HI-TECH STEEL PIPES

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20th May, 2024

To

Manager, **National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex- Bandra (E), Mumbai-400051 ***NSE Symbol: HITECH***	Listing Department, **BSE Limited** Phiroze Jeejeebhoy Towers, Rotunda Building, Dalal Street, Fort Mumbai- 400001 ***Scrip Code: 543411***

Subject: Q4FY24 Earnings Conference Call Transcript

Dear Sir,

With reference to our letter dated 09th May, 2024 regarding the intimation of Analyst/ Investor Conference Call on the Audited Financial Results (Standalone and Consolidated) for the Quarter and Year ended 31st March, 2024, Please find enclosed herewith the transcript of the conference call being held on 14th May, 2024.

The transcript of the conference call is also made available on the Company's website viz.: www.hitechpipes.in

Kindly take the above information on record and oblige.

Thanking You
For Hi-Tech Pipes Limited

For HI-TECH PIPES LIMITED
ARUN KUMAR Digitally signed by ARUN KUMAR Date: 2024.05.20 16:10:43 +05'30'
Company Secretary

Arun Kumar
Company Secretary &
Compliance Officer

Encl: a/a

"Hi-Tech Pipes Limited

Q4 & FY '24 Earnings Conference Call"

May 14, 2024

MANAGEMENT: **MR. ANISH BANSAL – WHOLE TIME DIRECTOR**
MR. ARVIND BANSAL - EXECUTIVE DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER
MR. ARUN SHARMA - COMPANY SECRETARY AND COMPLIANCE OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY '24 Earnings Conference Call of Hi-Tech Pipes Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anish Bansal, Whole-Time Director of the company. Thank you, and over to you, sir.

Anish Bansal: Good morning, and welcome, everyone, in our Q4 and FY '24 Earnings Conference Call. I'm joined on the call by Mr. Arvind Bansal, Executive Director, and Group CFO; and Mr. Arun Sharma, Company Secretary and Compliance Officer of the company. Today, it's our pleasure to discuss the financial performance of the company, which, despite a year mark with turbulence in HRC prices, has demonstrated resilience, adaptability, and commitment for the achievement of the equation.

During FY '24, we have recorded ever highest revenue from operations of INR2,700 crores as compared to INR2,358 crores in FY '23, a growth of 13% Y-o-Y. Sales volume increased by 10.5% to 3.91 lakh tons in FY '24 as compared to 3.54 lakh tons in FY '23. Capacity utilization has increased from 60% to 67% in this year. EBITDA increased by 11% to INR115 crores as against INR103 crores in FY '23. PAT increased by 16.5% to INR44 crores in FY '24 as compared to INR38 crores in FY '23. During this quarter, revenue from operations declined by 3% to INR681 crores as compared to INR702 crores in Q4 FY '23 due to reduction in steel prices.

Volume remained flat at 1,07,000 tons. EBITDA improved by 4.7% to INR35.35 crores versus INR33.75 crores in Q4 FY '23. EBITDA per ton has improved by 5% to INR3,280 as compared to INR3,147 in Q4 FY '23. PAT declined by 29% to INR11.2 crores as compared to INR15.9 crores in Q4 FY '23 due to steep decrease in steel prices and increase in finance cost.

Now let me take you through the operational highlights of the company. During this year, the company has supplied its material to various prestigious projects across the country. To name a few: Narendra Modi Cricket Stadium, the world's largest at Ahmedabad; Surat Diamond Bourse, the world's largest building; high-speed rail corridor for Mumbai, Ahmedabad bullet train project; Jal Jeevan Mission, world's largest portable drinking water program; Noida International Airport, Asia's largest upcoming airport; Adani Green Solar Park at Khavda, world's largest renewable energy park.

We are inching towards achieving our vision of 1 million tons. And during the year, the company has started commercial production of its much-awaited Greenfield manufacturing facility at Sanand Unit II. This facility of 1.7 lakh tons of installed capacity is fully equipped to produce complete size range of steel pipes ranging from 0.5 to 16 inches.

