

Dated: 03.11.2024

To,

Listing Department
The National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai – 400051

Corporate Relationship Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

NSE Symbol – **HARIOMPIPE**

BSE Scrip Code – **543517**

Dear Sir/ Ma'am,

Sub: Transcript of the Conference Call held on October 28, 2024:

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015: Transcript of the Conference call with investors.

With reference to the captioned subject, please find enclosed herewith the transcript of the Conference Call with the Investors/Analysts held on October 28, 2024, on the operational and financial performance of the Company for the quarter and half year ended September 30, 2024.

This is also available on the Company's website at <https://www.hariompipes.com/investor-relations.php>.

Kindly take the above information on record.

Thanking You,

Yours faithfully
For Hariom Pipe Industries Limited

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by REKHA SINGH
Date: 2024.11.03
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Rekha Singh
Company Secretary

Encl: As above



“Hariom Pipe Industries Limited Q2FY25 Earnings Conference Call”

October 28, 2024



MANAGEMENT: **MR. RUPESH KUMAR GUPTA - MANAGING DIRECTOR,
HARIOM PIPE INDUSTRIES LIMITED**
**MR. AMITABHA BHATTACHARYA - CFO, HARIOM PIPE
INDUSTRIES LIMITED**

MODERATOR: **MR. SUMANT KUMAR - MOTILAL OSWAL FINANCIAL
SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Hariom Pipe's Q2FY25 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited.

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 this 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. Sumant Kumar from Motilal Oswal. Thank you and over to you, Mr. Kumar.

Sumant Kumar: Thank you. Good evening everyone and very warm welcome to Hariom Pipe Industries Limited 2QFY25 Post Results Opening Call hosted by Motilal Oswal Financial Services Limited.

On the call today, we have the Management Team being represented by Mr. Rupesh Kumar Gupta – Managing Director and Mr. Amitabha Bhattacharya – CFO. We will begin the call with key thoughts from the Management Team. Thereafter, we will open the floor for Q&A session. I would now like to request the management to share their perspective on the performance of the Company. Thank you and over to you, sir.

Rupesh Kumar Gupta: This is Rupesh Kumar Gupta from Hariom Pipe Industries Limited, Managing Director of the Company. Good evening to each and one of you.

Esteemed shareholders, thank you for joining us today.

It's a pleasure to share the progress and achievements of our Company during Q2, despite some challenging circumstances including a noticeable slowdown in steel demand and a 5% drop in prices on both a quarter-on-quarter and year-on-year basis, and weather-related disruptions in southern region. We have maintained a steadfast focus on growth and resilience. This year, the monsoon was particularly severe and prolonged in southern India.

While monsoon rains occur every year, this season saw record rainfall and flooding, disrupting supply chains and delaying key construction projects. This significantly impacted steel demand in the region affecting our overall sales. As the rain have begun to subside, we are seeing a recovery in demand, particularly in the infrastructure and construction sectors. This recovery is expected to drive steel consumption in the upcoming quarters, helping offset the slower demand experience earlier in the year. However, our efforts to adapt and innovate have been fruitful. I'm pleased to report total revenue of Rs. 31,522.63 lakhs for Q2FY25 totaling Rs. 65,942.96 lakhs in H1FY25. This reflects a 21% year-on-year growth, a remarkable achievement in the current climate.

Furthermore, our profitability metrics demonstrate strong operational efficiency. We achieved an EBITDA of Rs. 4,334.78 lakhs for Q2 and Rs. 8,891.65 lakhs for H1, marking a 35% growth in H1 year-on-year. Our EBITDA margin for H1FY25 stands at 13.48%, up from 12.41% in FY24. This increase has resulted in an additional earning of Rs. 571 per ton compared to last year. With a blended EBITDA standing at 7,796 per ton as opposed to 7,225 for FY24. This improvement underscores our commitment to enhancing operational efficiency and driving sustainable growth. Operating profit stands at Rs. 3,108.14 lakhs for Q2 and Rs. 4,076.34 lakhs for H1 representing a 26% increase and our profit after tax reached Rs. 1575.06 lakhs for Q2 with H1 totalling Rs. 3325.63 lakhs, reflecting a 10% growth year-on-year. Our commitment to financial health is also evident in our cash flow performance. We reached a targeted positive operating cash flow of Rs. 5288.27 lakhs, a significant improvement over the last fiscal year's Rs. 495.54 lakhs only.

Networking capital days have improved from 61 to 58 days, demonstrating efficient capital management. Additionally, we successfully reduced total borrowing from Rs. 37,088.54 lakhs as of March 24 to Rs. 33,458.50 lakhs by the end of H1 FY25, lowering our debt by almost Rs. 3,600 plus lakhs. Regarding our capital raising efforts, we have passed an enabling resolution for issuing equity shares through QIP, allowing us to raise up to Rs. 700 crores over the coming year. This is a proactive step to strengthen our position and enable future growth as we approach our optimum level of 0.7 million tons by FY26. Our team is actively evaluating opportunities in specialized steel products and geographical expansion, ensuring our growth strategy in both thoughtful and sustainable.

In conclusion, we are on path of robust progress, achieving strong results even amid headwinds. Your trust and support are invaluable and I assure you that our management remains committed to driving long-term value for all shareholders. We have already uploaded our financial results as well as the investors' presentation on the stock exchange. I trust you have reviewed this report and presentation.

