



# HARIOM PIPE INDUSTRIES LIMITED

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INVESTOR PRESENTATION  
May 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

## Q4FY24 and FY24 performance summary

# Operational performance



### Best-ever volume delivered by ramp-up of new units

	Q4FY24	Q4FY23	Q3FY24	FY24	FY23
Net Production, MT	59,376	47,874	53,735	2,13,216	1,20,518
Sales, MT	60,449	41,285	48,843	1,99,016	1,09,085
Share of VAP	88%	89%	88%	92%	80%
Revenue per MT, INR	54,744	60,918	57,326	57,944	59,010
Cost per MT, INR	47,599	53,292	50,243	50,719	51,435
EBITDA per MT, INR	7,144	7,626	7,083	7,225	7,575

- Successful ramp-up of GP, MS pipe & GP/GI units; maintained a high share of Value Added Products (VAP)
- COP benefitted from decline in raw Material consumption cost and lower power & fuel cost
- EBITDA per MT level maintained through cost efficiency and VAP sales

## Q4FY24 and FY24 performance summary

# Financial performance



### Record FY24 performance drives higher profitability and positive Operating Cash Flow

INR in Lakhs unless stated otherwise

	Q4FY24	Q4FY23	Q3FY24	FY24	FY23
<b>Total Income</b>	33,206.88	25,162.58	28,199.32	1,15,838.47	64,446.03`
<b>EBITDA</b>	4,318.71	3,148.30	3,459.43	14,379.14	8,263.15
Interest, net	993.62	451.26	1,116.55	3,256.32	1,038.04
Depreciation	965.88	340.89	963.25	3,386.58	942.45
Profit Before Tax	2,359.20	2,356.16	1,379.62	7,736.25	6,282.66
<b>Profit After Tax</b>	1,676.93	1,725.04	981.28	5,679.95	4,620.80
EPS	6.01	6.77	3.55	20.34	18.30
EBITDA Margin	13.01%	12.51%	12.27%	12.41%	12.82%
PBT Margin	7.10%	9.36%	4.89%	6.68%	9.75%
PAT Margin	5.05%	6.86%	3.48%	4.90%	7.17%
<b>Profitability Ratios</b>					
RoCE				18.8%	14.6%
RoE				12.2%	12.3%

- Increase in RoCE on the back of effective utilisation of resources
- High sales volumes and VAP sales drive record performance
- EBITDA margin continues to remain above 12%
- Commissioning new projects during the year.

## Q4FY24 and FY24 performance summary

# Financial performance

INR in Lakhs unless stated otherwise

	FY24	FY23
<b>Balance Sheet</b>		
Net Working Capital	19,502.09	22,662.94
Total Debt	37,088.54	29,601.80
Total Outside Liabilities (TOL)	41,612.48	33,401.78
Net Worth	46,411.75	37,516.66
Cash and Equivalents	177.97	10,404.27
<b>Ratios</b>		
Current Ratio	1.68	2.12
Interest Coverage Ratio	3.38	7.05
Debt to Equity Ratio (D/E)	0.80	0.79
TOL / Net Worth	0.90	0.89
<b>Cash Flows</b>		
Operating Cash Flow	495.54	(10,056.84)
Investing Cash Flow	(18,159.02)	(22,151.88)
Financing Cash Flow	7,437.18	42,605.74

- Operating cash flows turns positive, led by new GP project in TL and working capital rationalization
- Improvement in debtor days due to proactive measures such as channel finance and efficient collection methods
- Debt at peak level; deleveraging over next 2-3 years
- ₹320 Crore raised from IPO and issue of shares and warrant
- 'CRISIL A-/Stable' Rating on bank facilities

What defines us

## A legacy built over 50+ years



Galvanized coil stockyard

From our roots in trading of steel pipes & tubes 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; Continue to remain OCF positive and generate FCF by FY25
Projecting strong financial profile	Margin expansion;

## 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
- This adds new customer from industries such as Fans, Packaging strips, Furniture, auto components, pre-engineered building products, etc to the Company's portfolio