This facility is one of its kind and is capable to produce best-in-class solar tracker torque tubes and large diameter pipes, which are currently in a big demand across the sectors, especially water, infra and green energy. This facility will significantly contribute to increase value-added products and operating margins of the company.

Further, construction activities at Sikanderabad, Unit 3, with proposed installed capacity of 1.5 lakh tons, is in full swing and hopefully, commencement of commercial production will start in Q4 of financial year '25. This facility will help us penetrate deeper in Northern and Central India. The project progress of Phase 2 of Sanand Unit II for capacitization of 1.1 lakh is also on track and is expected to start within this current financial year.

Demand drivers. The Government of India has taken the vision for Viksit Bharat on the 100th anniversary of its independence. It opens up a lot of opportunities for every industry, particularly infrastructure and construction sector. Huge government as well as private capex is expected to be spent in coming 4 to 5 years, which leads to increase in steel pipes demand additionally.

All the above developments are setting our stage for robust coming financial year. As we move forward, our strategy is clear to maintain financial discipline while driving growth through innovation and market expansion. The foundation we have built is strong, and I'm optimistic about what the future holds for Hi-Tech Pipes. We are poised to not only meet but exceed our financial goals.

We may now open the floor for question and answers, please.

Moderator: Thank you very much. The first question is from the line of Hemaant, who is an individual investor. Please go ahead.

Hemaant: Actually, I missed your initial comments. You told us about the Sikanderabad unit, right? The Sanand Unit with 1.1 lakh MTPA capacity, when is it going to commission?

Anish Bansal: The Sanand Unit II, we commissioned this project in the month of January, and we started commercial production in the month of March.

Hemaant: That is fine. But sir, after the Sikanderabad, I guess, we have 1 more lined up, right, sir?

Anish Bansal: Yes. So that is the Phase 2 of Unit II, which is of the capacity of 1.1 lakh tons and the construction -- we have started with construction for this project at Sanand.

Hemaant: It will be Phase 2 of Sanand, right?

Anish Bansal: Yes. Correct.

Hemaant: And it is -- when it's expected, the commissioning?

Anish Bansal: In Q4 of this financial year.

Hemaant: So Sikanderabad as well as Sanand Phase 2, both are expected in Q4 of FY '25?

Anish Bansal: Yes, sir.

Hemaant: And sir, one more thing is, what I wanted to highlight is, we are meeting our guidance on the EBITDA per ton. Is it basically due to the reduction in steel prices?

Anish Bansal: Yes, sir, you're absolutely right. But in Q4, we saw a steep steel price reduction to the tune of INR2,500 to INR3,000 per ton. This is unprecedented. But even then, the company showed its resilience and our market penetration and our strong network, but the EBITDA per ton hovered around INR3200 despite a steep price reduction, steel price reduction. But now the steel prices are aligned with the international prices, and we don't see any further steel price drop from hereon.

Hemaant: So sir, what is the guidance for EBITDA per ton in FY '25? How do you see the company on a quarter-on-quarter basis?

Anish Bansal: Sir, the company is doing EBITDA per ton in the range of INR3,700 crores to INR4,000 on a blended level, but the steel price reduction, this rose about INR400 to INR500 per ton.

Hemaant: No, I got your point. But sir, how do we see the EBITDA per ton for FY '25?

Anish Bansal: Sir, there will be definitely increase. Our internal target is INR4,000 per ton. And if the market and once this election period is over, we expect huge flow of orders, especially on the infrastructure side.

Hemaant: Sir, do we see any lean period because of elections? Do we see a weak Q1 due to elections?

Anish Bansal: Sir, what has happened is the new orders, the new tenders by the government that are on hold. So I think we will maintain our volumes, but a big jump in terms of orders, we'll see from mid of Q2.

Hemaant: So I mean is it fair to assume a degrowth in Q1 on a quarter-on-quarter basis?

