

To
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex-Bandra(E),
Mumbai-400051,

17th June, 2021

Symbol: **HITECH**

Subject: Q4 & FY21 Earnings Conference Call Transcript

Dear Sir,

With reference to our letter dated 01st June, 2021 regarding the intimation of Analyst/ Investor Conference Call on the Audited Financial Results (Standalone and Consolidated) for the Quarter & year ended 31st March, 2021.

In this regard, find enclosed the transcript of the conference call as required under Regulation 30 read with Part A of schedule III of SEBI(Listing Obligation and Disclosure Requirements) Regulations, 2015.

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




Arun Kumar
Company Secretary &
Compliance Officer

Encl: a/a



“Hi-Tech Pipes Limited Q4 and Year Ended FY '21 Financial Results Conference Call”

June 9, 2021

Disclaimer:

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MANAGEMENT: MR. ANISH BANSAL – WHOLE-TIME DIRECTOR, HI-TECH PIPES LIMITED
MR. ARVIND BANSAL – CFO, HI-TECH PIPES LIMITED

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Hi-Tech Pipes Limited Q4 and year ended FY '21 Financial Results Conference Call. This conference call may contain forward-looking statements about the company, which are based on the belief, opinions, and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anish Bansal, Whole-Time Director. Thank you and over to you, Sir.

Anish Bansal: Good Morning and Welcome everyone for our FY '21 Earnings Conference Call. I hope each of you and your families continue to remain safe and healthy. Our thoughts are with all those who have been impacted by the pandemic. I am joined on the call by Mr. Arvind Bansal, CFO, of the company, and SGA, our investor relations advisors. I hope everyone has had a chance to go through our result and updated investor presentation uploaded on the exchange.

We are delighted to report strong growth in our revenues and profitability during the year despite challenges faced due to COVID pandemic. This was primarily led by better realizations and favorable product mix. Increase in contribution from value-added products in our product portfolio and higher market prices of steel products have led to significant increase in sales realizations. In terms of demand, the overall demand for steel pipes and structural steel products has been better during the year though some challenges were faced by the industry at different intervals. On the CAPEX front, the new 80,000 tons capacity has been commissioned at Khopoli, Maharashtra. This will primarily cater to Maharashtra and Goa markets. This new plant will be manufacturing ERW steel pipes and hollow sections, CR pipes, and pre-galvanized pipes. The facility has been ramping up well and will contribute meaningfully to the sales volume in the coming quarters.

In the last three years, we have expanded our total capacity from 3.6 lakh tons to 5.8 lakh tons through setting up manufacturing facilities at strategic locations in UP, Gujarat, Andhra Pradesh and Maharashtra. With our five plants now at four different locations, we have been strengthening our pan India presence. We have also been continuously enhancing our manufacturing capabilities and diversifying into various product categories. Our value-added products are witnessing good demand and well accepted in the markets. We are in the process of adding more value-added products in our portfolio in the coming period, which would further improve our realization. We have also commissioned two solar power projects on the OPEX model with a total capacity of 2.3 megawatts, with this our total solar power capacity

has been increased to 3.3 megawatts. This would help the company in significant cost savings, moreover this will also reduce the carbon footprint. This is a significant step towards having a renewable and alternate source of energy to the company. During the year, the company has won various Government tenders under the Jal Jeevan Mission of the various State Governments. Also we have started supplying jumbo hollow sections to the various prestigious products. The company has successfully registered its products in the prestigious high speed bullet train project from Ahmedabad to Mumbai, and it is expected that in the current financial year substantial demand should come from this project.

Going ahead, we target to improve utilization levels of our plants, increasing share of value-added products further strengthen our distribution network and strengthen our brand identity. Demand of steel price and other structural steel products are expected to increase with pickup in infrastructure and construction projects. Moreover, automotive and consumer durable industries also expected to see growth in the coming years led by the manufacturing push. Our focus remains on increasing our revenues, operating profit margins, and profitability in the coming quarters as the better utilizations and volumes would help us in operating leverage benefits and reduced cost on per ton basis. This would increase profitability and strengthen our balance sheet. I will now hand over the call to Mr. Arvind Bansal, our CFO, to take you through the financial results for the quarter and full year ended March 31, 2021.

