Management Discussion

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Good afternoon, everyone, and thank you for joining us on this conference call to discuss Hi-Tech Pipes Limited's performance for the second quarter and the first half of the financial year 2027. I am joined on this call by Mr. Arvind Bansal, ED and Group CFO. We are pleased to report that the company has delivered a robust performance across several key parameters, reflecting the positive momentum in our business, the strength of our strategic initiatives, and our continued focus on sustainable and profitable growth.

Starting with this quarter, our total sales volume increased significantly by 32% to 1.65 lakh tonnes from 1.25 lakh tonnes in Q2 FY26. Correspondingly, our revenue from operations grew by an impressive 70.7% reaching to INR 1,466 crores versus INR 850 crores in the same period last year. Our EBITDA increased by 27.63% to INR 56.58 crores compared to INR 44.33 crores in Q2 FY26, while our EBITDA per tonne stood at INR 3,429 compared to INR 3,540 previously. For the first half of FY27, our revenue from operations accelerated by 74.47% to INR 2,879 crores as against INR 1,650 crores in H1 FY26, driven by a 29% increase in sales volume to 3.21 lakh tonnes from 2.49 lakh tonnes.

EBITDA registered healthy growth of 24.12% reaching INR 106 crores versus INR 85 crores in the corresponding period last year. We have also made significant improvements in our working capital management, with the net working capital days decreasing from 56 days to 33 days in H1 FY27. This improvement reflects our continued focus on efficient working capital utilization, better inventory management, and disciplined cash flow management. Debt-equity ratio is stable at 0.23 times from 0.18 times.

Now coming to the business momentum and market opportunities: The growth in our sales volume reflects encouraging demand across all our major product categories and key end-user industries, highlighting the strength of our diversified product portfolio. Alongside this broad-based growth, the solar and export segments are making an increasingly valuable contribution to our business. Our specialized solar tubes and pipes are receiving wide market acceptance and establishing a distinct niche in the industry. Our export business is also performing very well, with encouraging demand from international markets.

Additionally, we are witnessing promising demand from emerging sectors such as data centers, apart from our traditional sectors. We remain focused on strengthening our presence across these opportunities through innovation, specialized products, and enhanced customer engagement. Alongside business expansion, we are continually focused on enhancing the visibility and positioning of the Hi-Tech Pipes brand. As part of these efforts, the company is actively participating in various industry exhibitions and trade shows, showcasing diversified range of products, advanced manufacturing capabilities, and technological offerings.

These platforms provide valuable opportunities to engage an existing and prospective customers, strengthening industry relationships, and enhance awareness of our brand across domestic and international markets. Now coming to the capacity expansion and strategic initiatives: We remain firmly committed to our long-term vision of becoming a 2 million tonnes capacity company. Towards this objective, we are on track to add another 1 million tonnes of capacity by FY29. Our expansion projects are progressing well.

The DFT facility at Sanand Unit 2, Phase 3 project is progressing as scheduled and is expected to be

commissioned by Q4 FY27. This will enhance capabilities in high-quality and specialized pipe segments. The work on the API pipes is also advancing as planned, with readiness expected by Q4 FY27. This facility will enable us to serve niche markets including the oil and gas transportation sector, while further enriching our value-added products offering.

Hindupur Integrated Coated Facility, the construction of our integrated coated steel facility for ERW pipes and specialized solar pipes and other advanced steel products is rogressing as planned, with commissioning expected by Q4 FY27. These capacity additions will further strengthen our manufacturing capabilities, expand our product portfolio, and enhance our ability to address the evolving requirements of customers across multiple sectors. Looking ahead, we remain optimistic about the structural growth opportunities in the steel tubes and pipes industry.

The continued development of infrastructure, construction, renewable energy, solar power, oil and gas, and industrial applications is expected to provide strong growth drivers for the sector. The growing demand for specialized and high-technology products, particularly in the renewable energy and solar segments, presents significant opportunities for Hi-Tech Pipes. Our expanding product portfolio, increasing manufacturing capacities, improving operational efficiencies, and strengthening export presence position us well to capitalize on these opportunities.

We will continue to focus on profitable growth, operational excellence, prudent working capital management, and strengthening our brand presence across domestic and international markets. With our ongoing capacity expansion program and increasing presence across high-growth sectors, we are confident of sustaining our growth momentum and creating long-term value for all our stakeholders.

I now invite the moderator to open the floor for questions. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question- and- answer session. [Operator Instructions] The first question is from the line of Sandeep Dayal, an individual investor. Please go ahead.

Sandeep Dayal - Analyst, Individual Investor
Hello, am I audible?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yes, sir, you are audible.