Anish Bansal: No, sir, the demand is strong because the steel price has stabilized, so restocking has started happening at the distributor's end. So there is no degrowth in Q1. There should be a positive growth.

Hemaant: And sir, as per the media interview, we had initially guided about INR4.5 lakh to INR5 lakh tons of -- in volumes?

Anish Bansal: That is correct. That remains intact.

Moderator: The next question is from the line of Pradip Rawat from Yogya Capital.

Pradip Rawat: So my first question is about the industry size and what is our market share?

Anish Bansal: So the total estimated market for the year that you've seen, price is around 8 lakh ton to 1 million tons.

Pradip Rawat: 8 lakhs to 1 million ton.

Anish Bansal: Yes, this is per month. So basically, on an annualized basis, the 10 million tons.

Pradip Rawat: Okay. Okay. And what is our market share?

Anish Bansal: So we are targeting this year, 5 lakh tons, so you can say about 6% to 7%.

Pradip Rawat: Okay. So what is our long-term target for market share?

Anish Bansal: So we are growing year on year we are building our capacity. We are scaling our production by 20%, 25% per annum. So that should be intact for next 5, 7 years.

Pradip Rawat: Okay. So my next question is regarding the -- what is our raw material and how do we like manage fluctuation in raw material prices? Do we hedge our raw materials or something like that?

Anish Bansal: So our raw material is hot-rolled steel coils, we source it from primary producers. And in terms of this, Q4 was extreme months where we saw steep decline within a single quarter. So we try to book as many as the fixed price orders. There's -- we hedge it now naturally by the orders and we try to secure the material just before the production. So that is how we try to manage this volatility.

Pradip Rawat: Okay. So on an average, how much time does it take to convert the raw material and sell it?

Anish Bansal: So approximately 40 days; 20 days, we maintain our normal inventory and 20 days is finished goods inventory. So you can -- in totality, you can take 40 days.

Pradip Rawat: Okay. Fair enough. And taking a step behind over the years, I can see our operating margin has consistently declined from 6% to now 4%. So what is the reason behind this?

Anish Bansal: Sir, in our industry, we are working on an EBITDA per ton basis. So if you see the EBITDA per ton that is almost stable. In the last 2 years, we have seen the steel prices fluctuating very, very widely. But now in Q4, the prices, the domestic steel prices have aligned with the international prices now. So I think there's no more steel price fluctuation, I foresee the EBITDA per ton, which we are targeting of INR4,000 per ton should come there with the kind of value-add products that we have right now.

Pradip Rawat: Okay. So our value-added product portfolio stands at 30%.

Anish Bansal: 35%. So this year, we closed our total VAP share at 35%. And this year, we are hopeful of -- in excess of 40%.

Pradip Rawat: So like if you assume that our VAP share would be constrained, so how should you see sustainable EBITDA per ton from hereon?

Anish Bansal: So 35% -- we are targeting our VAPs in above of 40%, number one.

Pradip Rawat: Yes. If we assume at 35% constraint.

Anish Bansal: So there are 2 facilities. The Sanand II is completely value-added products. The torque tubes, the large diameter pipes and there are some special SKU's being developed over there.

Pradip Rawat: Okay. So the value-added...

Anish Bansal: Whatever added capacity is coming in, is towards value-add products.

Pradip Rawat: Okay. So these value-added products have higher margins. So what kind of margins do they get like EBITDA per ton basis?

Anish Bansal: INR4,000 to INR5,000 per ton.

Pradip Rawat: Okay. So my next question is regarding the margin only, I can see your peers have -- similar peers to you have higher margins than you like 6%, 7%, close to 6%, 7%. So what could be the reason behind it?

Anish Bansal: Sir, if you talk about the industry leader, APL Apollo, they are doing INR4,200 per ton EBITDA on a blended level.

Pradip Rawat: Yes. So why their margins are better than us?

Anish Bansal: The scale is there and there, our share of VAPs is almost 50% to 55%.

