



HARIOM PIPE INDUSTRIES LIMITED

INVESTOR PRESENTATION
March 2024



Vision, Mission and Goal

VISION

To be a benchmark in steel pipe industry for high quality products, customer trust and inclusive growth

MISSION

To grow sustainably through geographical and value-added product portfolio expansion

GOAL

To reach **Rs 2,500 crore** in Revenue by **FY26** without compromising on profitability

What defines us

A legacy built over 50+ years



Galvanized coil stockyard

From our roots in steel pipes & tubes trading to becoming a producer of premium steel pipes and tubes products, we are defined by our....

- Deep understanding of customer requirements, geography-wise
- Persistence & strength in backward integration
- Penchant for value-added products
- Passion for adopting new technology and best practices
- Solid execution of growth projects

Where we are today

Steel pipe industry is growing – And we are in a strong position

Our strengths

Translating into...

One of the most integrated producers of steel pipes with a growing basket of value-added products	Higher margin; Low volatility
Cold-Rolled and Galvanized steel pipe products to enhance our product portfolio and fill gaps in demand-supply	Further addition to VAP portfolio; Higher margin
Evolving into a pan-India brand, rooted in innovation and supported by cultural transformation	Brand equity; Region specific products
Highly focused management driven towards value creation	Strong governance; Unique positioning
Executing our strategic plan for profitable growth and cash generation	Asset sweating for higher RoCE; Positive OCF by FY25
Projecting strong financial profile	3-year revenue CAGR of 57%; Margin expansion; Zero LT debt by FY27

How we are creating value

6 strategic pillars underpin our future performance



1

Lead in value-added products

2

Focused expansion
(Backward, Forward and Geographical)

3

Superior customer experience

4

Inclusive stakeholder management

5

Focus on profitability

6

Generating free cash flow

Pillar 1 – Lead in value-added products

Capacity enhancements upgrading our product basket



Scaffolding



Steel structures



Greenhouse frameworks



Hoarding structures



Steel furniture



Auto components

Pillar 1 – Lead in value-added products

Capacity enhancements upgrading our product basket



HVAC ducts



Commercial pipes



Fencing



Bus body



Staircase



Crash guards



Metro stations

Pillar 1 – Lead in value-added products

CR Tandem Mill adds new avenues for growth



- Commissioned state-of-the-art CR Tandem mill in FY24 at the Mahabubnagar Plant, TS
- Tandem mill has 3 cold rolling processes to reduce thickness variation to achieve high quality
- Produces pipes of thickness as low as 0.4mm, which has high demand and premium
- Adds new product lines such as Fans, Packaging strips, Furniture, auto components, pre-engineered building products, etc

Pillar 2 – Focused expansion

Plan to expand across India while increasing production



Strengthened our Sales and Marketing team; Expanding our middle management to drive growth

Expanded capacity to 701kt, 2.3x since FY22

- GP/GC capacity of 300kt
- MS Pipe capacity of 132kt
- Focus on production; no growth capex planned

Building a pan-India dealer network

- Strengthening presence in South India
- Expanding into key consumption markets of Maharashtra, Gujarat and Rajasthan

Develop growth options

- Increase backward integration and forward integration (value-added products)