Now for any questions on financials or compliance matter, I will hand it over to our CFO – Mr. Amitabha Bhattacharya, and compliance officer, Ms. C.S. Rekha Singh to address your queries one-by-one. And with the festive spirit in the air, I extend my heartfelt Wishes for a Joyous and Prosperous Deepavali to each of our valued investors and stake holders.

Thank you for your ongoing support and confidence in your Company's journey forward.
Thank you.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Hemant Bajaj from Kaizen. Please go ahead.

Hemant Bajaj:

I have two questions. First, the Company declares that the capacity utilization for the facility is around 70%. So, how do we interpret it in terms of the capacity utilization taking place? And

the second question is that we have a bit stretched the working capital cycle and especially the trade receivable numbers. What's the commentary of the management on it?

Amitabha Bhattacharya: Thank you for your question. First question is about your operating capacity. So, presently we are having 0.7 million tons of capacity. And out of that, as on September '24, we have achieved almost 1,21,628 metric tons. So, here we have to notice that out of 0.7 million tons our actual operating capacity is 0.4 because we are an integrated steel player. And in our earlier presentation also we have classified so many times. Like as an integrated steel player our gross production capacity is 0.7 million tons. Or you can say other way round 7 lakh metric tons per annum. But our net output capacity is coming 4 lakh metric tons per annum. So, out of that so far Q2FY25 we have achieved 1,21,628 metric tons. And we are very much hopeful that by the end of FY26, our optimum volume of capacity will be utilized. Now your next question about the holding levels of debtors holding days. So, basically, as of September 30th, 2024 our total debtor holding days to net sales is 54. Earlier it was, year-on-year basis September '23, it was 46. So, there by almost 8 days increase. At the same time, our overall net working capital day is coming down by almost all 5 days if you calculate in fact March '24 versus September '24.

Hemant Bajaj: I have one another question. Players like APL Apollo and other players in the industry are not offering the credit to their customers. But we at Hariom are offering the credit, so what's the reason behind that? Can you throw some light on it?

Amitabha Bhattacharya: No, sir. Actually, first of all, your question is APL Apollo or any other steel segment in the peer industries. I should not comment on that but the thing is everybody offering their credits. Without credit it cannot be happened. The respective of number of days of holding days that's irrespective. Hariom is not offering any credit. Our concept is not distributor based, our concept is to sell our product through dealer network. So, we are having 800 plus dealers in South India, almost all and our selling point is almost all 1500. So, anyhow, we are offering some credit and that credit is very much nominal in the present market justified.

Moderator: Thank you. Next question is from the line of Akhil Parekh from the B&K Securities. Please go ahead.

Akhil Parekh: My first question was on demand trend. I mean, as you highlighted, second factor was kind of subdued. Are we seeing a better demand now in October? And should we expect the second half of this year to be far better compared to first half of this year?

Amitabha Bhattacharya: Yes, to be honest, if you check with the past historical track record of past five years of any steel segment or any infrastructure Company, this is basically Q2 has always become a little bit slower due to that monsoon season because during the monsoon season the construction becomes slower and issues with the statistics with the last five years also, always third quarter and fourth quarter will be the peak period for any steel sector. We are very much optimistic and very much hopeful that this third quarter and fourth quarter is much more better than the

past Q2 and Q1. And we are very much confident to achieve our whatever the target for this financial year.

Akhil Parekh: And for next year, we had highlighted, I mean, past we had said we are targeting Rs. 2,000 crore of a top line and probably peak utilization rate. Do we maintain that guidance?

Amitabha Bhattacharya: Actually, last question I have explained that. Our present install capacity whatever we have, 0.4 million the output total capacity, we will be very much hopeful and confident that we will be optimum level of utilization will be happening by end of March '26. Once we have to achieve this optimum level of capacity of 0.4 million tons, definitely the top line will be reached to the expected as we discussed in earlier so many investor meets and presentation also near to Rs. 2,500 crores.

Akhil Parekh: And my second question is about value added products, right? They are almost 90% plus for volumes. So, does that imply our sales per ton may not see much improvement given that, you know, 90% of sales are coming from value added products and going forward, the sales per ton will be largely a function of how the steel prices move?

Amitabha Bhattacharya: Regarding this value added product, presently we have almost on 98% our total volume of sales as of September Q2 FY24. If you check, the value added product is almost on 98%. So, that means our total sales quantity is 1,14,059. Out of that, value added product is coming almost on 1,10,646 metric tons. In our terms, value added products means we are talking about MS tubes, mild steel tubes, galvanized pipes and coils, cold rolled pipes and coils, scaffolding, all are called value added products. And other steel products mean those products which are actually used by the manufacturer like sponge iron, MS billets, HR stripes. That is all the products we have called other steel products, that percentage is almost by 2% up to H1Q2 or you can say second quarter FY25. So, we have stuck on our plan and we are setting our focus on our value added product. So, as much as quantity volume will be increased, our value added contribution will be increased and the margin will be consistent.

Akhil Parekh: And lastly on the operating cash flows and the debt trend, we have done a good job in improving operating cash flows. So, do we maintain this kind of run rate will continue as we move forward? And what would be the debt number at the end of this year?