Pradip Rawat: Yes. If I see JTL industries, they also have 6% to 7% margin, and the scale is similar to us. So why is that different?

Anish Bansal: So sir, basically, when we talk about JTL, it's not the right comparison. Half of their share is in the secondary steel products also. So from the recycling. So that's not the ideal. So can you talk about APL, that is the most nearest competitors.

Pradip Rawat: Okay. Okay. Understood. And regarding our trade receivables, that has increased 50% year-on-year in FY '24 as compared to 13% rise in top line. So how should I read it?

Anish Bansal: So sir, in this Q4, we had big orders from the Jal Jeevan Mission, and we had supplied like the big quantity there. So typically, the receivable cycle days is 45 to 60 days in the scheme. So I think this should get even out in the coming quarter.

Pradip Rawat: Okay. Okay. So...

Anish Bansal: It's a temporary -- it's a temporary increase.

Pradip Rawat: Okay. Okay. So we should see like it's going to be normal.

Anish Bansal: Yes, coming years. Yes.

Pradip Rawat: Okay. And the other question is regarding the discount we give to our distributor to push sales. So how it has been right now? And how has it been historically?

Anish Bansal: Sir, just Q4, we had to give some like extra discounts. Other than that, the discounting is as per the industry norms, it's not high. So just to safeguard their inventory costs, we have given some additional support. Other than that, it is okay.

Moderator: The next question is from the line of Rahul Agarwal from Bandhan Mutual Fund.

Rahul Agarwal: How much would have been the inventory impact?

Moderator: Sorry to interrupt you, sir. Your voice is very less. Can you come near to the mic and speak, please?

Rahul Agarwal: better?

Moderator: Still lower, sir, but better.

Rahul Agarwal: How much of the inventory impact in Q4.

Moderator: Sorry to interrupt you, sir, your voice is breaking now. May I request you to use your handset, please?

Rahul Agarwal: Yes. Is this better?

Moderator: Yes, it's better now.

Rahul Agarwal: Yes, I'm asking, how much is the inventory impact in Q4? Let's say, it was normalized, so then what would have been discussed?

Anish Bansal: Yes. So in the Q4, the total steel price reduction was to the tune of INR2,500 to INR3,000 per ton. And our total impact on EBITDA per ton due to this factor was around INR400.

Rahul Agarwal: INR400. Okay. Going ahead in Q1, so you said there is some bit of an increase. So we should see an inventory gain, that's a fair assumption?

Anish Bansal: Yes, sir. Let's hope so, sir.

Rahul Agarwal: Okay. And volume you mentioned for this year will be in the range of 450,000 to 500,000?

Anish Bansal: Yes, sir. So far, 4.5 to 5 lakh- because we will have the installed capacity at 7.5 lakh tons. And FY considering this is the first year for Sanand II, so 4.5 lakhs tons is the minimum, which is at 50% on a blended level, and the optimistic case is 70% utilization, which will take to 5 lakh tons. So we'll hover between this.

Rahul Agarwal: Okay. And your journey towards million ton, will it start this year or it's mostly the next year phenomenon?

Anish Bansal: So sir, 7.5 is already there and the other 2.6 will get operational in Q4, end of Q3 and beginning of Q4.

Rahul Agarwal: So at the exit of FY '25, you should be at 1 million tons. That's a fair assumption?

Anish Bansal: Yes, sir.

Moderator: The next question is from the line of Pallav Agrawal from Antique Stock Broking. Please go ahead. The next question is from the line of Shikhar Mundra from Vivog Commercial.

Shikhar Mundra: So out of the total capacity of 1 million tons with -- after the second phase of expansion, how much of it will be value added and how much will it be the normal capacity?

Anish Bansal: Sir, about 50% will be value-added products.

Shikhar Mundra: And what is the EBITDA per ton difference between value-added and normal?

Anish Bansal: Sir, the value-added products stretch EBITDA per ton around INR5,000 per ton. Close to 4,000 to 5,000.