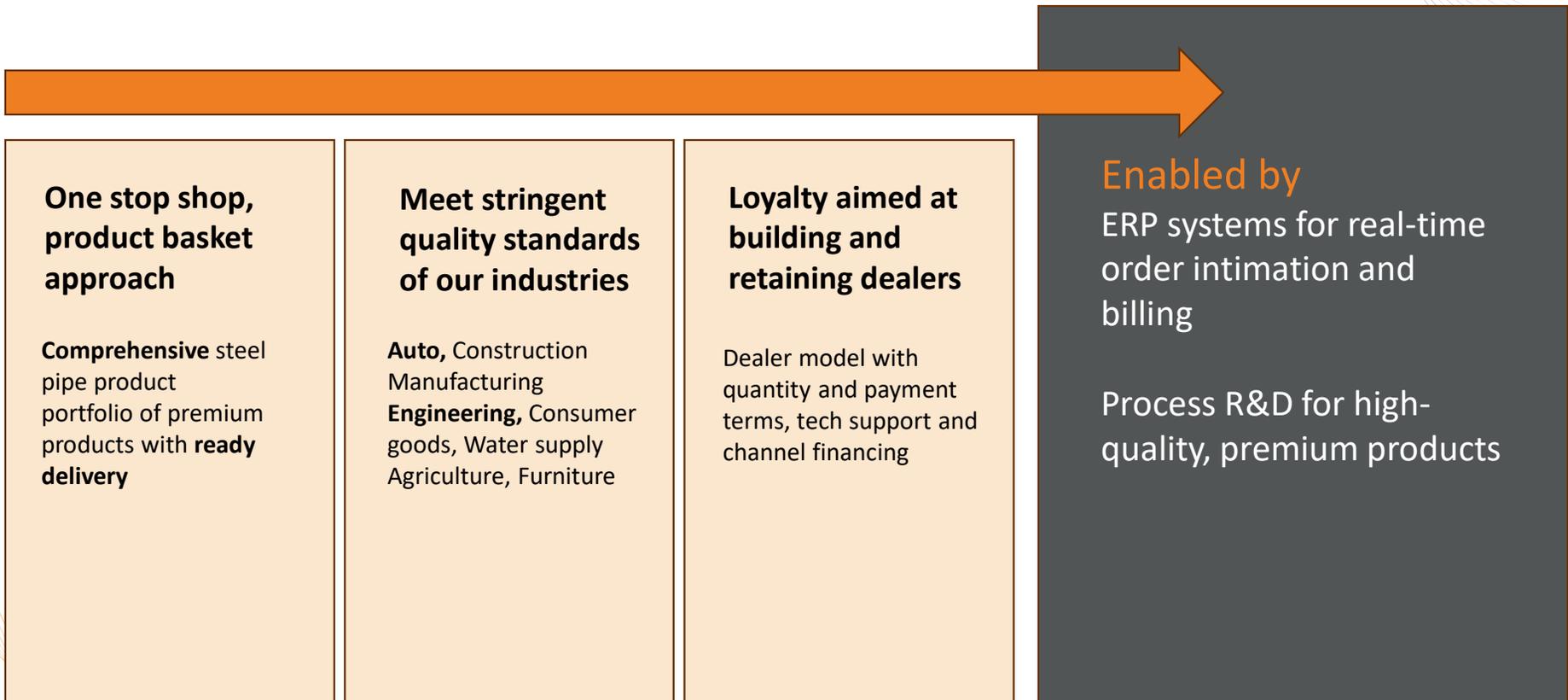
Pillar 2 – Focused expansion

Modern facilities driving sustainable production



Pillar 3 – Superior Customer experience

Evolving the customer experience



Pillar 4 – Inclusive stakeholder management

Aiming for inclusive growth



Customers

- New products
- Wider dealer network
- Quality standards
- 24x7 availability

Dealers

- Distribution opportunity
- Cost-effective solutions
- Channel financing

Employees

- Upskilling through training and development
- Building professional management

Environment

- Recycling 30Kt of steel
- Hot charging to reduce carbon emissions
- ZLD system installed
- First Pipe unit in India 100% powered by solar power

Investors

- Focused communication and interactions
- Transparent and reliable reporting
- Dividend policy from FY24 onwards
- Create shareholder value

