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Date: 09-11-2024

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, Dalal Street, Fort Mumbai- 400001 ***Scrip Code: 543411***

Subject: Q2&H1FY25 Earnings Conference Call Transcript.

Dear Madam/Sir,

With reference to our letter dated 01st November 2024 regarding the intimation of Analyst/ Investor Conference Call on the Un-Audited Financial Results (Consolidated and Standalone) for the Quarter & Half Year ended September 30th 2024, Please find enclosed herewith the transcript of the earnings conference call being held on Thursday, 07th November, 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: 2024.11.09 13:38:45 +05'30'
Company Secretary

Arun Kumar
Company Secretary &
Compliance Officer

Encl: a/a

"Hi-Tech Pipes Limited Q2 and H1 FY25 Earnings Conference Call"

November 07, 2024

MANAGEMENT:	**MR. ANISH BANSAL – WHOLE-TIME DIRECTOR, HITECH PIPES LIMITED** **MR. ARVIND BANSAL – EXECUTIVE DIRECTOR & GROUP CHIEF FINANCIAL OFFICER, HI-TECH PIPES LIMITED** **MR. ARUN SHARMA – COMPANY SECRETARY AND COMPLIANCE OFFICER, HI-TECH PIPES LIMITED**
MODERATOR:	**MR. VIKASH SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Hi-Tech Pipes Limited Q2 FY '25 Earnings Conference Call hosted by PhillipCapital (India) Private 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 the conference call, you may pressing '*' then '1' on your touchtone phone to signal an operator. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Singh from PhillipCapital (India) Private Limited. Thank you, and over to you, sir.

Vikash Singh: Thank you, Shefa. Good morning, everyone. I welcome you all on Q2 FY '25 Hi-Tech Pipes Earnings Conference Call.

From the management side, today we have with us Mr. Anish Bansal – Whole-Time Director; Mr. Arvind Bansal – the ED and group CFO; and Mr. Arun Sharma – Company Secretary and Compliance Officer.

Without taking any much time, I will hand it over to Mr. Anish Bansal for his "Opening Comments". Over to you, sir.

Anish Bansal: Ladies and gentlemen, good morning, and thank you for joining us today for our Q2 and H1 FY '25 Investor Conference Call.

I am joined on this call with Mr. Arvind Bansal –ED and Group CFO, and Mr. Arun Sharma – Company Secretary and Compliance Officer.

I am pleased to report a solid performance this quarter marked by significant achievements and strong financial growth underscoring the resilience of Hi-Tech Pipes despite the industry's dynamic landscape.

In Q2 FY '25, the company recorded a robust 22.5% increase in total sales volume to 1.23 lakh tons compared to 1 lakh ton in Q2 FY '24. This growth was driven primarily by rising demand for our steel tubes/structured steel products and value-added solutions.

Despite a 5.3% decline in revenue from operations due to lower steel prices, we have achieved remarkable profitability in this quarter. Our profit after tax increased by 72% to Rs. 18 crores and EBITDA rose by 57.6% to Rs. 42.2 crores with a notable 28% increase in EBITDA per ton. Thanks to our focus on value-added products and efficient cost management.

For the first half of FY '25, revenue increased by 13% to Rs. 1,572 crores, PAT surged by a remarkable 95% to Rs. 36 crores, while EBITDA saw a 77% increase reaching to Rs. 85 crores. These results reflect our efforts in improving EBITDA per ton and operational efficiency.

We also made strides in key financial metrics, reducing net working capital days from 63 to 60 days and improving our debt equity ratio from 0.7x to 0.49x alongside a strong current ratio of 1.63x and a notable improvement in ROCE from 11% to 15%.

A recent milestone was the successful closure of our QIP amounting to Rs. 500 crores. This issuance was met with overwhelming interest from Marquee qualified institutional buyers showcasing strong confidence in Hi-Tech Pipes' growth prospects. The proceeds from the QIP provide us with the capital to execute our strategic initiatives under Hi-Tech 2.0.