Amitabha Bhattacharya: So, basically sir, if you check with our financial, if you go on to with our financial, our improvement in operating cash flow is more than 100% comparing to Q4FY24 market, Q2FY25. So, because we have concluded almost 4.5 x Rs. 52 crores. But here the point is, regarding the second question is your debt. So, September '23, our total debt was Rs. 411.35 and now we are standing with Rs. 333.52. So, almost all we have reduced in a 12-month Rs. 78.05 crore sales. And if you check with that March versus September, we have concluded almost 30 plus, 36.06 crores we have reduced. And continuously in the coming financial year, our debt will be continuously reduced. And the margin is consistent and the operating cash flow will be growing consistently.

- Moderator:** Thank you. Next question is from the line of Muskan from B&K Group. Please go ahead.
- Muskan:** So, my first question is the cold rolled coils that we are producing from the Tandem mill of 0.4 millimeter thickness, will that be used only in induction motor fans or it is used in both BLDC motor as well as induction motor? And what is the value for content of the fan and who are the competitors and what's the right to win in that sir?
- Amitabha Bhattacharya:** No, actually might be there is some wrong interpretation. Actually whatever the 0.4 mm or 0.6 mm thickness of GP coil or cold rolled coil, we are producing from Tandem. This is not used in any motor. It is actually using in the space of automobile sectors, fan industry, basically they are using this kind of coil for manufacturing their products and that is a very value added product or you can say that price realization price is more than the whatever the GP pipe we are manufactured. So, these are the thing. And we are already supplying so many companies, corporate also or semi-corporate also. And in the coming future also, we are very much optimistic that these portions of value-addition products will be growing in a rapid way, which helps us to consistent our margins and our profitability and as well as top line.
- Muskan:** These coils are not used in the fan blades?
- Amitabha Bhattacharya:** CR coils, 0.4 mm that is used for stamping for fan manufacturing for power circuits and at the same time the CR coil are using for fan blades also. There is also PB also, pre engineered building also.
- Rupesh Kumar Gupta:** Thickness are different. Every product uses, thickness are different.
- Muskan:** We see that in this quarter, in this quarter the other expenses rose. So, what is the reason for that?
- Amitabha Bhattacharya:** Basically what happened, our Company in the second quarter Q2, we are participating in some trade shares as well as it is a festive season. So, therefore, wall display and other hoarding and all those things we are using, using some little bit of branding and promotion. At the same time, our companies are liable to pay certain huge amounts for CSR as per the corporate government that is mandated. So, this quarter also we are substantially, as per compliance, expenditure incurred in CSR. That is why these items are coming under other expenditures in the financial. So, that's why it is a little bit high, almost all you can say Rs. 1 crore increase, not much more. If you do the exact figure, it is almost all Rs. 1.01 crores increased from the last quarter Q-on-Q.
- Muskan:** How much is the freight cost in the last year like where have we captured that in other expenses?
- Amitabha Bhattacharya:** Freight cost means you are talking about advertisement brand promotion?
- Muskan:** Logistics cost.

Amitabha Bhattacharya: So, basically logistics cost are included in our cost of raw material and we are very much ahead from the other players because our logistic cost is very nominal because we our plant is geographically located nearby the raw material supplier and moreover we are into the integrated steel player therefore our in-house material are using for end of finished goods. Therefore, the logistic cost is very nominal. We are paying our logistic cost only for purchase of iron ore and imported coal. So, that is very nominal.

Muskan: The logistic cost for outwards, like when we are supplying?

Amitabha Bhattacharya: No, we are not spending any outward logistic cost that is spent by our dealer. We are not having any freight outwards.

Muskan: One last question. The payable days have increased from 6 days to 30 days. So, what is the reason for that? And will we be maintaining it for the next, for the full year as well?

Amitabha Bhattacharya: The payable days are increased because we are purchasing imported coil on instance basis that is our credential and our credibility. We are getting cheaper rate of raw material from the international market with a sudden credit facility, almost all 30 days. So, that is the reason we are maintaining that healthy margin and we are showing our operating profit and EBITDA is much more lucrative due to the one of the major reason, you have asked the correct question. So, this is behind the main reason we are able to crack the deal and that yes, it is correct and we are very much hopeful that we will be maintaining in the same repo in the coming future.

Moderator: Thank you very much. Next question is from the line of Vineet from Kris PMS. Please go ahead.

Vineet: My first question is with respect to the falling steel prices. We are seeing that steel prices are falling, right? So, do we maintain the guidance or you have been confirming that you will be able to achieve 2500 guidance? But my concern is with the volume growth. We will have to attain more volume growth to achieve the same level of revenue. So, what is your commentary on that?