Communities

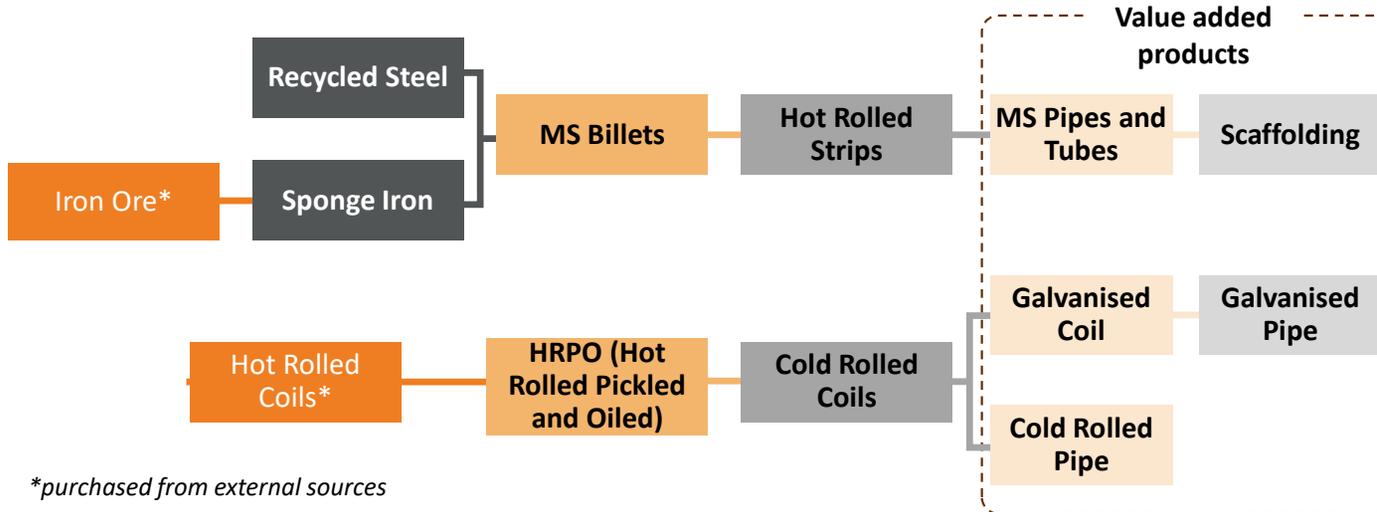
- CSR activities
- Local employment
- Working with local communities



Pillar 5 – Focus on profitability

Cohesive plan to increase EBITDA margin

Optimised operations



*purchased from external sources

Underpinned by:

Process R&D

- ✓ Quality products
- ✓ Lower COP

Operational excellence

- ✓ 24-hr delivery
- ✓ Low power & fuel cost

Sales excellence

- ✓ Higher sales
- ✓ Lower channel inventory

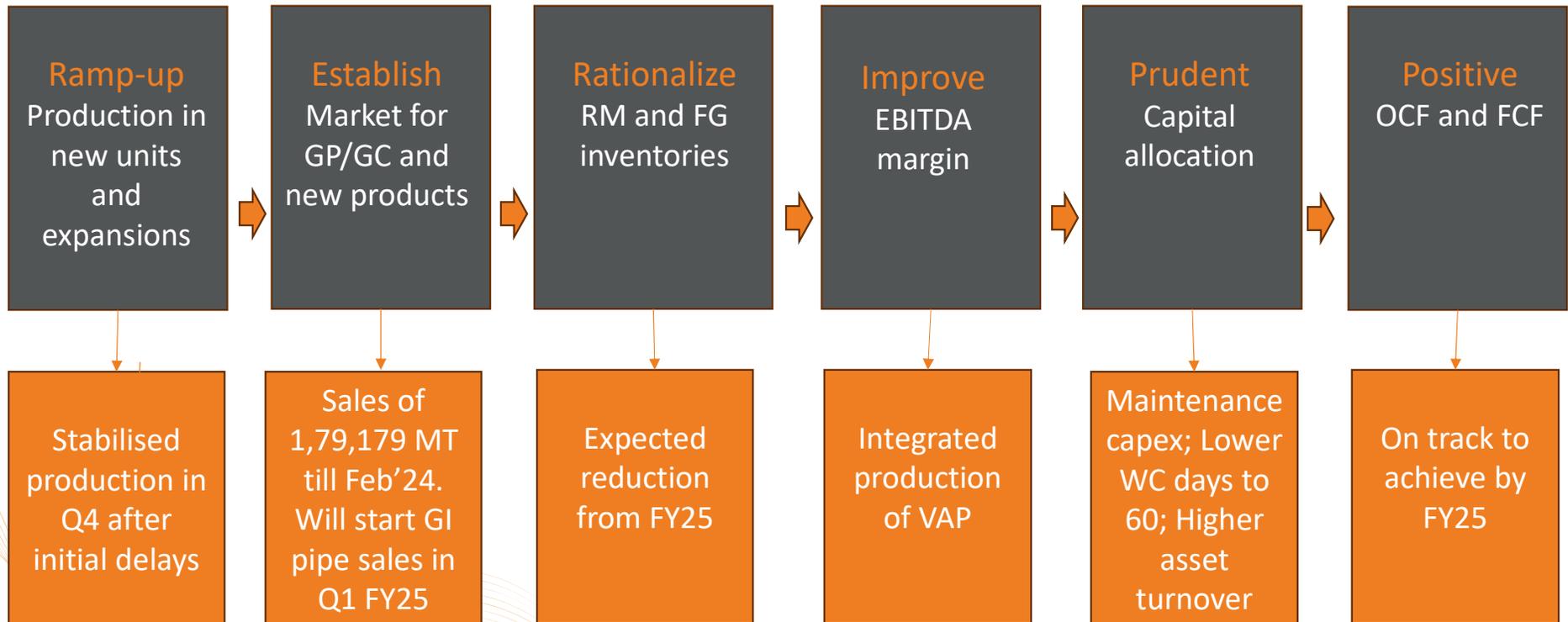
Key levers:

- Fully integrated production of MS Pipes
- Strategic sourcing
- Increasing sales of value-added products
- Leverage demand-supply mismatch across the value chain

Pillar 6 – Generating free cash flow

Operating Cash Flow expected to improve progressively

Key levers to achieve higher cash flows



Management

Highly focused management driven towards value creation

Key Management



Rupesh Kumar Gupta

Managing Director

Mr Rupesh Gupta has led the company since its inception and has charted its growth through strategic asset management and prudent financial management.



Shailesh Gupta

Whole Time Director

Mr Shailesh Gupta is the co-founder and has played a key role in establishing sales and marketing network of the Company.

Over 50+ years of experience in steel pipes industry

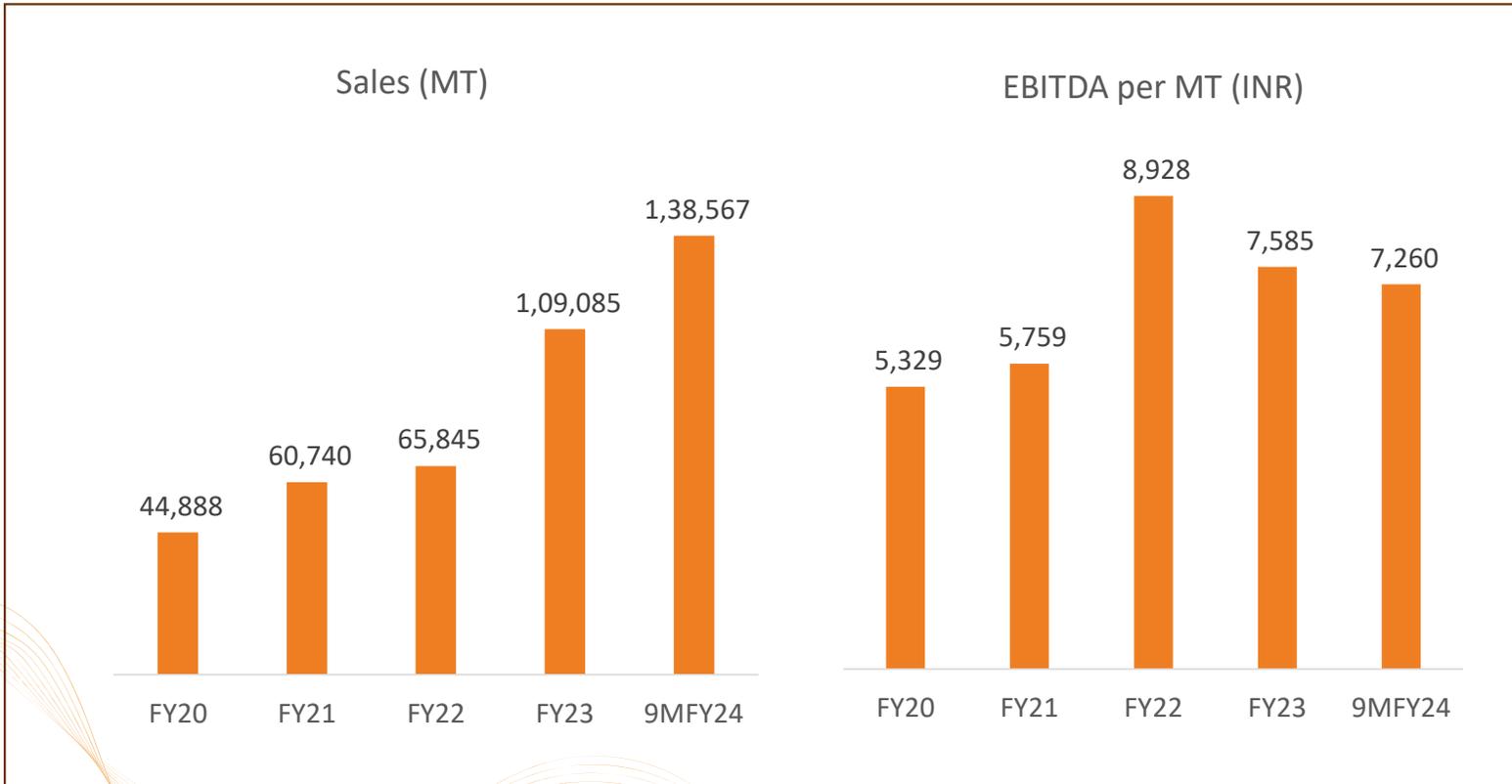
Young management team

A single-minded focus on business

Progressive approach to business management

Projecting strong financial profile

Sales and profit margin are expected to grow significantly

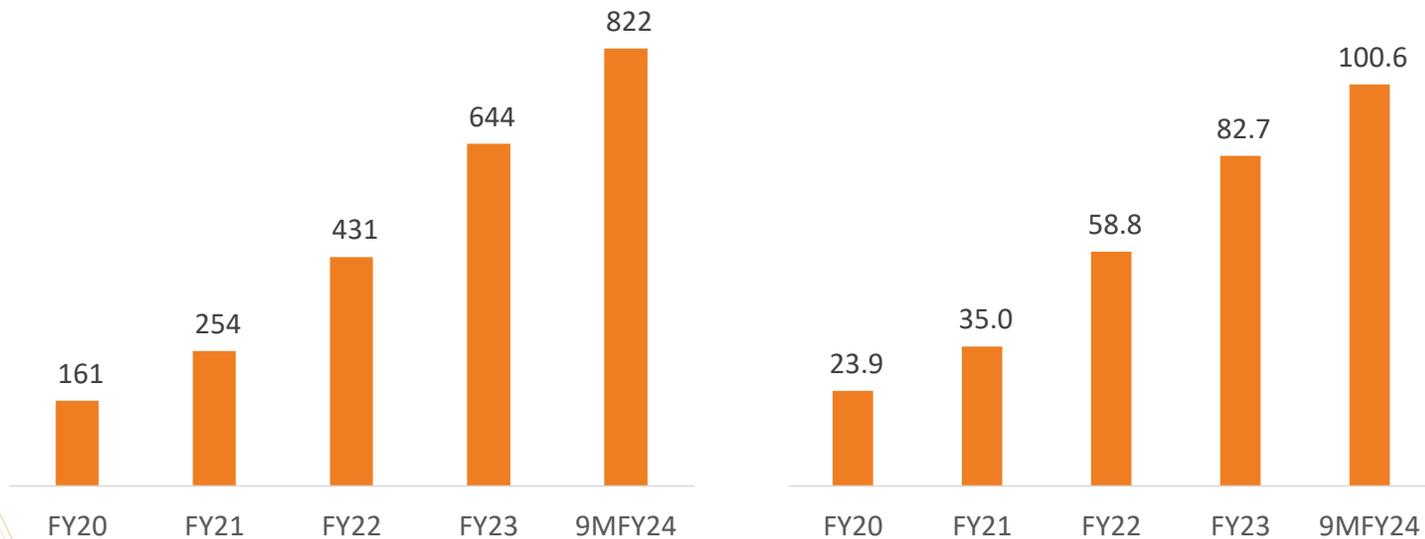


- Key drivers include higher value-added product sales and supply chain efficiencies
- Economies of scale and geographical presence
- Improved profitability through ramp-up of newly established capacities