Shikhar Mundra: Okay. And what about the other capacities?

Anish Bansal: INR2,500 to INR3,000 per ton.

Shikhar Mundra: So on a blended basis, we'll be looking at around INR4,000 EBITDA per ton. Is that right?

Anish Bansal: Yes, sir. That's correct.

Shikhar Mundra: Okay. And for the value-added product mix, I mean, how big is the market because we are aiming to do eventually 5 lakhs tons of volume as optimum utilization. So how big is the market for that?

Anish Bansal: Sir, the margin for value-added products is growing like I'll give you 1 example like solar torque tubes. This is the new addition in the industry. And only a very, very selected few players have this opportunity because of the kind of infrastructure that is needed to produce these tubes. So this is a big opportunity.

And then talking about high-speed rail. So all these big MNCs, they have developed some special SKUs to be deployed in high-speed rail projects. Our large diameter, that 16-inch, only a handful of companies in India are able to produce this. And going forward, we'll have specialized coatings in this higher diameter range. That will also fetch us better EBITDA per ton.

Shikhar Mundra: So for example the first application you said about the solar, can you quantify like in one -- like how much megawatt capacity -- how much of these solar tubes are needed?

Anish Bansal: So sir, 1 megawatt requires 20 tons of solar torque tubes.

Shikhar Mundra: Okay, okay.

Anish Bansal: And in 1 gigawatt, it will be around 20,000. So you can do the math.

Shikhar Mundra: Okay. Okay. And so our competitors, I think, who are the major competitors, who are also going -- begin value-added products, for example, in the solar tubes and the other applications, the railway application?

Anish Bansal: Sir, right now, I can talk for myself, I think Hi-Tech, we have taken the lead in this sector. And we are -- we have tied up with a large MNCs to supply this. And we have taken the initiative in this.

Shikhar Mundra: Right. Right. And to the -- between the product specification like value-added products, is it just a forward integration of the outlook? Or is it like a completely different thing, so when it comes to manufacturing?

Anish Bansal: So sir, basically, the shapes are different, the raw material is different, the coatings are different. And it is like highly customized.

Moderator: The next question is from the line of Pallav Agarwal from Antique Stock Broking.

Pallav Agarwal: Yes. Okay. Yes. So my question was on the warrants. So I think we have, I think, some probably 2.8 million warrants outstanding still. So how much of money -- when is that expected to get them ordered to shares? And can we expect the money to come in to the company?

Anish Bansal: So sir, I think it should happen in like 1 or 2 months, maximum.

Pallav Agarwal: Okay. And what will be the quantum of what would be the amount that would come in?

Anish Bansal: Sir, about INR100 Crores.

Pallav Agarwal: About INR100 crores. Okay. Also on a capex outlay. So what is -- what are we planning to spend in FY '25 and '26?

Anish Bansal: Sir, approximately INR50 crores -- is the remaining on the capex side.

Pallav Agarwal: So this is for each year, sir or totally -- across both years, it's totally be INR50 crores?

Anish Bansal: To recharge this 1.1 million. Some capex is there in CWIP also.

Pallav Agarwal: Sure, sure. Sir, INR50 crores across, then sir, total capex, not for each year. So INR50 crores across maybe '25, '26 -- across both, sir?

Anish Bansal: Yes, sir, we are completing our 1.1 million tons in this financial year itself. So whatever is there will get deployed in this financial year.

Pallav Agarwal: And maintenance capex, regular capex is not very significant. So that should not add too much to this capex?

Anish Bansal: Not too much, like around INR10 crores.

Pallav Agarwal: Sure, sir. Sir, also on solar torque tubes. So like I think we would be among the leading pipe companies. So any of your competitors are actually planning because we -- on the APL call yesterday, so they also mentioned that they are also targeting the solar torque tubes. So is there an entry barrier or is -- or for some other players also can start targeting given that there's a significant opportunity in this space?

