

To  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra Kurla Complex-Bandra(E),  
Mumbai-400051,

09<sup>th</sup> November, 2021

Symbol: **HITECH**

**Subject: Q2 FY22 Earnings Conference Call Transcript**

Dear Sir,

With reference to our letter dated 26<sup>th</sup> October, 2021 regarding the intimation of Analyst/ Investor Conference Call on the Un-Audited Financial Results (Standalone and Consolidated) for the Second Quarter ended 30 September, 2021. Please find enclosed herewith the transcript of the conference call being held on 01<sup>st</sup> November, 2021.

The transcript of the conference call is also made available on the Company's website viz.: [www.hitechpipes.in](http://www.hitechpipes.in)

Kindly take the above information on record and oblige.

Thanking You

**For Hi-Tech Pipes Limited**

For HI-TECH PIPES LIMITED

*[Signature]*  
Company Secretary

Arun Kumar

**Company Secretary &  
Compliance Officer**

**Encl: a/a**



## “Hi-Tech Pipes Limited Conference Call”

**November 01, 2021**

*Disclaimer:*

*This document is subject to errors and may or may not contain words which have been included / omitted due to human error while transcribing the conference call. Any and all information should be verified with the company by the reader.*



**MANAGEMENT: MR. ANISH BANSAL – WHOLE TIME DIRECTOR,  
HI-TECH PIPES LIMITED  
MR. ARVIND BANSAL – CFO, HI-TECH PIPES LIMITED**

**Moderator:** Ladies and gentlemen, Good day and welcome to the Hi-Tech Pipes Limited Conference Call. We have with us today Mr. Anish Bansal – Whole Time Director and Mr. Arvind Bansal – CFO. As a reminder, all participant 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, please signal an operator by pressing ‘\*’ and then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anish Bansal – Whole Time Director of the company. Thank you and over to you, sir.

**Anish Bansal:** Good morning and welcome everyone for our Q2 FY22 Earnings Conference Call. I hope each of you and your family’s continue to remain safe and healthy. I am joined on the call by Mr. Arvind Kumar Bansal – CFO of the company. I hope everyone has had a chance to go through our results and updated investor presentation uploaded on the exchange. We are delighted to report strong growth in our revenues and profitability in Q2 FY22 on year-on-year basis. This was primarily led by strong volume growth of value-added products, better realization and part inventory gains from increase in nominal cycle.

Despite the challenging environment in H1 and Q2 we have been able to increase our operating profit and profitability led by higher realizations and better operational efficiencies and higher sale of value-added products. Sales utilization has improved considerably on year-on-year basis primarily led by increase of steel prices. Moreover, our share of value-added products has increased to 23% during the quarter as compared to 15% last year which has helped significantly in improving the sales realizations.

Our EBITDA on per ton basis has improved by 68% to Rs. 3,742 per ton in Q2 FY22 as compared to Rs. 2,224 per ton in Q1 FY21. Though the raw material prices have increased on year basis we have been able to improve our operational efficiencies which has benefitted us in the margin improvement. The company is delighted to inform that the commercial production of continuous galvanizing lines has started at Secunderabad facility. This value-added product is of superior quality and is available in multiple sizes as per customer requirements.

With the high durability the product signs application in industrial roofing, warehousing, construction, furniture, white goods and household rooftops. The launch of this product will enable the company to penetrate in the Indian roofing industry and expected to contribute to the company’s top line meaningfully in the coming period. The board also takes great pleasure to inform that the company has received in principle approval from BSE Limited to list its

share on the main board of Bombay Stock Exchange. Now the shares of the company will be listed on both the recognized stock exchanges of India NSE and BSE.

Our target is to reach 1-million-ton capacity from the current capacity of 5.8 lakh ton however our focus remains on improving the capacity utilization and increasing the share of value-added products. To sum it up we at Hi-Tech Pipes remains very positive on India's structural growth going ahead. We remained committed to increase our capacity from 5.8 lakh tons to 1 million ton we believe that we will see considerable growth in our sales volume this year and going ahead. With the improvement in operating margins led by various factors we expect increase in our profitability in the coming period which would further strengthen our balance sheet. I will now hand over the call to Mr. Arvind Bansal our CFO to take you through the financial results for the quarter and Half Year ended September 30<sup>th</sup>, 2021.