Sandeep Dayal - Analyst, Individual Investor
Hello, good afternoon, sir. The company has delivered a strong revenue and volume growth during the first half of financial year 2027. Could you please share how the demand environment is shaping up across your major end-user industries, and whether you expect this growth momentum to continue in the second half of the financial year?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, good afternoon, Sandeep. Basically, as you can see from our results, the company has delivered almost a 30% volume growth in H1. This is despite the challenges of the war, the monsoon season. All these challenges were there in H1, but despite of that, the company was able to achieve a formidable growth of 30%. While the effects of this war and the monsoon season getting over, we

see a much higher demand projection for H2 .

And we are all geared up to meet this demand, especially from the solar industry, because now in the H2, the solar sector is at its peak, and we are trying to capitalize on this opportunity for Hi-Tech Pipes. Thank you.

Sandeep Dayal - Analyst, Individual Investor
Thank you, sir.

Operator
Thank you. [Operator Instructions] The next question is from the line of Rithik Dhariwal from GA Capital. Please go ahead.

Sandeep Dayal - Analyst, Individual Investor
Good afternoon, sir. Thank you for taking my question. I just wanted to address that there are market rumors suggesting APL Apollo is buying shares in our company in Hi-Tech Pipes. Can you give us some comments on that? We would be highly appreciated. Thank you.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Hi. Sorry, I didn't get your name, please.

Rithik Dhariwal - Analyst, GA Capital
Rithik Dhariwal.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yes. Regular query about this APL buying shares in Hi-Tech, this is absolutely not correct, and I would like to reiterate that no such development, no such talks are there.

Rithik Dhariwal - Analyst, GA Capital
Okay. Okay, sir. Thank you.

Operator
Thank you. The next question is from the line of Geetika Sharma, an individual investor. Please go ahead.

Geetika Sharma - Analyst, Individual Investor
Hi, good afternoon. So my question is, the Chairman mentioned that the specialized solar pipes business is receiving a good response from the market. Could you elaborate on the current growth opportunity in this segment, and how important it could become for the company's overall business over the next two to three years?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, thank you, Geetika, for your question. Regarding the solar segment in Hi-Tech Pipes, you know that the company entered in this segment pretty early on, and we are now in a position to command a good respect when it comes to the module mounting structures and the solar tracker business, and we are dealing with all the top players in this category. Looking forward, as India is installing 40 to 50 GW of solar plants every year, every one MW requires at least 20 to 22 tonnes.

So this becomes like a 1 million tonne market in itself. Going forward with the current plans and the new incentives and schemes by the Central and State Governments, we see this capacity increasing. So for next three years, I am very confident that the solar will be one of the highest

growing segments for us, and we have enough capacities and entire product range in this segment. We are confident of capitalizing on this opportunity going forward.

Geetika Sharma - Analyst, Individual Investor
All right. Thank you so much.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Thank you.

Operator
Thank you. [Operator Instructions] The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal - Analyst, Antique Stock Broking
Yeah, good afternoon. Sir, the first question, if you could just give us your volume guidance again for --

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Pallav ji, can you be a little louder, please?

Pallav Agarwal - Analyst, Antique Stock Broking
Sure. Is it better now?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, it's better now.

Pallav Agarwal - Analyst, Antique Stock Broking
Yeah. Anish ji, if you could just give us your volume guidance again for FY27, FY28, and FY29?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
So, Pallav ji, for FY27, we are confident of doing at least 6.5 lakh tonnes of sales volume for FY27. FY28, with our increased capacity, we should be between 8.5 to nine. And FY29, between 1.1 to 1.2 million tonnes of sales volume.

Pallav Agarwal - Analyst, Antique Stock Broking
Sure, sir. Okay. And what is the timing for the new capacities to come onstream?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah. In this year, we are adding 3 lakh tonnes, which is in Q4. I mentioned these three projects in my speech. So Q4, these capacities will be up and running. So by the end of this financial year, we'll be at 1.35 million tonnes, sorry, and FY28 at 1.7, and FY29 will be at 2 million tonnes.

Pallav Agarwal - Analyst, Antique Stock Broking
Sure, sir. Okay. Also, if you could just, I think we've done this quarter EBITDA per tonne was close to INR 3,500. So are we confident of maintaining this going ahead and improving, because the VAP should increase?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yes. Pallav ji, this H1 was challenging when it came to the energy prices, the logistics, and the freights, especially the ocean freights. So I think we have managed that period quite decently, and

we have maintained our INR 3,500 per tonne EBITDA. This is despite that the new facilities just got operationalized in Q4 of FY26. So all these facilities now are at their good optimum utilization level.

So now the effect of war is also becoming down when it comes to logistics cost, and the monsoon is also over, and the government capex also seems to be okay for H2. So we are pretty confident of maintaining the volumes and the EBITDA per tonne for the H2.

Pallav Agarwal - Analyst, Antique Stock Broking
Okay. Sure, Anish ji. And also if you could just give us the capex spend that you are targeting for FY27, FY28, and FY29?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, Arvind ji will elaborate on that.

