.

Anish Bansal: Basically, long-term capital has been gone, but with the new increased volumes, some working capital will be there.

Pallav Agarwal: But that will not be very material. It will be in relation with our volumes.

Anish Bansal: Yes, absolutely.

Pallav Agarwal: And with working capital days coming down that also should help reduce the working capital debt?

Anish Bansal: Yes, sir.

Pallav Agarwal: Lastly, on the CAPEX absolute, any guidance for FY26-27, what type of CAPEX outlay we are looking at?

Anish Bansal: Approximately 200 crores.

Pallav Agarwal: Each year, sir, or across both years?

Anish Bansal: For this year, FY'26.

Pallav Agarwal: And then the incremental 1 million ton, that would entail a separate CAPEX?

Anish Bansal: Yes, sir.

Moderator: The next question comes from the line of Mayank from Arabian Machinery & Heavy Equipment Company. Please go ahead.

Mayank: My first question is on the tariff thing. Just want to understand what kind of tariff differential we have with respect to China, if we export from India to US, is there any number we have?

Anish Bansal: Mayank ji, as we all know this is a continuously evolving situation, every day every week these tariffs which US is imposing, they are changing, and they are being deferred, or they are being reimplemented. So, it is quite a volatile situation right now and simultaneously you are already aware that the Indian government is pursuing the bi-lateral trade agreement with US and China is also trying for some trade deal, but it has not yet been done, as of now. It is quite a volatile situation we are watching. Right now, India definitely has an upper hand when it comes to exporting to the US market. India would be perhaps in the lowest band right now for the tariffs because they have imposed for Canada, Mexico, Korea and other countries also.

Mayank: I am just trying to understand the export opportunity which many players in this segment is trying to get hold of. What do you think in the next 2-3 years if this situation prevails or tariff uncertainty remains?

Anish Bansal: Export definitely is a very big opportunity provided all the trade deals and agreements are in place. India should be a net exporter of steel products in FY'26. The market is big specially the American market. We are keeping a close watch on this and hopefully the numbers should speak for itself.

Mayank: My next question is on product-wise. If you could give a breakdown of your product by the thickness of the pipe, your market share number would be helpful in terms of the thickness of the pipe that you sell.

Anish Bansal: It is a wide range of thickness we are operating in starting from 1mm and going up to 12mm. There is a market for every thickness depending on the size.

Mayank: We are leaders in what kind of thickness because in one of the concall you mentioned that difference between the Patras price and the HRC price also depends on thickness what we are producing. Therefore, I am just trying to understand the price gap with respect to your product.

Anish Bansal: As I mentioned earlier, our market is quite different where the approvals are required, the pipe has to be PIS, it has to be widely available and all the 1500-1600 SKUs should be there but to give you the answer. You know our main range is between 3 mm to 10 mm.

Mayank: And what would be your market share in this range, any number?

Anish Bansal: Our market share, in this will be approximately our total market share which is about 8% to 9%.

Mayank: And lastly, in terms of interest expense, next year what kind of interest expense we should expect if you could give any number for FY26.

Anish Bansal: I think largely it should be in the same range.

Mayank: Rs. 44 crores to Rs. 45 crores.

Anish Bansal: Yes.

Mayank: Okay sir. Thank you. That is it from me.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Anish Bansal for his closing remarks.

Anish Bansal: Thank you all for your active participation today. FY'25 was a landmark year for Hi-Tech defined by record-breaking revenues, exceptional profitability and strategic milestones. Bolstered by strong momentum, infrastructure, defense and energy, we are advancing decisively towards our 2 million capacity vision by FY'29. Your trust and partnership remain pivotal in our progress, and we are committed to driving sustained value creation through innovation and disciplined execution. We appreciate your continued confidence and look forward to sharing our next phase of growth. Stay well. Thank you.

Moderator: Thank you, Sir. Ladies and gentlemen, on behalf of Hi-Tech Pipes Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.