**Arvind Bansal:**

Good morning everyone. I will take you through the financial results of Q2 FY22 and H1 FY22. Our revenue from operations for the quarter grew by 21% on year-on-year basis to Rs. 461 crore as against 382 crores in Q2 FY21. The revenue growth was primarily driven by significant increase in our sales volume of value-added products and higher realizations. Our EBITDA for the quarter increased by 27% on year-on-year basis to Rs. 24 crores as against 19 crore in Q2 FY21. Our PAT increased significantly and stood at Rs. 10 crore as against 6.5 crores in Q2 FY21. Current ratio has improved from 1.37x in FY21 to 1.43x in H1 FY22. Interest coverage has improved from 1.96x in FY21 to 2.6x in H1 FY22. Debt equity ratio has improved from 1.45 times in FY21 to 1.34 times in H1 FY22.

Return on capital employed has improved from 13% in FY21 to 15.5% in H1 FY22. Return on equity has improved from 12% in FY21 to 17.2% in H1 FY22. Net working capital days has improved from 71 days in FY21 to 66 days in H1 FY22. Return on equity has improved from 12% in FY21 to 17.2% in H1 FY22. With this, I would like to open the floor for questions. Thank you.

**Moderator:**

Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Indrajeet Kelkar an Individual Investor. Please go ahead.

**Indrajeet Kelkar:**

I actually had a question on the volume growth so we have seen sharp volume decline on a YoY basis around almost 24%, 25% what exactly is happening there and is that trend or what do we expect for the full year for the company?

**Anish Bansal:**

So, in last year Q2 we had lot of pent-up demand so there was a sudden demand type in last year, but that was despite the monsoon, but this year we have seen the monsoon playing a very, very important impact on the final demand on the project side because lot of the orders we have in hand are from the project and they have postponed the purchases after the monsoon. So, from October onwards we are seeing the demand which was impacted because of the

monsoon has come back to its maximum now starting from October and also in Q2 the company has significant export orders, but the orders could not be executed because of the logistic issues, but from now from this month even the logistic issues they are coming back to normal and we are expecting back to our original volumes from Q3.

**Indrajeet Kelkar:**

Does, the steel price hike, also affect the volumes in some way?

**Anish Bansal:**

So, basically once these steel prices are going up the demand from the final consumer I mean the projects so they try to postpone the purchases because when they are doing contract with the government so they are on a fixed price basis. So, once the steel prices go up so they will try to renegotiate with the final authorities and that takes time, but now everybody has realized that these steel prices will remain high for rest of the financial year. So, they will eventually they will have to go for the procurement.

**Moderator:**

Thank you. The next question is from the line of Piyush Jain an Individual Investor. Please go ahead.

**Piyush Jain:**

Question again on the volumes front so what is our expectations for the year, how much volume do you expect to do in the second half?

**Anish Bansal:**

So Piyush ji for rest of the H2 will be the company result target is to do volume of an excess of 1,50,000 tons for the remaining H2. So, from October and with the commissioning of our pre-galvanized tubes the company was dependent on procurement of galvanized pipes from the primary players, but now with having its own galvanizing line facility this will significantly improve our volumes.

**Piyush Jain:**

And in the present margins front which is 3,600 for the quarter, is there an impact as you expect to maintain these similar per ton margins EBITDA per ton for the second half as well or do you expect it to change significantly in the second half because of the galvanizing line volume improving?

**Anish Bansal:**

Yes but on a blended level on a full year average I think our Rs. 3,400 is what the company is safely expecting to achieve for the coming two quarters.

**Moderator:**

Thank you. The next question is from the line of Mahesh Vaze, an Individual Investor. Please go ahead.

**Mahesh Vaze:**

So, heard some murmur the industry talk that because the prices have gone up the patra guys have become a bit more competitive, have you seen any such development?