Now please let me provide a broad outline of our vision of Hi-Tech 2.0. The launch of Hi-Tech 2.0 marks a transformational phase of Hi-Tech Pipes. This initiative encompasses several strategic actions that will drive our growth and solidify our position as a leader in the global steel pipes and tubes industry in the next three to four years.

Number one, doubling manufacturing capacity, we are set to double our manufacturing capacity from 1 million tons to 2 million tons. This expansion aligns with our commitment to meet growing demand in sectors like infrastructure, building and construction, renewable energy among others.

Becoming the second largest manufacturer of ERW Steel Tubes and Pipes. By increasing capacity, we are on track to become the second largest ERW Steel Tubes and Pipes manufacturer, further strengthening our critical applications worldwide.

Aiming for net debt-free status by FY '25 end. We are focused on strengthening our balance sheet with the goal of becoming net debt-free by FY '25 which will provide us with greater flexibility to reinvest in growth and enhance shareholder value.

Fourth, strengthening brand presence in India and globally. We are expanding our market presence, aiming to establish Hi-Tech Pipes as a trusted brand worldwide through strategic marketing and customer engagement initiatives.

Fifth, reducing incremental working capital. Our commitment to reducing incremental working capital will streamline operations, enhancing our operational efficiency and supporting growth.

Sixth, focus on value-added products. We are placing a strong emphasis on value-added products, catering to specialized industries like renewable energy and infrastructure, which not only diversifies our portfolio but also captures higher margins.

Lastly, exploring new markets, applications and geographies. By exploring new product markets and new regions, we aim to drive sustainable growth and expand our footprint across the nation.

I want to highlight the positive momentum created by the government's capital expenditure on infrastructure, which is expected to drive demand for steel products and specially steel pipes and tubes. Hi-Tech is well positioned to capitalize on this growing demand with an enhanced capacity and strong strategic roadmap in place. Thank you. We can now have questions and answers.

Moderator: Thank you so much, sir. We will now begin the question-and-answer session. We have first question from the line of Muskaan Rastogi from B&K Securities. Please go ahead.

Muskaan Rastogi: Sir, I have a few questions. The inventory level has gone up in the first half as compared to FY '24. Is this because we have installed some inventory on account of lower steel prices?

Anish Bansal: So, Muskaan, this inventory increase is in line with our new expanded capacities. We have installed our new facility in Gujarat in Sanand Unit 2. So, with the incremental sales volume, the inventory is also rising. But the incremental volume rise is lesser than the overall volumes.

Muskaan Rastogi: Sir, I wanted to know how much of the sales mix is coming from dealers and OEMs? And also can you please tell us how many manufacturing lines do we have currently?

Anish Bansal: So, currently, 62% to 63% is coming from our trade and distribution network. And balance 37%, 38% is coming from OEMs' projects and some big corporates like Reliance and Adani.

Muskaan Rastogi: And how many manufacturing lines do we currently have?

Anish Bansal: So, currently we have six manufacturing locations and one new Greenfield unit is in pipeline. So, by the end of this financial year, we will have seven manufacturing facilities across India.

Muskaan Rastogi: And sir, within hollow section, we are planning to have the high dia pipes. So, does this high dia pipe like 500 by 500 have better margins than 200 by 200 millimeter?

Anish Bansal: Yes, Muskaan, so, big sizes would definitely fetch a higher EBITDA per ton, and currently we are doing up to 250 by 250, but then there are strong plans of increasing this up to 500 by 500 very shortly.

Muskaan Rastogi: So, how much better the margin would be?

Anish Bansal: So, in higher sizes, which go like beyond 300 by 300, so there is a EBITDA per ton in the range of Rs. 6,000 to Rs. 7,000 per ton.

Muskaan Rastogi: And sir, one last question. The presentation that you have mentioned has 500 plus dealers and distributors. So, further roughly how many fabricators are we connected within India?