Amitabha Bhattacharya: Whatever we have said in our management speech, our interview given, why we are talking about the size is dropping. If you check the size average sales realization, so in Q1 FY25, if you check that our total quantity of sales is 57,990, you can note it down, not an issue, against the topline of 343.18. Therefore, the average realization is coming 59,175. Whereas, in our current quarter, Q2 FY24, our total volume sold is 56,065 to be precise and our average realization is Rs. 56,057 where against the topline is 314.28. Our total revenue is 315.23, which is including the other income. But 314.28 is our entire topline. So, therefore the coming average realization is 56,057. So, almost 3000 down. Therefore the entire realization is dropped down by 5%. Despite that see realization is only impact the topline in terms of value not in terms of profit. Here we have to understand that despite of the 3000 our EBITDA goes up. So, that is the metric, that is the USP which we have compared to others that we are able to

in any circumstances our profitable margin per metric term which we have so many times we have given the examples that it is increased by 500 plus. So, that is the reason. So, I am rest assured that through you and through this platform that it will not impact the Hariom profitability whether the price is coming down. Even though in our prospectus also we have clearly mentioned whenever these price fluctuations are coming, we will be able to pass on the price fluctuation in terms of the consumers and we are very much capable to do that. So, our profitability is intact, and our commitment is full.

Vineet: And sir, another question which is in line with the question that the previous person asked. Like just a confirmation, our trade tables have increased from Rs. 12 crores to Rs. 108 crores, right? So, this is because of the import that you have done, right?

Amitabha Bhattacharya: Yes, absolutely correct. You are absolutely correct. And not only for that, we are getting the cheaper rates compared to the domestic market value.

Vineet: So, this rise is on account of the import only, majorly?

Amitabha Bhattacharya: Yes, absolutely correct. And presently we are getting the credit also from the domestic players.

Participant: So, because we are seeing a good operating cash flow this time by Rs. 50 crore positive operating cash flow we had, and this type of trade payable positively impacted us. So, will we be able to maintain this going forward?

Amitabha Bhattacharya: Definitely, our mechanism is only like that. If you remember, Mr. Vineet, in our earlier investors call also and one-to-one call also, I have explained so many times, we are closely working on certain credit facilities and credit terms. We are closely working and hopefully we will be achieved when my operating cash flow was Rs. 100 crores negative. At that time I was committed. And we have achieved this goal and showing that we are strict on our plan and in the coming future also, we will be able to manage.

Vineet: And so can you please throw some light on the QIP that you have done recently, like Rs. 700 crore fundraising, right? So, what is the purpose behind and what are we planning? Are we looking at an inorganic development going forward?

Amitabha Bhattacharya: No, actually to be honest, our in this speech also it is really signaling that QIP is just an enabling resolution valid for one year. We are very much aware, we have it so many of technical and qualified persons are on board and they are facilitating so many projects including specialized deal geographically reached and the valuations and where the Company is getting much more profit, how many steel segments, product analysis, everything we are going on. And for the future growth, so it's just enabling resolution and whenever we are going for QIP, definitely what is the purpose and what is the object, so far we are not finalizing it. Whenever in the right time, we will be updated to all the investors and then only we have to go in forward with their permission and fulfill all the compliances and then only we have to

address this issue. Nothing to worry, you will get prior notice and prior intimation and all the information prior to any event.

Vineet: We will be waiting for your intimation with respect to that.

Amitabha Bhattacharya: We are looking for the growth of the Company.

Vineet: A last question from my side, like this is a more historical question. Between FY22 and FY24, the percentage of valued products to our total sales has gone up, right? In 2022, it was between 30% to 40% and now we are seeing a 90%, right? But our average margins are in the range of 12% to 13%. So, how come our margins aren't expanding if our value-added products are going? Is this a case that where value-added products are the margin difference between the value-added products and the other steel products is insignificant?

Amitabha Bhattacharya: Here we have to understand that in FY22, whatever you are talking about that, it is 68% to 92%, but in FY22 our value-added product means we are talking about only MS tubes and Scaffolding only. And in FY24 when we are talking about value-added product, we have to include that galvanized product. So, here the galvanized product source of raw material is not integrated. That source of raw material we are purchasing from either domestic or international. That is nothing but HR coil. So, therefore the margin of the HR coil converts into the galvanized pipe or coil lower than whatever we are producing from iron ore to MS pipe. So, therefore, as much as volume will be increased, the quantum will be increased, so automatically whatever the blended EBITDA is coming that is you are looking is almost Rs. 100-Rs. 200-Rs. 500 rupees is more. But when the value-added product is so high, why it is not multiplied with that? But it is not the fact. Because almost all in that 98%, we are selling our GP product is almost 65%. Therefore, the margin of the product lesser than the margin of PAT and EBITDA MS pipe. You have to understand the basic mathematics in that thing.

Vineet: Basically, you are saying that the EBITDA per ton for Galvanized steel is higher but the margins like from the conversion margin between Iron or to MS steels were greater than those of yes coil to GP, right?

Amitabha Bhattacharya: Yes.

Moderator: Thank you. Next question is from the line of Hrishit Jhaveri from PiSquare Investments. Please go ahead.

Hrishit Jhaveri: Just wanted to confirm that what are our CAPEX plan for FY25 and FY26? We've already spent a significant amount in the last two years. Do we see any major CAPEX ahead or just maintenance CAPEX going ahead, sir?

Amitabha Bhattacharya: Major CAPEX, so far whatever we have spent that is the major CAPEX against our capacity. And we have little bit it on the pipeline. As you have heard that, already we have discussed about that our Anantapur unit, we are expanding another sponge iron capacity by another

46,000 metric tonnes per annum. **Error! Bookmark not defined.** Whatever our existing is it will be going to double. So, all are reflecting in our unit. In the recent past, whatever the acquisition Brownfield, Greenfield asset acquisition, that is there. So, that is the major thing with this capacity so far.