Anish Bansal: Yes, sir, Apollo has also started the kind of infrastructure that is required for them. It is very, very technical and -- technical wise, it is very, very big challenge to break through this particular product. We took almost like 5, 6 months, we did the R&D announced, and we got this product developed. So I think Apollo may be on track, but the market opportunity is huge. I think 2 or 3 companies cannot fulfil the requirement.

Pallav Agarwal: Sure. So it's large enough for all players to -- I mean, to survive in this space with good margins?

Anish Bansal: Absolutely, sir. Absolutely. And it has just started. And I think it will snowball year after year.

Pallav Agarwal: Sure, sir. So now you mentioned steel prices have stabilized, so restocking -- I mean, destocking fees also would be over. So there would be no -- I mean, are we still offering those discounts or incentives to dealers or that has now tapered down in the first quarter FY '25?

Anish Bansal: Sir, we have withdrawn all the discounts.

Pallav Agarwal: Sure. So this about INR400, INR500 of loss in EBITDA per ton shouldn't gradually come back over FY '25?

Anish Bansal: Yes, sir. Absolutely.

Moderator: The next question is from the line of Vikash Singh from Phillip Capital.

Vikash Singh: Sir, first question regarding this API grid pipeline status. So if you could tell us how much is completed, what's the course of action from here?

Anish Bansal: So sir, large diameter pipes, we have started with water pipes and the coating facilities, we are thinking adding on at the end of this financial year. So -- and certification process. So I think within this financial year, this should be done.

Vikash Singh: All the certification?

Anish Bansal: Yes, sir. Yes, sir. And some equipment is also there, some testing equipment is also required. So it should be done within this financial year.

Vikash Singh: Understood. My second question regarding FY '26. So the 1-million-ton capacity is coming by FY '25 end so logically, in FY '26, we will see a big jump in the volume at least 6 lakhs to 6.5 lakh tons?

Anish Bansal: Absolutely, sir. Absolutely.

Vikash Singh: Understood, sir. And lastly, sir, value-added mix, we have improved to 35%. Our FY '25 and FY '26 goals in terms of value addition if you could give us.

Anish Bansal: Sir, on the conservative side, I think 40% is a fair assumption on the conservative side. But our internal target is more than that.

Vikash Singh: Understood. And sir, how do you see your debt moving? Have we peaked out? Or do you think that there would be some more debt addition because of -- largely, working capital economy. So it should give -- if you could give us some guidance on that?

Anish Bansal: Sir, I think on the long-term side, most of our capex is almost -- we are almost at the back end. So that should not go up. There might be like a marginal increase in working capital on FY '26 basis. Once we do a volume of like 50,000 tons on a monthly basis. Marginal increase, not a big one.

Moderator: The next question is from the line of Sanchita Sood from Robo Capital.

Sanchita Sood: In your opening comments, you mentioned that your vision is to reach a volume of 1 million tons. So by when exactly do you see this happening? And how do we plan on reaching that target? What will be our growth drivers to get there?

Anish Bansal: So basically, as we close this financial year at 7.5 lakh tons with the newly commissioned unit in Sanand and we have 2 more expansions coming up in the current financial year, the one is in UP, and another one is in Gujarat. And we'll be completing this expansion in Q4 of the current financial year.

Demand drivers are -- there are many demand drivers. I mentioned in my opening speech. After the election phase is over, we are expecting a huge capex on the infrastructure side from the government and also the private capex. So all in all, we see very healthy demand for the RWPs and pipes across various industries.

Moderator: The next question is from the line of Prathamesh D from Tiger Assets.

Prathamesh D: Sir, I just wanted to know on the industry side, specifically about the Jal Jeevan Mission. So if you can give some insights about that will be really helpful.

Anish Bansal: Yes. So last year and a year prior to that, we have seen government spending almost to the tune of INR1 lakh crores towards this scheme, Jal Jeevan Mission. And in the current financial year also, they have allocated the same amount. So I -- what I'm expecting is after -- right after the election, the ordering or the reordering process will start happening from July onwards.