Anish Bansal: So, with the 500 dealers and distributors, there are approximately 20,000 fabricators that are attached to with these dealers and going forward, as we increase our production and as we increase our geographies, so this number will go up quite significantly.

Moderator: Thank you. The next question is from the line of Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: Just couple of questions from my end relates to EBITDA per ton. Now your PPT states that you have done EBITDA per ton of 3,429 and in the interview, if I am not wrong, we heard it out that you have mentioned that there was an inventory loss of about 600 to 700 per ton. So, just wanted to understand that despite inventory losses, have you actually seen improvement in your EBITDA per ton? If that's the case, what are the reasons for same?

Anish Bansal: Good morning, Sneha. So, firstly, as we recall in Q2, the company procured big orders from the renewable energy side, and we predicted the steel price volatility because of the China stress. And in that, in the month of July, so we gathered a lot of fixed price orders that helped us in mitigating this Rs. 600, Rs. 700 inventory loss. And additionally, we did not resort to additional discounts to our dealers and distributors. So, that was the main reason that our EBITDA per ton did not go down significantly. Additionally, you know, there were like lot of imports being done by the industry, but then we resisted from the imports. And we had a very limited steel price reduction risk.

Sneha Talreja: So, ideally speaking, if I understand, in fact, imports came in at a slightly cheaper prices. So, without resorting for that, your EBITDA per ton came higher. And also one of the reasons that you mentioned in your interview is that you got some rebates from the producers out there of HRC. Just failing to understand that why is it so differentiated when the leader actually reports a much higher significant EBITDA loss and we get those rebates and so somewhere unable to align it?

Anish Bansal: Yeah, so firstly imports. So, at the time of ordering the imports, the prices were cheaper, but then when the imports actually landed in the country, they were higher by Rs. 2,000 to Rs. 3,000 per ton. So, there was a big inventory hit, import hit in that when the imports landed in the country. So, this was one big impact. So, when we were ordering the imports, they were lucrative. But then finally, when the material landed at the ports, it was quite expensive.

Secondly, yes, there has been support from the steel mills. They have seen the market conditions, and they have given support to many players.

Sneha Talreja: Lastly, if I may ask, what is the percentage of your revenues that you are getting from the solar projects absolutely?

Anish Bansal: So, currently, it is 10%. And I think going forward, we will take this up, surely, with our new capacities.

Sneha Talreja: One last one, if at all I can squeeze in. What would be the region mix? Can you share the numbers of North, West, South, East?

Anish Bansal: So, Sneha, can you repeat that?

Sneha Talreja: Can you please share your regional revenue mix with us?

Anish Bansal: Oh, so it is around 40% is coming from the North, and 35% from the West and Central India, and 25% is coming from the Southern North.

Moderator: Thank you very much. We have next question from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: So, this question on your volume guidance, because our first half volumes have been very good. So, what sort of volume and EBITDA guidance do we have for FY '25?

Anish Bansal: Good morning, Pallav. So, basically, in the first half, we have done approximately 2.5 lakh tons of sale volume, 2.45 to be precise. And we are sticking to our guidance of 500,000 tons, 0.5 million tons for this financial year. And with the new capacities that are coming at the end of this quarter, end of this financial year, so we will have a jump in FY '26. So, with the current capacity in hand of 0.75 million tons, we will be doing 500,000 tons of sales volume for this financial year comfortably.

Pallav Agarwal: And what about the, our EBITDA per ton has been gradually improving. So, with the higher value-added proportion being targeted, so I think first half, our average EBITDA per ton is probably around Rs. 3,000, close to Rs. 3,500 per ton. So, what sort of trajectory can we look at going ahead?

Anish Bansal: You know that our focus is towards value-added products, and we have developed various new products in the renewable energy side, in railways, in the telecom sector. And that process is going on continuously. And our internal target is to take this, graph share from 36%, 37% currently to 50% in next 1.5 to 2 years. And the new capacities that are coming up are focused towards value-added products. And I think this EBITDA per ton will be growing significantly. There will be a gradual improvement every year, and in the next 1.5 to 2 years, it will be reaching a good, there will be a good growth in that direction.