## 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/GI 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)

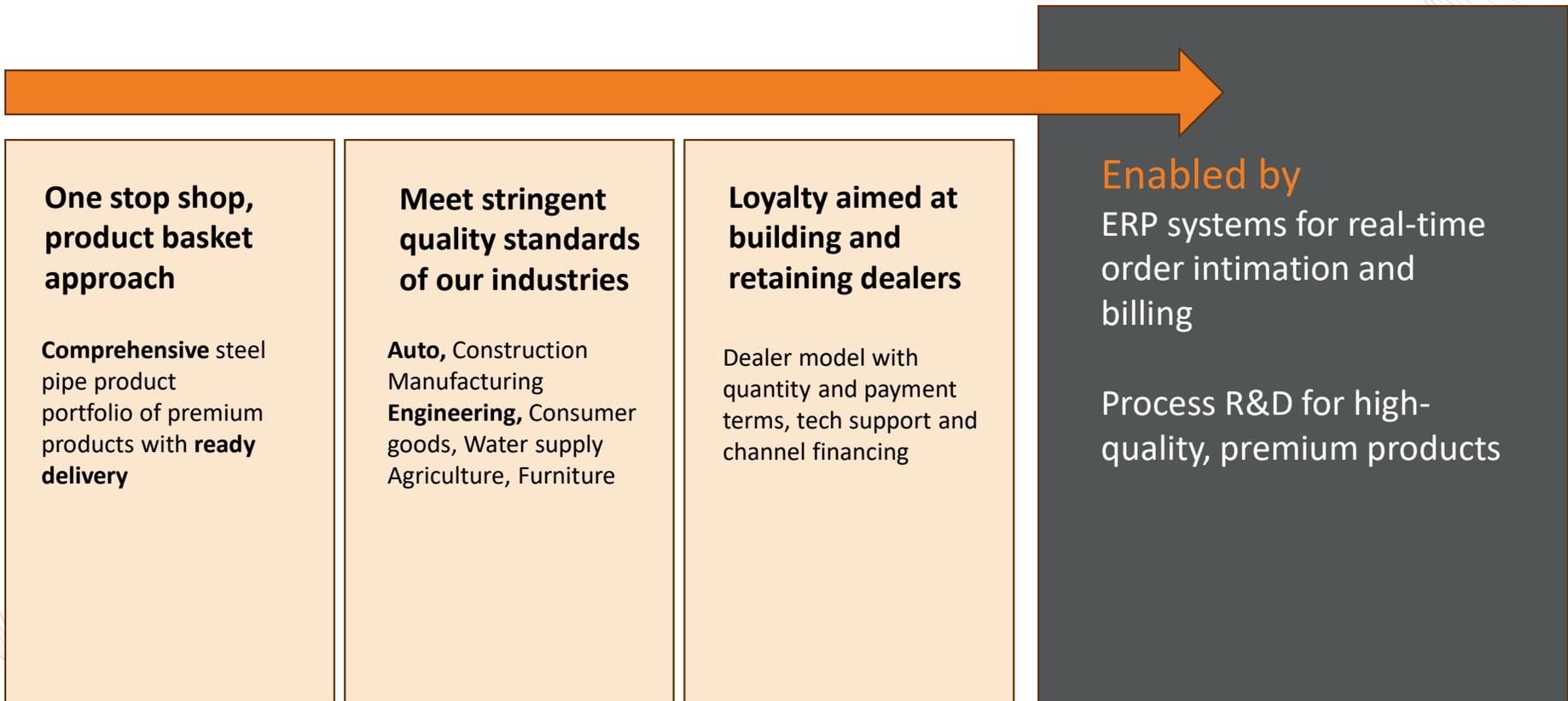
Pillar 2 – Focused expansion

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

#### Environment

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

#### Dealers

- Distribution opportunity
- Cost-effective solutions
- Channel financing

#### Investors

- Focused communication and interactions
- Transparent and reliable reporting
- Create shareholder value