**Anish Bansal:**

Mahesh ji Patra has been there in India for last many, many years and they have their own market that is first this patra is made from scrap it is a recycle material and it is not BIS

certified. The pipes made from patra are not BIS certified. So, that find a very limited market. So, right now because the gap between the primary and secondary steel is there so these guy the companies are active now, but over the long run I think as we have seen historically this gap is not too much for a long time.

**Mahesh Vaze:** But has it impacted this quarter our volume growth as earlier guys also asked the volume growth has been subdued, so there has been any impact from patra?

**Anish Bansal:** I would say like there was some impact, but to a limited level and then some geographies.

**Mahesh Vaze:** And our galvanization now that the commercial production has started approximately how much will be consumed in house?

**Anish Bansal:** We are expecting 50% consumption to be in house and 50% for the roofing market initially.

**Mahesh Vaze:** So, basically when you say roofing market the guy who is buying it is just making a corrugated sheet out of it or color coating it what value add is done by the guy who is buying it from us?

**Anish Bansal:** They will be majorly the distributors and they will be profilers so profilers they will make it to the final consumers like in terms of the length of the sheet, the color of the sheet, the design the profile design of the sheet. So, they will do the various customization on our supplied color coated coils.

**Mahesh Vaze:** You said something about second half volumes I did not get it actually you said some number which I could not hear to answer to an earlier question?

**Anish Bansal:** In excess of 1,50,000 tons.

**Mahesh Vaze:** One last thing so what is the kind of CAPEX for rest of the financial year in terms of amount?

**Anish Bansal:** Most of the CAPEX including for the color coating line has already been incurred as of 30<sup>th</sup> September 2021, so going forward we see a very limited CAPEX for rest of the financial year. Most of the CAPEX has been captured as of September 30<sup>th</sup>.

**Moderator:** Thank you. The next question is from the line of Anish Jobalia from Banyan Capital. Please go ahead.

**Anish Jobalia:** I just was looking at some of the volumes that guidance that you had shared in the past or you are seeing operate at nearly 60% utilization which mean close to 3.5 lakh tons this was say a couple of quarters before, so now if you were to look at your numbers that you are expecting in H2 so probably we might be short of seeing 40,000, 50,000 tons probably so I just want to understand from you what has changed dramatically or for us to have a lower volume expectation versus earlier really good to know about?

- Anish Bansal:** So, basically in H1 the volumes have been lower because of the COVID led restrictions and lockdowns, but from H2 we are back to our normal capacity utilization and there were from the export front as I mentioned earlier there is a huge logistic issue that is going on the availability of containers so that is also a major contributor of that, but now the things are back to even the monsoons are over and the company has commissioned its galvanized line. So, with this we are expecting a strong volume growth, but we are little bit conservative in doing a forecast, so we are only giving very safe and conservative number.
- Anish Jobalia:** And how do you see the industry also it is going to be buoyant in H2 we are also expecting very good numbers of volumes as you mentioned back to normal so overall how is the industry doing, is also equally doing well or we are kind of gaining market share to be able to do well?
- Anish Bansal:** In H2 we are seeing the project which were held because of monsoon and the rising prices. They are getting streamline now. The demand from the Jal Shakti ministry is quite big and in H2 there is a huge CAPEX outlay plant for Jal Shakti ministry and along with that the infrastructure deployment that will help significantly in improving the total volumes for the company
- Anish Jobalia:** Sir one question is around your definition of value-added product, so do you look at this from EBITDA per ton perspective contribution from the various products so what is your definition of how much is the minimum that one needs to do to be able to call it as a value-added products?
- Anish Bansal:** Yes value-added product means higher EBITDA per ton anywhere EBITDA where it is higher than Rs. 3,200 per ton will be considered as value-added products.
- Anish Jobalia:** So you are saying you mean 3,000 anything which is more than 3,000?
- Anish Bansal:** 3,000 to 3,200 yes.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to hand the conference over to Mr. Anish Bansal for closing comments. Over to you, Sir.
- Anish Bansal:** I take this opportunity to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information kindly get in touch with us for any further query.
- Moderator:** Thank you very much. On behalf of Hi-Tech Pipes Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.