Pallav Agarwal: Just on this acquisition, if you could just explain this acquisition in terms of what was actually cash consideration paid for this and what is broadly the rationale for this acquisition?

Anish Bansal: Sorry, can you repeat that?

Pallav Agarwal: I just wanted to, you know, on the acquisition of I think Hi-Tech, the mention in the press release. So, I just want to understand what was the actual cash consideration? So, it is just the paid-up share capital or there was some premium paid for acquiring this Hi-Tech Pipes Global Steel Private Limited?

Anish Bansal: So, this company we have acquired this company, it's a 100% subsidiary, and the new projects, new plants, it is for the new plants that will be taken care. There is no premium at all.

Pallav Agarwal: Yes, sir. So, what was the cash consideration?

Anish Bansal: There is no premium, but it's on the paid-up capital only.

Pallav Agarwal: So, this is Rs. 1 lakh?

Anish Bansal: Yeah.

Moderator: We have next question from the line of Radha from B&K Securities. You may proceed, please.

Radha: Sir, in this quarter, if I see the purchase of stock in trade numbers, last quarter that was 99 crores and this quarter it is 7 crores. So, please help me understand what is this purchase of stock in trade? Is this the trading in HR coils that we are doing every quarter?

Arvind Bansal: So, these are the tubes and pipes that we had sourced from the market when the capacity was less, but now with our new capacities and we not need to do that. So, I think that is over with.

Radha: Sir, your annual report mentions that it is completely HR coil. So, that's why I was wondering.

Arvind Bansal: So, this is some rejection or some odd sizes that come in. So, it is pertaining to that only.

Radha: Sir, if I remove this purchase of stock in trade and see the gross profit ex of this purchase of stock in trade, which you said that this quarter you have not done, so the gross profit per ton, so your realizations are down 20% on a Q-o-Q basis and your raw material cost ex of stock in trade purchase is down 10%. So, ideally, what I understand is the inventory loss could have been much higher for this quarter, but I am unable to understand the numbers. Please help me with this.

Arvind Bansal: So, basically, the inventory loss that came in, of course, like the steel purchase got down. So, we had inventory loss, but then overall blended, of course, this scenario was very evident in the month of July, when the international steel prices were going down. So, in that situation, we purposely and strategically, we took a lot of fixed price orders, especially from the renewable energy side. You must have seen our announcement earlier, the company secured its, you know, the biggest ever order from the solar side and that helped us in sailing through this period. And we knew whatever prices, fixed price orders we will have in the month of July, so it will help us in sailing through this period.

Radha: No, sir, considering all the solar, so on a blended basis only, so that includes the solar type number. So, blended basis realizations, I can see that it has fallen by Rs. 13 per Kg on a Q-o-Q basis. And like you mentioned that this quarter, there was no stock in trade. So, if we remove the stock in trade, so I can see the gross profit per metric ton is fallen by Rs. 7 per Kg. So, that should include a higher inventory loss?

Arvind Bansal: Actually, we need to calculate this gross profit considering this raw material cost, change in inventory and purchase of stock in trade. If we consider all this and if we compare on quarter-to-quarter basis or year-on-year basis, our actual inventory loss is in the range of Rs. 600 to Rs. 700 only. And that has been mitigated by various factors, which has been mentioned by Anish Bansalji. I think you are not considering this change in inventory in your calculation. It might be so.

Radha: Yes, ex of, no, I am just excluding the purchase of stock in trade, which as per annual report was mentioned that it is a HR coil trading that is being done. So, if we remove this, so on the basis of the products wherein we are doing the value addition, ex of the traded material, so there I can see a higher drop in gross profit per ton. So, just wanted to understand these numbers, sir.