Hrishit Jhaveri: How much do we plan to spend further in this year as well as in FY26 in terms of how much outlay we plan out?

Amitabha Bhattacharya: We have all those in the balance sheet itself. In the balance sheet also, if you check that balance sheet, total Rs. 31 crores increase added into the....So, in that 31 crores, we have already another 16 crore to 17 crores we have to pay to enterprise for acquisition. And these figures are included for the Anantapur unit. As and when we got permission from the pollution control board, this unit will be converted as the property plant and equipment. That's all. So, nothing much more. But there is no abstract figure where we have to be honest. So, this is the ultimate figure for upgrade the capacity, whatever we can.

Hrishit Jhaveri: So, basically with the current CAPEX already spent, we will be able to achieve the FY26 target without any further CAPEX?

Amitabha Bhattacharya: Yes, absolutely, you are into the correct one.

Rupesh Kumar Gupta: One more thing Hrishit ji, basically you have to understand when we are talking about this particular segment, this segment is actually basically cement segment, steel segment, power segment. It is a CAPEX based, CAPEX oriented segment. It's not a service-oriented system. It is a CAPEX oriented segment. So, therefore, for example, rolls are manufacturing for pipes and coils. So, basically, Rolls also we have taken considered as a CAPEX and after the light is over, we are selling out and again we are purchasing. So, such kind of financial matrix are reflecting in your balance sheet but at the same time if you check in the P&L also, in the other income, we are showing that some assets fail also.

Hrishit Jhaveri: Right sir, understood. Sir, we had plans to expand our dealership network in zones like western and northern region like we don't have presence in Gujarat, Madhya Pradesh and Northern states. And how do we plan out to expand in these states with new dealer network to avoid that concentration risk of the southern India?

Amitabha Bhattacharya: Basically, already we have engaged so many dealers in that particular segment. Here we have to understand that what kind of product we are selling to the dealer. So, basically our target is to sell in Gujarat and southern that part is not pipe, it is coil, GP coil. And the next question is how we have to increase the dealers and what is our thought process so whatever the present capacity we have and whatever the market demand we have in our existing geographical territory, that is almost all optimum. So, whatever capacity that can meet in South India and surrounding the South India. But at the same time, unless and until geographically we are

expanding, we cannot cater fully in that particular area. But our team is already engaged and we had very much closely our team is watching us.

Hrishit Jhaveri: Understood sir. Also sir, I had a question that do we see any risk from Chinese imports or Chinese dumping of products at a lower rate, pushing down the prices as well as the -- because the volumes which those guys can produce with similar product line, do we see any risk in the future?

Amitabha Bhattacharya: No, with Chinese dumping we are not impacting directly because China, China when dumping so basically they will be dumping the (Inaudible)39:28, which is our raw material as we seen earlier candidate already I have explained that. I am getting little bit of credit in imported coil and lower size or because of imported coil because of some reason we have come back to domestic purchase. So, basically as far as Hariom balance sheet and Hariom financial, we are not so far facing any Chinese dumping issues because we are not the producer of HR coil, hot rolled coil through blast furnace route. So, we are the producer where we are producing galvanized coil or galvanized pipes. So, whether it is coming from China domestically, our keen interest to better quality and lower which we are getting. As far as Hariom is concerned, we are facing any challenges from China on this, but if you are talking broadly about India economy or Indian growth, that's a threat for the overall India country. It's a threat.

Hrishit Jhaveri: But those Chinese guys are also dumping pipes and tubes as well as coil.

Amitabha Bhattacharya: Only coil, Government of India directly passed the import duty on China, directimport. The little bit of material are coming from US front. Now the government is strictly prohibited on flatproducts. Without BIS, nobody can export to India. So, therefore, almost 90% problem is resolved.10% is perceived which should be, I think, in the coming quarter, it will be sorted out. It's not a big issue.

Hrishit Jhaveri: Sir, last question from my end. The Rs. 2,500crore guideline which we have given, what type of margin trajectory do we see at a EBITDA level? Like, can we get back to that 14%-15% mark, or we will stay at this 13%-13.5% mark with the current scenario?

Amitabha Bhattacharya: If you think that, if you take into the consideration of the current scenario also, it is also a very lucrative thing. Isn't it? Rs. 2500 crore topline, what if your current EBITDA percentage is 13.48 so , this is almost or not even Rs. 337 crores EBITDA It's a very lucrative figure. So, while I am oppose to comment on the future aspect, it should not be the correct thing. But as far as whatever you assume to take into consideration the correct current scenario, then also it's a very satisfactory figure. But our vision is much more better, much more bigger than that. But anyhow, this is also very satisfactory. Rs. 337 crores is not a small amount; it's a very good figure.

Moderator: Thank you. Thank you. Next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.

Darshil Pandya: Have you given any guidance for this financial year? In our IBM investor presentation, we have disclosed. I don't think it's okay whether you have followed or not. So, anyhow, our target is near to 2,62, in between 2,62 lakhs-3 lakh metric ton of steels we want to sell. And we are very much keen about that. So, anyhow, we have almost all achieved 1,14,000 something so far. So, another 60% are, then 60%-70% if we take into the consideration of 2.50 lakhs.