Projecting strong financial profile On track to achieve our FY26 goal

Net Revenue, INR Crore

EBITDA, INR Crore



- Projected 3-year CAGR of 57%
- Enhanced capacity for rapid growth
- Expanded our portfolio and footprint
- Emphasis on cost efficiency
- Put in place levers for margin expansion

Projecting strong financial profile

Plan to be LT debt-free by FY27

Particulars (Rs. Crore)	FY20	FY21	FY22	FY23	9MFY24
Total outside liabilities (ex deferred tax)	89	99	112	330	411
Long-term Debt	25	43	43	146	153
Net Worth	48	71	101	375	447
Ratios (x)					
Net Debt-to-EBITDA Ratio	2.08	1.94	1.37	2.29	4.09
Net debt to equity	1.41	1.13	0.87	0.79	0.92
Interest Coverage Ratio	2.54	3.79	6.19	7.05	3.38

- Debt at peak level; deleveraging over next 2-3years
- LT debt-free by FY27
- Raised Rs 320 Crore through IPO and Preference Share Allotment
- CRISIL Ratings for bank facilities as of March 2024: 'CRISIL A-/Stable/CRISIL A2+'

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Thank You



Amitabha Bhattacharya



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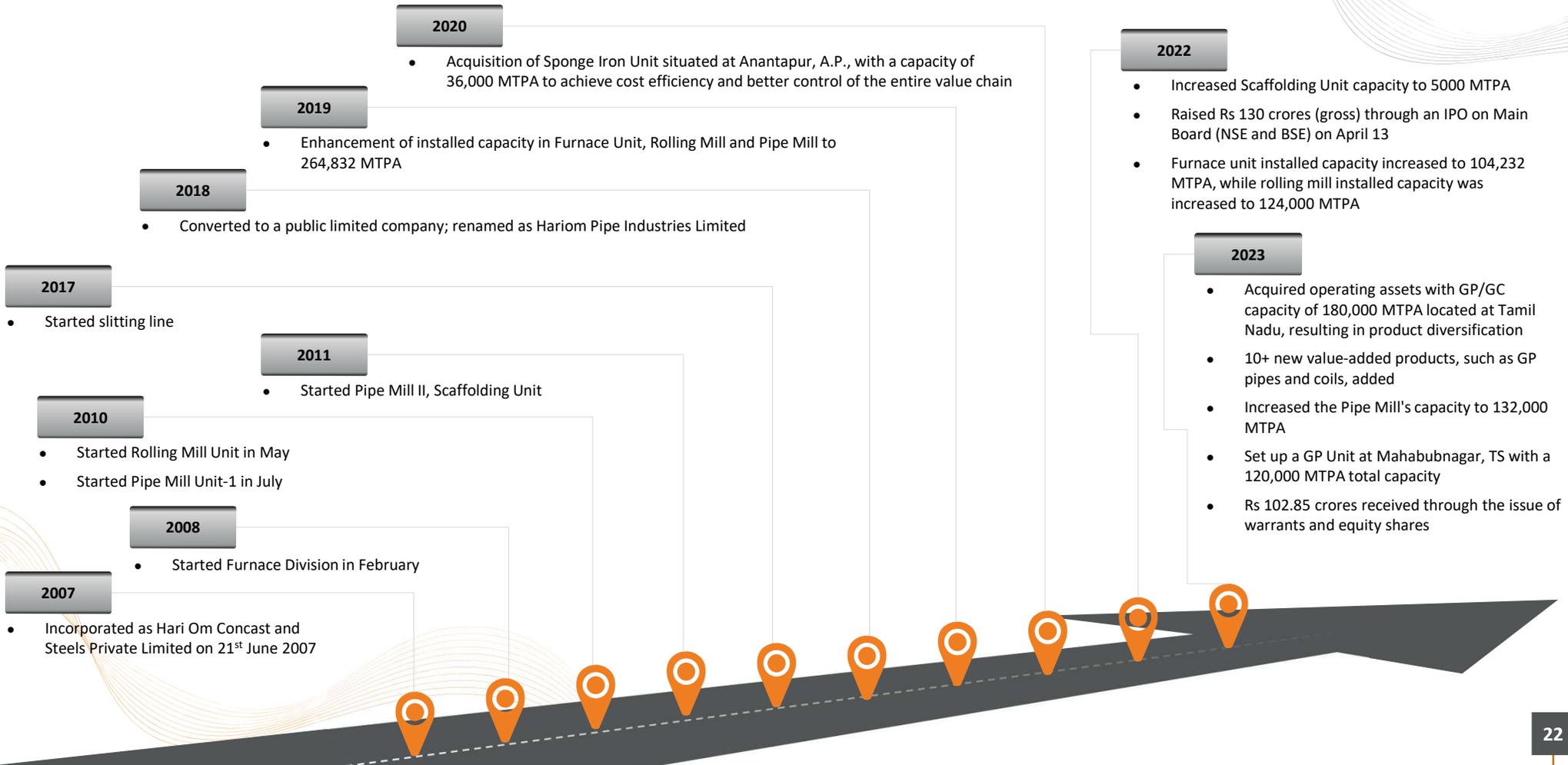
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Appendix