Arvind Bansal: No, actually, this trading as Anish Bansalij has mentioned, this is only a temporary phenomenon on account of the known availability of capacity at that time. Now we have already added the capacity. Now capacity is available. Now we are not focusing on the trading volume. We are just focusing on the manufacturing volume to increase our capacity utilization. To explain you the number, we can correct with you separately also.

Radha: Secondly, from the industry perspective, today the market size in India is 9 to 10 million tons, and Hi-Tech is having a product portfolio of all four products, that is MS Pipes, Hollow Section, GI as well as GP Pipes to cater to this market. So, please help me understand how is the market divided in terms of these products, like roughly what percentage of total market would be MS versus Hollow versus GI and GP?

Anish Bansal: Out of this total capacity of 8 to 9 million ton, around 50% to 60% market is for the Hollow Sections, and around 20% market is for the GP Pipes, around 20% market is for the Galvanized Pipes, and the rest is for, say, your Cold Rolled Pipes, HR Pipes and all that.

Radha: Sir, you mentioned to the previous participant, you gave your sales mix region wise. So, from the industry perspective, if you can give that how is the industry divided between North, East, West and South India? And going forward, where are the supply gaps that you can see and where do you want to focus more?

Anish Bansal: Yeah, currently, our sense is, 80% of the demand is coming from the North, West and the Southern market, and 20% is coming from the Eastern side. And going forward, we see a strong potential in the North, West and South states. So, we will be growing organically in this through our Brownfield route.

Radha: The third question is that, again to a previous participant, you mentioned that in terms of pipe dia, if we increase the pipe dia beyond 200 mm to 300 mm, so there is an EBITDA per ton of 6,000 to 7,000. So, wanted to know the same number for below 300 into 300?

Anish Bansal: So, that is ranging from like product to product, size to size. So, you can take it ballpark between Rs. 3,000 to Rs. 5,000 per ton depending on a specific size.

Radha: That gives a huge delta between if you increase the pipe dia. So, sir, when do we plan to launch this 300 into 300 or 500 into 500 mm?

Anish Bansal: So, we are working there. So, a year-and-a-half we should be there.

Radha: Last question, to a previous participant, if I heard correctly, you mentioned something about the telecom sector demand. Sir, please could you elaborate this point?

Anish Bansal: So, as you know, there is a lot of 5G deployment that is going on in the country and after Vodafone-Idea, they becoming active now. So, their the CAPEX was missing from last two to three years, but now they are also in CAPEX mode and lot of new tower deployment is going to happen in next 1.5 years. So, our focus is there and I think this sector will be a big demand driver for the sector.

Moderator: I suppose the line from Ms. Radha has been disconnected. We will proceed with the next question from the line of Amit Vohra from Ginar Consultants. Please go ahead.

Amit Vohra: Just wanted to understand how are we spreading our brand spends over the next two years? What are we doing and working on this?

Anish Bansal: Good morning, Amit. So, yes, we are strongly focusing on brand creation for Hi-Tech Pipes, and lot of work is in progress in the same direction. And very shortly, I think we will have good news for the markets for our Tubes and Pipes segment. The company will come out with a big branding and marketing initiative.

Amit Vohra: Any ballpark number on what is the amount that you are going to spend over the next couple of years on that?

Anish Bansal: So, it is still work in progress. I think in a couple of months, we will have a clear indication of what our total advertisement and branding spend will be.

Amit Vohra: One last question. Do we change any of our guidance? Sorry, I have missed that in case you have mentioned this. After the Q2 numbers and the first half numbers, are we revising our guidance?

Anish Bansal: So, currently, we are maintaining our guidance. I think we should reach there comfortably without because if we have done like, we have sailed through H1, despite of the challenges from the election, monsoon and the China stress, but H2 looks certainly promising.

Moderator: Thank you very much. We have a question from the line of Vikash Singh from PhillipCapital. Please go ahead.

Vikash Singh: I have a few questions regarding the overall market size. Basically, if you look at the along with you and the top four, five peers are adding closer to 5 million tons of the capacity in the next three year. So, how we should look at the demand side and which are the pockets you expected to outperform in the segments?