#### Employees

- Upskilling through training and development
- Building professional management

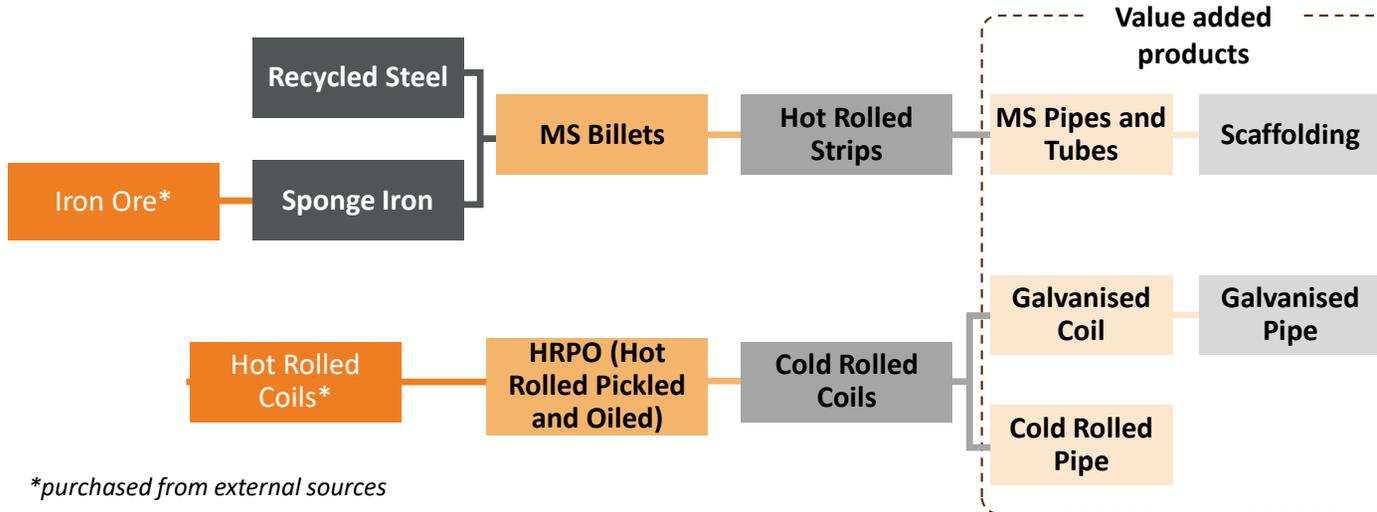
#### Communities

- 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

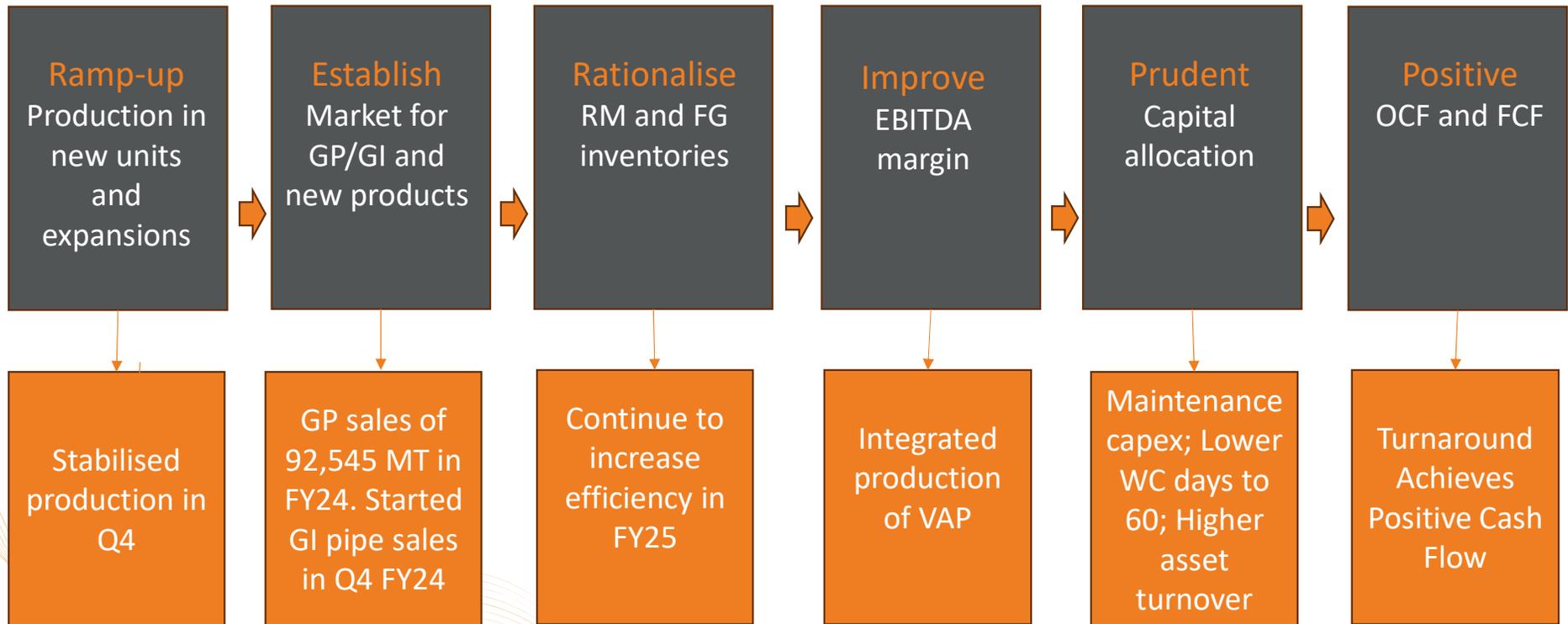
#### Key levers:

- 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

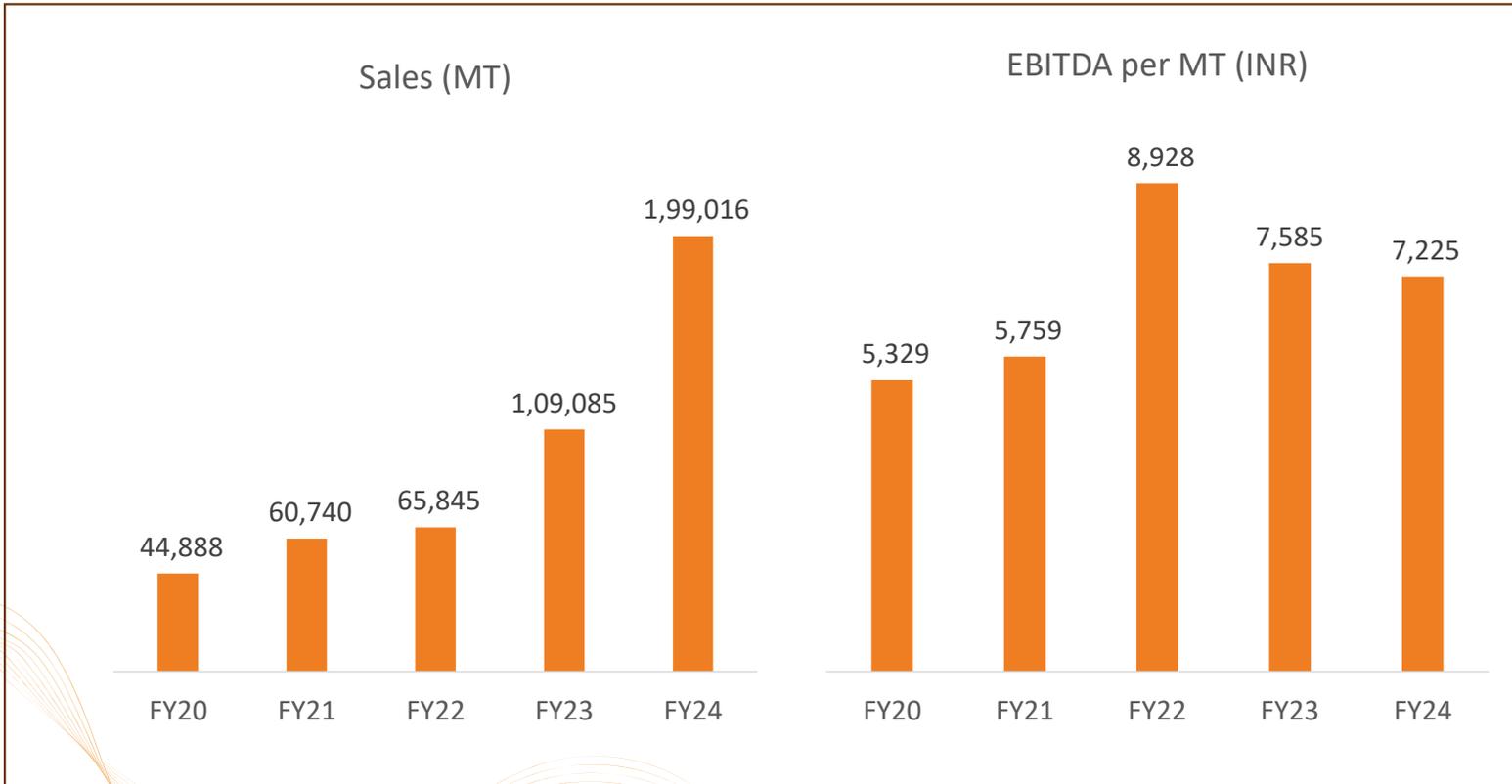
### Operating Cash Flow expected to improve progressively