Key Milestones

Progressively adding capacity of value-added products



Manufacturing

Modern facilities driving efficient and sustainable production



Location	Products and Installed Capacity			
	Product	Capacity in FY22, MTPA	Capacity in FY23, MTPA	Current Capacity, MTPA
Mahabubnagar, Telangana Integrated Steel Plant Value Products Unit	M.S. Billets	95,832	1,04,232	1,04,232
	HR Strips	84,000	1,24,000	1,24,000
	MS Tubes	84,000	84,000	1,32,000*
	Galvanised Pipes	-	-	1,20,000*
	Scaffolding	1,000	5,000	5,000
Anantapur, Andhra Pradesh (near Bellary) Sponge Iron Unit	Sponge Iron	36,000	36,000	36,000
Perundurai, Erode, Tamil Nadu GP/GC plant A newly acquired plant through an Asset Transfer Agreement for a cash consideration of Rs 55 Crore	Galvanised Pipes & Coils	-	1,80,000	1,80,000
TOTAL		3,00,832	5,33,232	7,01,323

*Completed in Q1FY24

Q3 FY24 summary

Operational & financial performance



	Q3FY24	Q3FY23	% Chg YoY	Q2FY24	% Chg QoQ	9M FY24	9M FY23	% Chg YoY
Net Production, MT	53,735	22,528	139	56,552	-5	1,53,840	72,645	112
Sales, MT	48,843	23,538	108	50,435	-3	1,38,567	69,205	100
Share of VAP	89%	72%		96%		91%	68%	
Revenue per MT, Rs	57,326	52,194	10	59,909	-4	59,341	56,674	5
Cost per MT, Rs	50,243	44,302	13	53,676	-5	52,081	49,283	6
EBITDA per MT, Rs	7,083	7,892	-10	7,440	-3	7,260	7,391	-2

Rs in Crore unless stated otherwise

	Q3FY24	Q3FY23	% Chg YoY	Q2FY24	% Chg QoQ	9M FY24	9M FY23	% Chg YoY
Net Revenue from Operations	280.00	122.85	127.9	302.15	-7.3	822.27	392.22	109.6
EBITDA	34.59	18.58	86.2	36.78	-5.9	100.60	51.15	96.7
EBITDA %	12.36	15.12		12.17		12.23	13.04	
Interest, net	11.17	2.10	432.5	7.17	55.8	22.63	5.87	285.6
Depreciation	9.63	2.43	297.2	9.38	2.6	24.21	6.02	302.4
Profit Before Tax	13.80	14.05	-1.8	20.23	-31.8	53.77	39.3	36.9
Profit After Tax	9.81	10.15	-3.3	14.78	-33.6	40.03	28.96	38.2

- GP/GC units ramping up; maintained a high share of VAP
- COP benefits from stable raw material prices and power & fuel costs
- EBITDA margin continues to remain above 12%
- The sequential increase in finance costs is due to one-time Bank processing charges. Also, the Company initiated a 110% cash margin-backed LC for a Rs 150 crore import of raw materials as part of its strategic sourcing, leading to a higher outgo during the quarter.