Anish Bansal: So, sir, currently, the market size is 10 million tons, and we see this market growing by like 15% per annum. And with the new applications like solar and in the building construction, there are new kind of tubes and pipes requirement that has come. So, all in all, I think this segment, this market will be growing by at least 15% over in a year.

Vikash Singh: So, that should take care of the additional capacity.

Anish Bansal: Absolutely, absolutely. So, we are adding capacity from a perspective of 6 to 7 year vision, and once it is done, we are thoroughly confident of utilizing the same.

Vikash Singh: Sir, India is basically adding a huge HRC capacity and considering that pipe segment as a whole of the steel demand being 10%, they are the kind of a low length tools. So, have they expect or from the company side to already get some rebates or we are signing MoUs which are on a more favorable terms in terms of working capital, if you could give us some insight into it?

Anish Bansal: Yes, sir. HRC is definitely, the capacity of HRC is rising now and going forward, if the availability is higher, I think, if the availability of HRC is higher than the consumption can also be higher. And if consumption is higher, then definitely we will have room for new applications, new substitutions. So, we are fairly confident that with new supplies, so new product innovation will be taking place where we can certainly have the edge.

Vikash Singh: In terms of procurement, you said that you are already getting some rebates. Can we expect with the supply increasing rebates to go up further or we have already achieved our desired result?

Anish Bansal: So, basically, like, Steel Authority of India being the leader in this space right now, so they are working, all these mills, they do not want to encourage imports, and they have aligned their prices with the global markets So, imports, they want to discourage the imports and to discourage imports, they are balancing their price level. So, they take a call depending on the market situation, Q2 was a bit abnormal. So, they are proactive and they are taking decision accordingly.

Vikash Singh: Sir, just lastly on the fixed price percentage of our total sales. So, what it would be currently in terms of order book positions then?

Anish Bansal: Sir, approximately out of our monthly sales volume, so all our OEMs, projects, so these are on fixed prices.

Vikash Singh: And that would be broadly 20%, 25%?

Anish Bansal: 35%.

Vikash Singh: 35%.

Moderator: Thank you very much. We have next question from the line of Ronald Siyoni. We are taking the question from the line of Ronald Siyoni from Sharekhan Limited. Please go ahead.

Ronald Siyoni: Sir, I have a question with respect to your upcoming CAPEX. Have you decided the mix of Brownfield and Greenfield CAPEX for the next 1 million ton?

Anish Bansal: Good morning, Ronald. So, yeah, that is a work in progress. So, Central India is one where we are missing right now and the Eastern part where we are still not there. There is no manufacturing facility over there. We will be certainly covering these territories and also strengthening our current Northern, Western and Southern markets.

Ronald Siyoni: So, it will be more of a broad based?

Anish Bansal: Yes, absolutely.

Ronald Siyoni: And about this fixed price contract. So, you continue to undertake fixed price contracts because it can also hurt margins going ahead if you know the trend reverses. So, is it a regular phenomenon or it was just one off phenomenon during Q2 which had shielded your margins?

Anish Bansal: Yes, when it comes to fixed price contract, so we factored in some degree of steel price volatility. We factored that in before taking the orders. So, for the Q3, I think, we are more or less, we have covered whatever steel price hike that may be there.

Ronald Siyoni: So, post Q2, how has been with the trend in terms of demand and also the spreads? Are they still at around Rs. 2 to Rs. 3 per Kg or has there been movement in the spreads? Also about the HRC prices. So, these three things if you can highlight post Q2, how has been the situation?

Anish Bansal: So, I think, the steel prices should move in a tight band from here. So, like in Q2, there were like a lot of imports. All the mills have taken that into cognizance and they believe the imports should not come in India and a lot of restriction the trade have resorted to that, and I think the prices should move in a tight band, steel prices.

Ronald Siyoni: About the spreads, how are they currently?