Moderator: Thank you. Next question is from the line of Pankaj Motwani from Equirus Wealth. Please go ahead.

Pankaj Motwani: I just want to know on the product side. How are products of Hariom is different from other listed players like Hitech and GTL because our EBITDA pattern is much higher than that of peers, because our EBITDA is around 7500 and other PS is in the range of 3000-4000. So, like what are we doing different in terms of product that our EBITDA is higher.

Amitabha Bhattacharya: Basically whatever you are taking name I should not comment on that. This is my platform. I don't know about them. As far as Hariom is concerned, we are having two mixtures. One is integrated, totally integrated from iron ore to end product of MS tubes. And another is from galvanized unit where we are purchasing HR coil and waste converted to specialized steel and for various industries, various segments not only the commercial segment, we are doing other various segments. So, therefore, our margin is much more better. Much more better means I am not talking about better or lower because I am not comparing with anyone. It is satisfactory mode. Now, whatever name you have taken, I don't think so. Maybe I am wrong or right. I don't know. You are the better judge. I don't think so they have certain raw material sources by their own. They are totally for MS or GP whatever the product they are manufacturing for that they are totally depend to purchase the HR coil. So, that is the one only major reason I believe. Even though I don't know about them.

Pankaj Motwani: A follow-up question only. Our new additional capacity which is in Perundurai and this is 1,20,000 metric tons of new capacity in Mahabubnagar. So, these are also the non-integrated capacity. So, like what's the outlook on the margins because these are non-integrated capacity, so the margin will not be of integrated plants. So, what is our margin outlook on this?

Amitabha Bhattacharya: That is the reason in the previous participant also asking the same question. When FY22, our margin is standing, when our evaluated product we are selling 60%, now we are selling 98%. Why is the margin not increasing? But then EBITDA is not increasing as we have increased our value-added product. So, in this regard I had explained that our margin related to galvanized pipe or galvanized coil is lesser than the MS pipe as it is from integrated sources and that source is from HR coil, so which we are purchasing domestically and internationally. Therefore, the margin is lesser than the MS pipe because it is through an integrated source.

Pankaj Motwani: Yes, because these are the new capacity, so I think this will ramp up in this year also, so like the impact of the new capacities, so can we expect the margin to decline further from this part, because this capacity has been started giving revenue from this year only. So, like how as we

ramp up forward, so because of the increased portion from this non integrated capacity, so like margin will be, I think margin could also decline like I just want to know your view on this. How things will be?

Amitabha Bhattacharya: Here the question is, your point is I understand what I understand. Please correct me if I'm wrong. My point is, what you wanted to know from me, we have addition the new product basket that is galvanized in Perundurai and Mahabubnagar together almost at 3 lakh metric tonnes per annum. If the margin is lower, then what will be the impact in that? Isn't it?

Pankaj Motwani: Yes.

Amitabha Bhattacharya: So, my point is here we are different from other key players that is we have so many in presentation we have clearly mentioned that we are operating through dynamic. We are the India's first steel manufacturing unit where the entire pipe consumption is coming from solar. Our operating cost is cheaper than others. Our power cost after the raw material power is the one of the major cost for the manufacturing of industry segments. So, our power cost is cheaper because of the renewable power and other facilities and the latest technology. All those together, and moreover, we are having that integrated system, so therefore we are able to reduce the logistic cost of. We are having that power charging facility where we can be able to reduce the carbon and as well as coal consumption. The part and parcel bits and pieces, all together manage your profitability and your cost of production in our finance stocks. So, all together it will be helpful to reduce or comparatively to the other in terms of cost of production. The second thing, more important thing, right now the question is how we will be able to increase our EBITDA margin in the value-added product like Galvanized, that is the question. In first case, we are talking about that when we are producing certain specialized deals where we are talking about 0.67 million thickness, lesser than, which will be used for specialized fan industry, automobile industry. Their realization is much more, where your operational cost, your cost of production remains the same. So, therefore, we are getting better margin. That is the ultimate in future which will be achievable. It can be achieved.

Pankaj Motwani: Just one more question. I just want to know the status of the CAPEX on sponge Iron capacity. I think it was about to complete by FY24 end, so what is the status as of now?

Amitabha Bhattacharya: See, already we are showing and if you go through with our financial results in the capital after the first asset, property, plant and equipment after that in the peak park, capital work in progress. These amount are reflecting, only the issue is, as you aware that in recent past, Andhra Pradesh government has changed and the new government has come. And simultaneously, when the government has changed, the new government has come. The Pollution Control Department for the entire committee has changed and the new committee members have appointed. Now they have to, we have submitted our proposal to the government of Andhra Pradesh pollution control department for consideration almost nine to one-year before. But so far, not only us, in that particular segment, particular area, all the manufacturers are not taken for hearing. As and when they will be conducting the meeting and

we get approval, this will be converted into PPE, Property Plant and Equipment. And the capitalized part will be considered because without a license we cannot able to offer.