### Key levers to achieve higher cash flows



## Projecting strong financial profile

# Sales and profit margin expected to continually improve



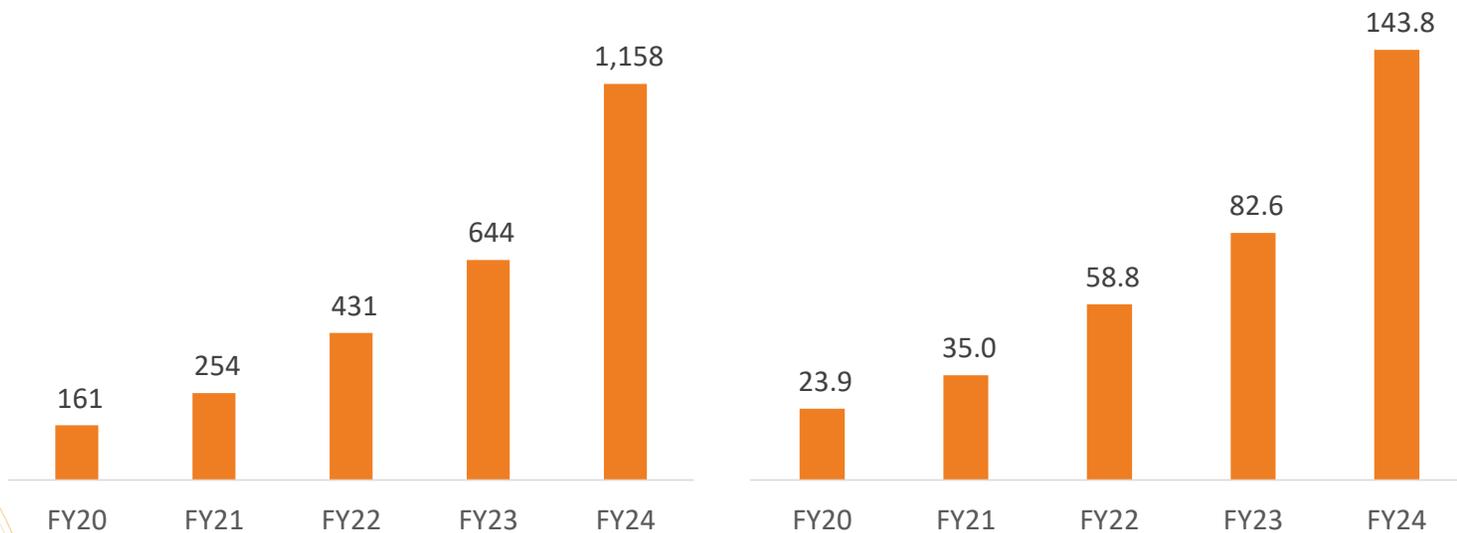
### Key drivers:

- Higher value-added product sales
- Supply chain efficiencies
- Economies of scale
- Wider geographical presence
- Improved profitability
- Ramp-up of new units

## Projecting strong financial profile On track to achieve our FY26 goal

Net revenue, INR Crore

EBITDA, INR Crore



- Enhanced capacity for rapid growth
- Expanded our portfolio and footprint
- Emphasis on cost efficiency
- Put in place levers for margin expansion