Arvind Bansal - Executive Director and Chief Financial Officer, Hi-Tech Pipes Limited
Pallav ji, on capex front, if you see balance sheet, it is showing CWIP of INR 200 crores, and further some advances are in the non-current assets. In H2, our capex is going to be in the range of around INR 150 to INR 200 crores, which will complete 3.5 lakh tonnes of capacity. And going forward, as Anish ji has mentioned, in FY28 and FY29, more capacities will be there and accordingly more capex we will incur. Part of the capex we will incur through internal accruals and part will be funded through term loans as per the requirement. But our focus will be to fund this capex more from internal accruals.

Pallav Agarwal - Analyst, Antique Stock Broking
Sure. Any indicative capex numbers for FY28 and FY29 for the new capacity, any broad numbers you can share?

Arvind Bansal - Executive Director and Chief Financial Officer, Hi-Tech Pipes Limited
Around INR 150 crores for FY27 and FY28.

Pallav Agarwal - Analyst, Antique Stock Broking
Okay. Lastly, just I think it's commendable your working capital days have come down significantly to 33 days. So is this a sustainable number that we can build going ahead?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah. Pallav ji, yes, now this was a very conscious decision, and we are very strong on this, and in fact we are trying to bring it under 30 days. So let's hope for the best, and we are very strong on this number right now.

Pallav Agarwal - Analyst, Antique Stock Broking
Okay, sir. Thank you. Just lastly, if you could just share the net debt, what is the net debt level at the end of September?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Net debt as on H1.

Arvind Bansal - Executive Director and Chief Financial Officer, Hi-Tech Pipes Limited
As on H1, our net debt is around INR 300 crores. This is in the form of term loan and working capital.

Pallav Agarwal - Analyst, Antique Stock Broking
Okay. Thank you so much, sir.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Thank you, Pallav ji.

Operator
Thank you. The next question is from the line of Ayushi Malhotra, an individual investor. Please go ahead. Miss Malhotra, your line has been unmuted. Please go ahead with your question.

Ayushi Malhotra - Analyst, Individual Investor
Hello. Hello?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yes.

Ayushi Malhotra - Analyst, Individual Investor
Hello, sir.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, Ayushi, I can hear you.

Ayushi Malhotra - Analyst, Individual Investor
Sir, my question is, the company is planning to increase its installed capacity to 2 million tonnes by financial year 2029. Could you please share how confident you are about achieving this target, and what kind of revenue growth potential this expanded capacity could create for the company?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Thank you, Ayushi. Your first question related to the installed capacity of 2 million tonnes by FY29: The work is in progress for the bulk of this quantity, and this is a part of greenfield and brownfield expansion, and we are very confident that this capacity will come ahead of FY29. So this was the first part. And second, what kind of revenue growth we will have: Taking a 60% to 65% utilization level, we can expect approximately INR 9,000 crores of revenue from this capacity.

Ayushi Malhotra - Analyst, Individual Investor
Okay, sir. Thank you, sir.

Operator
Thank you. [Operator Instructions] The next question is from the line of Mithun Soni from GC Holdings. Please go ahead.

Mithun Soni - Analyst, GC Holdings
Yeah, hi. I don't know if someone asked this question, but how should --

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, good afternoon, Mithun. Can you be a little louder, please?

Mithun Soni - Analyst, GC Holdings
Yeah, sorry. I don't know if someone asked this question. I just wanted to know, as we progress to FY28, FY29 and we reach 1 million to 1.2 million tonnes of utilization, how should we look at the

EBITDA per tonne for us moving?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
So, Mithun, basically our plan is to increase our value-added products ratio. Right now, we are at 40%, and with our new capacities of this 1 million tonne, this is mainly in the value-added segment. We hope to take our VAP share from 40% to 55% in the next phase of growth. So with the new VAP and if we reach 55% VAP share, our EBITDA per tonne will range from INR 4,000 to INR 4,500 per tonne.

Mithun Soni - Analyst, GC Holdings
This is for the complete basket, you mean --

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Yeah, complete basket. Yes, it's a blended.

Mithun Soni - Analyst, GC Holdings
Blended,

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Blended.

Mithun Soni - Analyst, GC Holdings
So the VAP product by itself will be much higher.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Absolutely.

Mithun Soni - Analyst, GC Holdings
But so when you indicated about in FY29 about 1 million to 1.2 million tonnes volume, so can we estimate that we can see around INR 4,000-plus of EBITDA per tonne?

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Absolutely. There is no doubt about it.

Mithun Soni - Analyst, GC Holdings
Perfect. Thanks a lot, sir.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Thanks.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I now hand the conference over to Mr. Anish Bansal for closing comments.

Anish Bansal - Whole-Time Director, Hi-Tech Pipes Limited
Before we conclude, on behalf of the entire team at Hi-Tech Pipes, I would like to extend my warmest wishes to all our stakeholders on the occasion of Deepawali. May this festival of lights bring happiness, prosperity, and success to you and your families. Thank you once again for your continued trust and support. Thank you.

Operator
[Operator Closing Remarks]