Anish Bansal: Spreads in terms of?

Ronald Siyoni: Between primary and secondary?

Anish Bansal: So, there is a gap of around Rs. 2,000 to Rs. 3,000 per ton between primary and secondary currently.

Ronald Siyoni: It is still there. It is not increased, right?

Anish Bansal: Yeah, it is stable there and I think the secondary steel prices will definitely be like Rs. 2 to Rs. 3 cheaper. Otherwise, there is no incentive for anybody to buy. So, this is it and I think it should be like this going forward. But this is a sustainable differential between primary and secondary.

Moderator: Thank you very much. We have a question from the line of Muskaan Rastogi from B&K Securities. Please go ahead.

Muskaan Rastogi: So, from the channel checks, we found that these one, two-day small functions like managers' conferences, mostly secondary steel is used because of the cost difference. So, let's say primary market is 100 and secondary is 100. With the same spread of Rs. 5 to 7 per Kg, how do you see the conversion happening from this 100 is secondary in the future and how will it narrow down?

Anish Bansal: So, Muskaan, earlier there was a price gap of Rs. 12 to Rs. 14 per Kg, if we go back like 6 to 7 months previously, and that spread has come down to Rs. 2 to Rs. 3 Kg right now. I think within this gap, definitely primary players will definitely have an edge over the secondary players, and this, we are seeing a strong momentum coming from this side, from the trade and distribution side, and it is only accelerating the shift from secondary to primary.

Muskaan Rastogi: How much conversion will happen, if you can give the number?

Anish Bansal: You know, it is very hard to quantify in terms of, but then overall we are seeing a lot of shift that is happening from secondary to primary in lot of markets.

Muskaan Rastogi: Sir, this, the rebate that we are getting that you mentioned, is it a policy that the supplier gives or is it because of the sharp decline like a one-off rebate that we got from the suppliers case? So, let's say, like, if there is steep decline in the steel prices like 2K or 3,000 per month, we are seeing a lot of correction has been happening, so will we continue to get the rebate or how is it?

Anish Bansal: So HRC, Steel Authority of India Limited, the prices are governed by them for the entire nation and these like Steel Authority, they have taken the imports into cognizance, and they have corrected their prices in line with international prices. So, whatever imports that has happened, the people have not made any money imports. While they were cheaper at the time of ordering, but then when the deal actually hit the port, there was no gain there. So, the mills are working with the international prices in mind and they are taking the decisions, like depending on the market dynamics.

Muskaan Rastogi: Sir, in telecom sector that you mentioned to the previous participant, what pipes are we using there and what is the opportunity size there, if you could give the estimate?

Anish Bansal: So, these are high tensile steel tubes, and different grades of steel are being used and different sizes are there. There has been a shift from angular steel telecom towers to tubular steel tube towers in last five, six years. And this is accelerating now, the shift. And we see a strong demand coming from 5G deployment.

Muskaan Rastogi: What would be the opportunity size, sir?

Anish Bansal: So, in India, we are poised, we are adding approximately 50,000 tons, 50,000 towers every year. So, this means approximately, like 500,000 tons of steel tubes and pipes.

Muskaan Rastogi: Oh, all right.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Vikash Singh for closing comments.

Vikash Singh: On behalf of PhillipCapital, I would like to thank Hi-Tech Management for giving us the opportunity to host the Con Call. Now I hand over to Anish sir for his closing remarks.

Anish Bansal: Our focus on innovation and efficient operations and market diversification positions us as a forward-thinking leader. We remain adaptive to market trends, seizing opportunities to meet the evolving needs of our customers with advanced deal solutions. As we move forward, we are confident that our strategic initiatives will drive sustainable growth, value creation, and reinforce our leadership in the steel manufacturing industry. Thank you for your continued trust and support in Hi-Tech Pipes. We look forward to delivering consistent and sustainable growth for our stakeholders. Thank you.

Moderator: On behalf of PhillipCapital (India) Private Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.