Arvind Bansal:

Good Morning everyone, I will take you through the consolidated results of FY '21. Our total revenue registered 11% year-on-year growth for FY '21 and stood at Rs. 1340 crores as against 1210 crores in FY '20. Our total sales volume for the year FY '21 stood at 2.71 lakh metric tons, which is lower by 4% year-on-year. Our EBITDA for FY '21 has seen a growth of 19.5% year-on-year and stood at Rs. 70.81 as against 59.4 crore in FY '20. EBITDA per ton stood at Rs. 2611 per metric ton for the year as against Rs. 2091 per metric ton in FY '20, which is an increase of 25% year-on-year. Our PAT had registered a growth of 11.8% year-on-year and stood at Rs. 22.8 crores as against 20.4 crores in FY '20. The strong business performance for the year has led to strong operating cash flows. The net cash flow from operating activities stood at Rs. 27.6 crores for FY '21 as against minus 1.8 crores in FY '20. Our net worth for the year FY '21 stood at Rs. 205 crores as against Rs. 173 crore in previous financial year. Debt equity ratio has improved to 1.45 X in FY '21 as against 1.71 X in FY '20. Interest coverage ratio had improved to 1.96 X in FY '21 as against 1.79 X in FY '20. Current ratio has improved to 1.37 X in FY '21 as against 1.23 X in FY '20.

On the working capital front also, our efficiency has improved. Our net working capital days has reduced to 71 days as compared to 78 days in FY '20. Further, our debtor days stood at 33 days compared to 41 days as on March 31, 2020. Our inventory days stood at 51 days compared to 54 days as on March 31, 2020. The company issued and allotted 13.7 lakhs fully convertible warrant at the price of Rs. 164 per warrant aggregating up to Rs. 22.47 crore to Promoter, promoter group and non-promoter group category. Out of this, 5.7 lakhs warrant has been converted into equity till date out of which the company has already received Rs. 12.63

crore. Balance warrants to be converted are 8 lakhs. This equity infusion will further strengthen the balance sheet. With this, I would like to open the floor for question. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sudhir Bheda from Right Time Consultancy. Please go ahead.

Sudhir Bheda: Good Morning Sir and hearty congratulation on very strong cash flow and good working capital management, my questions are in Q4 we have seen the volume at 67,500 which is down significantly if we compare with the Q3 and that has resulted in overall negative volume growth for the FY '21 as compared to FY '20, so is there any particular reason or have we lost some market share to the bigger player like APL and Surya, that is my first question? Sir, second question what is the volume guidance would you like to give for FY '22 in view of your capacity expansion and also what would be the likely margin for the main view of more value-added products are being introduced?

Anish Bansal: Good Morning Mr. Sudhir, your first question which relates to the Q4 volume, I would like to mention here, there was unexpected and sharp correction of steel prices in the month of February. The prices of hot rolled coils in the stock market they came down by almost Rs. 6000 per ton, so the general consensus was to liquidate the inventory and slow down the purchases, and we utilized the same period for our maintenance shutdowns which were due for a very long time, so we utilized this period to upgradation of the plants, so the volume was sacrificed due to this particular factor. Number two, regarding the visibility for this financial year, FY '22, we have seen the first quarter being challenged due to the lockdowns caused by the second wave of pandemic, but I am very hopeful the remaining three quarters should be fairly very, very strong. The order book is very healthy, the prices have also stabilized to some extent and in the current quarter also the company has done fairly well, the volumes are not severely impacted, we have come out of this. This financial year, the volumes should definitely go up, but like we would reserve our guidance for this financial year because we are not sure how the third wave will pan out, but now the company is on a very strong footing on a short-term and long-term basis to increase the volume and increase the proportion of value-added products in the total product basket. The company is doing some backward and forward integration, which will increase the volume of value-added products like galvanized product, pre-galvanized pipes, crash barriers, solar structures, and so on.

Sudhir Bheda: EBITDA per ton would go because in Surya and APL they have guided around 4000 to 4500 EBITDA per ton, so how do you see our EBITDA moving up in this year?

Anish Bansal: The EBITDA per ton, this will go up from here because our facilities have just commissioned the Maharashtra facility, so we are expecting the EBITDA per ton to move up from here.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