- Moderator:** Thank you. Next question is from the line of Gargi, an Individual investor. Please go ahead.
- Gargi:** Sir, you mentioned that we have 800 plus dealers. So, I just wanted to understand if my understanding is correct that we don't cater to distributors, and we directly deal with dealers. Is that correct?
- Amitabha Bhattacharya:** Yes, 100% correct.
- Gargi:** Then secondly, how many fabricators are we in connect with as of now and how often we interact with them because peers are also dealing with fabricators and constantly engaging with them.
- Amitabha Bhattacharya:** We are doing, your question, your point is very valid, and you are already gone through the market. So, basically we are able to deliver our fabricator in various places in the southern part of India and we are engaging that fabricator with our respective India wide treatment. That is our ground reality work. We are not supplying anything directly to the fabricators. We are cost-training the fabricators. We are motivating the fabricators. We are incentivizing the fabricators. And therefore, the fabricators are directly, we are linking with our respective area-wide dealer.
- Moderator:** Sir, the line for the participant dropped. We will move on to the next participant: Next question is from the line of Shadam, individual investor. Please go ahead.
- Shadam:** So, due to recent QIP, we would be seeing increase in the number of shares, hence affecting our EPS. With Rs. 2,500 crores FY26 in topline, how do you see that growth translating into EPS also?
- Amitabha Bhattacharya:** In terms of EPS in 2000 crores - 2,500 crores topline.
- Shadam:** Yes. in FY26, if you are targeting that? How do we see that translating into EPS? Because we would be diluting also our equity, 0:55:56 EPC and QIP, right?
- Amitabha Bhattacharya:** So, basically in FY24, our EPS is 20.34. So, after that we are expecting near by Rs. 30 for FY24. And almost all, Rs. 40 – Rs. 43 we are looking for in terms of FY25.
- Shadam:** 40-43 you are saying?
- Amitabha Bhattacharya:** Yes, which is a very good figure.
- Moderator:** Thank you. Next question is from the line of Pranit Reddy, individual investor. Please go ahead.

Pranit Reddy: Government has sanctioned industrial corridors in Karnool and Tirupati which are in very close proximity from our manufacturing plants. Are we seeing any, can we expect any huge orders from these industries?

Amitabha Bhattacharya: Orders, or you mean to say we are going to expand.

Pranit Reddy: Orders.

Amitabha Bhattacharya: We have existing orders, Tirupati also in the Rajasthan area we are sending our products. We are regularly getting orders. Not only for these corridors, we are regularly having tie up on so many dealers. We are having substantial orders from that particular area. Even the most of the area, Hariom is dominating. We have not competition.

Moderator: Thank you. Next question is from the line of Hemant, individual investor. Please go ahead.

Hemant: As you mentioned previously, sir, that we will be having the revenue of Rs.2,500 crores by FY26. But if I take a look at the H1 FY25 numbers, we are roughly around Rs. 650 crores. So, is it H2 heavy? And if it's H2 heavy, then what sort of revenue are we targeting for FY25?

Amitabha Bhattacharya: Sir, your question is very correct. We have targeted for Rs. 2,500 crores by FY23 and if you take into consideration H1 FY25 it is 659. So, it is whether it is almost on one fourth of the targeted figure for March 23. So, whether we can be able to achieve. So, now the point is yes it can because sometimes it happens in our lives, some unavoidable circumstances which is beyond our control, beyond our strategy happen. And this had happened in the last six months in India, not only with Hariom, it happened with other players also. It was checked with their figures, their performance, which is drastically coming down. So, it is Hariom keeping all negativity Hariom is doing extremely well. Now your point is whether we can achieve by the end of FY26 any such figure 2,500. Yes we can because our target is if we are able to sell 400 metric tons of steel by the end of FY26 then we will reach to the end of Rs. 2,500 crore plus. So, if you take into the consideration, in FY24 we have already completed 2 lakh metric tons of steel. And this year our target is about 3 lakh metric tons. However, due to that slowdown, we expected somehow, somewhere around 2,70,000 of metric tons. So, once we reach the 2,70,000 figure will be coming around near to 50 lakhs. From 2,70,000 to next year, by 2020, it is very easy for us to achieve this because we have already started so many of specialized teams which can help us to reach our volume very faster and reach our target very faster rather than doing the trading step.

Hemant: So, just to sum it up, we will be targeting 1600 crores of revenue in FY25 with 2.7 lakh metric tons of volume and 4 lakh metric tons of volume in FY26 with 2500 crores of volume.

Amitabha Bhattacharya: Yes.

Hemant: So, H2 should be much better than H1?