## 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

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**Thank You**



**Amitabha Bhattacharya**



**HARIOM PIPE INDUSTRIES LIMITED**



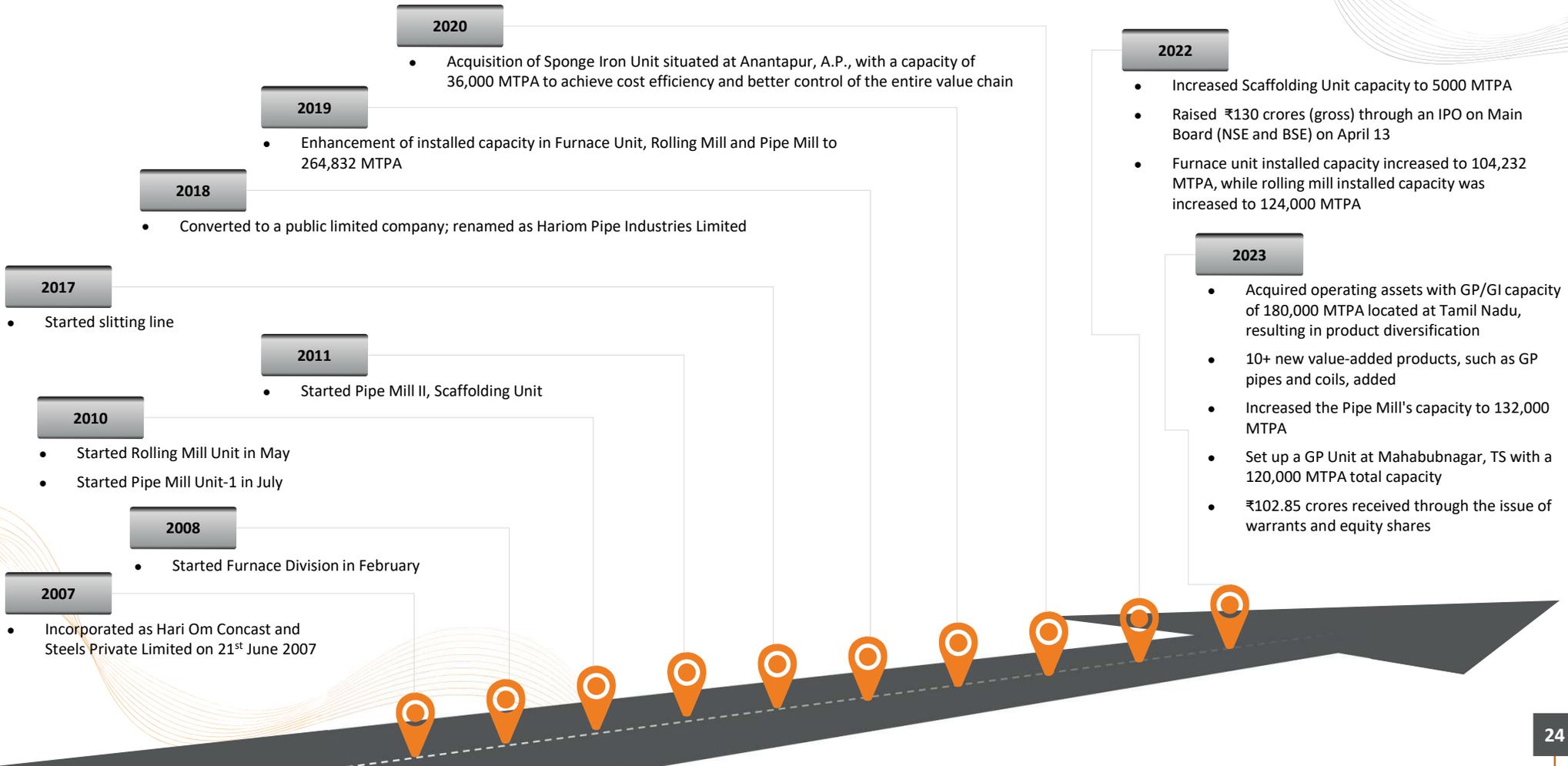
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# Appendix

## 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	Capacity in FY24, MTPA
<b>Mahabubnagar, Telangana</b> 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
<b>Anantapur, Andhra Pradesh (near Bellary)</b> Sponge Iron Unit	Sponge Iron	36,000	36,000	36,000
<b>Perundurai, Erode, Tamil Nadu</b> GP/GI plant A newly acquired plant through an Asset Transfer Agreement for a cash consideration of ₹55 Crore	Galvanised Pipes & Coils	-	1,80,000	1,80,000
<b>TOTAL</b>		<b>3,00,832</b>	<b>5,33,232</b>	<b>7,01,232</b>

\*Completed in Q1FY24