Prathamesh D: Okay. Sir, how much is our market share in this segment, like water segment if you can.

Anish Bansal: So in Jal Jeevan Mission, there are several kinds of pipes that have been consumed, right, starting from ductile iron pipes to helical SAW pipes and ERW pipes and GI pipes. So I think our company is among the top 5 suppliers in the scheme on a Pan-India basis.

Prathamesh D: Okay. Okay. So I wanted to know how much volume guidance are we giving for FY '25?

Anish Bansal: Between 4.5 lakh to 5 lakh tons.

Prathamesh D: Okay. Okay. And sir, just wanted to know, I think you have given EBITDA per ton guidance of INR4,000 for FY '25, if I'm not wrong. And on the other side, you are saying the VAP will contribute around 40%, which get us margin around INR4,000 to INR5,000.

Anish Bansal: Yes.

Prathamesh D: So ultimately, it -- you are saying the EBITDA per ton will increase by INR1,000. So I just wanted to know some like calculation behind like -- I'm not getting what will contribute mainly to the increase in INR1,000 of EBITDA per ton?

Anish Bansal: So currently, we are at INR3,200 to INR3,300 per ton and additional INR700 will come from the higher value-added products. And this last year, we have seen steel prices dropping by almost INR8,000 to INR9,000 per ton. And now the steel prices have aligned with the international market. And this steel price decrease was eating away our EBITDA per ton. And I think within this financial year, the steel prices have stabilized, and we should not face any inventory loss, which was taking away EBITDA per ton.

Prathamesh D: So basically, from 35% to 40%, like 5% increase of VAP will contribute around INR700 of increase in EBITDA per ton if I'm not wrong.

Anish Bansal: Yes. And also the steel's price support. If steel price don't fall, we will not incur any inventory loss.

Moderator: The next question is from the line of Ronald Siyoni from Sharekhan Limited.

Ronald Siyoni: You know, sir, I wanted your view on debt part, like you said that INR100 crores warrants when you will come in and balance less than INR50 crores capex is expected in this year. So should we see debt going down from INR366-odd crores, should we see some repayment happening in FY '25? What is the target -- debt targets for FY '25?

Anish Bansal: So basically, yes, we will definitely see a reduction in the long-term borrowing. And regarding the short term because the volume will be growing, I see short-term borrowings, they should stand where they are. We Will be expanding our volumes by almost like 40% in coming 1, 1.5 years.

Ronald Siyoni: And the Sanand -- solar -- this opportunity highlighted. Sir, what portion you wouldn't be having the mix right now, right? proportion of teams which will be catering to this segment. So is there any target at how much upcoming capacities would be catering to this segment, or from the existing ones you would be catering to this segment?

Anish Bansal: So sir, we have just started producing these tubes in our Sanand Unit in the month of March. And I think -- and we are scaling up also. So I think we see a sizable volume from this, but to give an exact number to this, I think I'll be able to give you exact number in the coming quarter, what volume will close for solar top huge for this year.

Ronald Siyoni: Okay. And sir, lastly, on this value-added versus the general product what we heard from APL's call also that standard products have held their EBITDA per ton, mark the decline in the value-added products, given the support to the vendors. So what is your view? Have you given support on the general products or value-added products? And has there been a reversion, as you said, in both these products?

Anish Bansal: So these discounts were basically for the dealers, for the -- in the dealer network. No -- not for the value-added products.

Ronald Siyoni: You didn't see any value-added products related decline -- increase in discounts?

Anish Bansal: No, sir. Personally, I don't think so.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Anish Bansal for closing comments.

Anish Bansal: In closing, I would like to express my gratitude to our dedicated team, our partners and our shareholders for their continued support and trust in our vision and leadership. Together, we are setting the stage for a prosperous future filled with exciting opportunities. Thank you.

Moderator: On behalf of Hi-Tech Pipes Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.