- Amitabha Bhattacharya:** Which one that next year?
- Hemant:** This year, H2 should be, H2 FY25?
- Amitabha Bhattacharya:** If you check with the past data also, this H2 is always better than the H1.
- Hemant:** And Rs. 1600 crores of revenue by this year FY25?
- Amitabha Bhattacharya:** FY25.
- Moderator:** Thank you. Next follow-up question is from the line of Vineet from Kris PMS. Please go ahead.
- Vineet:** Sir, my question is with respect to the operating asset that you bought from one of your related Company, right? Ultra Pipes was the name, I guess. So, can you tell me, like I saw your presentation. There, it was mentioned that 82,000 metric ton capacity in the MS tubes has been added from there. So, what type of synergies are we able to create out of it? Is it just MS tube capacity or something else also?
- Amitabha Bhattacharya:** No, 82,000 you are talking about, see 132 it is coming 2,16,000 therefore the difference is coming almost of 82,000. Yes, 84000 it is coming from Anantapur.
- Vineet:** So, that was the sole reason for that buying of the operating assets.
- Amitabha Bhattacharya:** Yes. That is the reason.
- Moderator:** Thank you. The next question is from the line of Pawan, individual investor. Please go ahead.
- Pawan:** Most of my questions are already answered. I just want to know if you can throw some light of your revenue targets for next three years. I know FY26, we have Rs. 2,500 crore. If you can elaborate further, next two, three years?
- Amitabha Bhattacharya:** Right now, sir, as per SEBI regulation, I should not speak beyond these whatever official investor presentation already, I have uploaded into the stock exchange and under the purview of the SEBI, more than that, because I have, once I have to give guidelines, before that, I have to implement to the stock exchange for SEBI. You do that only otherwise I have the guidelines but I am extremely sorry this platform I cannot share.
- Pawan:** That's fine. No problem. Can you just share if the growth trajectory will remain same what we have been seeing last four years' trajectory?
- Amitabha Bhattacharya:** Yes, definitely we are in that trajectory.

Moderator: Thank you. Next follow-up question is from the line of Gargi, individual investor. Please go ahead.

Gargi: Sir, I thank you for the opportunity. Sir, I could not hear your point on the fabricators. How many fabricators do we have, and how often do we engage with them?

Amitabha Bhattacharya: Ma'am, that is actually very difficult, because we are not directly sent to our fabricator. So, therefore, whatever figure I have given, that is not correct and not authentic because we do not have that much backup. See, what happened in real life, we have to understand. We are engaging the fabricator. A fabricator meeting will be arranged every month-on-month. This is on area-on-area basis and have now incentivized the fabricators in that particular area. And then these fabricators, whatever the dealers are available in that particular area for Hariom, we are engaging them or we are motivate them to purchase the material from that dealer of Hariom, therefore you are getting certain benefits. So, in such way we are engaged as a fabricator with our dealer. So, it is not directly with Hariom, so therefore I don't have any backup. So, unless and until backup I cannot comment on the particular any numerical figure. It is not right.

Gargi: What is the difference between 1500 selling points and 800 dealers? I could not understand the meaning of 1500 selling points.

Amitabha Bhattacharya: Not 1600, 1500 selling points means we are selling certain dealers. Every dealer having so many sub-dealers. Sub-dealer means suppose you are my dealer, you are sitting in Kurnool area. So, in Kurnool having almost a 100 and 150 km radius, so many small villages are there. where so many fabricators or so many small pipe traders are there who are not able to purchase directly from Hariom because their quantum and their counter is very less. So, they are only able to sell in their village itself. So, they are basically purchased from the dealers. They are not able to purchase directly from manufacturer. So, that means if I sell any to my dealer in Kurnool, at the most from the Kurnool town to surrounding 15 to 30 villages having 10 or 12 dealers, 12 shops of pipes. There also, in that particular 15 shops also, Hariom pipes are regular. So, if we should count with one dealer versus 10 shops. Likewise, we have to assumption this figure.

Gargi: The second question is on this, you mentioned that effective capacity, the operating capacity today is 4 lakh tons. So, the breakup of it, I just wanted to understand if my understanding is correct, that the breakup of this 4 lakh tons is in MS tube, it would be around 92 to 93 thousand tons, 5000 for scaffolding and GP and GI pipes, the effective would be 3 lakh tons.

Amitabha Bhattacharya: No, exactly figure is 4,37,000 tons. So, in that, 1,32,000 tons is for MS tubes, 5,000 for scaffolding, and 3 lakh for GP pipes and coils. So, all together is 4,32,000.

Gargi: And the Ultra Pipes that we are adding would take this effective of MS tubes from 1,32,000 to how much sir?

Amitabha Bhattacharya: Almost at 84,000, that is the optimum what you call installed capacity will be from 1,32,000 to 2,50,000.

Gargi: Sir, we will also have billets and HR stripes in this.

Amitabha Bhattacharya: No, only pipes.

Gargi: So, the billets effective capacity is 90,000-95,000 and that is currently

Amitabha Bhattacharya: Billets capacity is 1,04,232 metric tons. Our HR strips capacity is 2,24,000 metric tons and MS tubes is 1,32,000 now after merger with Ultra it will come to 2,16,000. So, now your point is when we are going to produce billets to the extent of 1 lakh metric tons, which means our pipe capacity is going to 2.6 lakhs metric tons, but will be the raw material. Isn't it?

Gargi: Yes sir.

Amitabha Bhattacharya: So, therefore we are purchasing billets from the market for the time being and producing from our roll-in, which will help us to again manage the margin. Instead of doing another CAPEX, huge CAPEX, we are doing it asset-like model, which help us to maintain the margin as well as topline.

Gargi: So, currently this 4 lakh will go to how much effective capacity, only talking about effective capacity in FY25 right now?

Amitabha Bhattacharya: Effective 25 is 4.37 lakh and effective 26 is going to be almost all 4.37 lakh plus 84. So, you can say 5.21 lakhs.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.

Rupesh Kumar Gupta: Thank you. Thanks a lot for the meeting. It has been arranged. It was a wonderful thing. Thanks for this conference. Thank you very much. Thank you.

Moderator: On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.