- Ritesh Shah:** Sir, thanks for the opportunity, my first question is on working capital, can you again highlight on basically where our inventory days are specifically, and how should one look at the working capital days going forward, inventory days if you can break it up between finished goods as well as raw mat stuff that is something which will be quite useful?
- Arvind Bansal:** For this working capital if you see from last financial year, our debtor days has reduced from 41 to 33 days and inventory has also reduced from 54 to 51 days and it is expected in the current financial year also this reduction will further continue and debtor inventory days will further reduce.
- Ritesh Shah:** Sir, any number that you would like to qualify over here, the reason is when we look at both the variables be it debtor days or inventory higher than few of the peers that we have in the industry?
- Arvind Bansal:** Actually, we would love to give you the numbers, but you know due to this pandemic situation this COVID wave two, wave three all this it will be difficult to given any specific numbers but we are very much hopeful that reduction will be there.
- Ritesh Shah:** No forward guidance of two years out or three years out, where do we see our net working capital in less than 10 days, anything from a strategy perspective long term that the company is looking at?
- Arvind Bansal:** For long-term guidance, we will say this improvement process will continue and our debtors and inventory efficiency will improve. Again, I will say it will be difficult to put any specific numbers.
- Ritesh Shah:** Sir, if I have to extend this question a bit more, if I had to assume a scenario wherein the raw material of steel prices had to come off, hypothetically with drastically which does not look like right now but if that had to happen, then how will the company tackle that particular situation, what I am trying to understand is will there be a bit of inventory losses or it is something which is part of the game and one has to look at it over a longer term tenure, how should one understand the scenario?
- Anish Bansal:** Ritesh regarding steel prices correction, we have a fair bit of idea how the prices are going to move in the short term so we take fact of that and we pre-position ourselves in terms of the inventory, so we try to minimize any inventory loss which is caused due to price deterioration.
- Ritesh Shah:** Going forward Sir if you have any incremental strategy on inventory days specifically from a commodity risk point of view, I think we would definitely love to hear that, so this was the first question. Sir, the second question was we have increased capacities like around 580 KT right now, but if I had to break this thing up between different types of structural say heavy, medium, light, how should one understand this?

Anish Bansal: Regarding working capital as Mr. Arvind said we are conscious of that and we are continuously bringing down the debtor days, but at the same time we have to have some kind of graded policy for our distributors who have been with us, so we are trying to minimize this and incentivize the cash phase. We are also working on a cash and carry model through our depots, so that is also on stream now, so I am hopeful once the external challenges are over, so we will gain from the net working capital days reduction. The second part regarding the product differentiation between light, medium, and heavy, it depends on application on application, so our focus is on the galvanized tube business, which is a value-added product. This product we are supplying in the Jal Jeevan Mission, the portable drinking water through pipes. Also pre-galvanized tubes which is being used in the coastal market and also the large diameter pipes and hollow sections where the competition is fairly very well, so the focus will be to expand these product categories in the coming financial year.

Ritesh Shah: So how should one understand this, is the capacity what we have, is it fungible entirely towards this value added or is it only a part of the capacity which can actually do galvanize and pre-galvanize, I am just trying to understand if there is a shift on value-added products to what extent is it possible, is it more about creating the market or we already have the backend ready and that is what is left?

Anish Bansal: Right now we are having about 15% of our total volume in the value added segment and we are doing some CAPEX on increasing the galvanized proportion and in the coming few years, we are hopeful to take this total 15% to quite a big number.

Ritesh Shah: Last question if I may, it is a very basic question, so basically when we talk about value-added products over here or say tubes or pipes, just wanted to understand that when we sell this product to the distributors or the dealer, is it on a per kg basis or is it on a per meter basis, I presume if is pipes or something, it should be on meter basis otherwise it has to be on a per ton basis until and unless there is some substantial value addition or something which is really niche, now if it is on a per kg basis which my commonsense tells me then how do we sell it or how do we qualify it as value-added products because end of the day we are still selling the product on kg basis, sorry for a very basic question?

Anish Bansal: Ritesh the galvanized pipes for the water transportation they always go on a per meter basis, so it is on a per meter basis and it is not entirely on the per kg basis, but even where the per kg basis is there, the EBITDA margins on per ton basis are relatively much higher than the conventional one.

Ritesh Shah: Okay, so should one safely assume that 15% of our volumes is something on a per meter basis, the balance 85% would be on a per ton basis, would that be a fair way to look at?

Anish Bansal: I would say between 8% to 10% of such volume of galvanized.

- Moderator:** Thank you. The next question is from the line of Sriram Rajaram from Ratnatraya Capital. Please go ahead.
- Sriram Rajaram:** Thanks for the opportunity, I have couple of questions one is it possible to give application wise breakup of the revenue, and secondly I missed your point, what is the reason for such an increase in realization on a YOY basis?
- Arvind Bansal:** Regarding this breakup on application wise, actually our product is used in many industries such as construction industry or infrastructure, agriculture, housing industry, we are selling our products through our distributors and those are selling to the end users, so actually it will be very difficult for the company to really give the specific numbers on application wise.
- Sriram Rajaram:** Okay, because earlier you used to give a breakup called tubular, flat, and others kind of breakup that in your earlier presentation I have seen, so is it possible to give some kind of breakup regarding those?
- Arvind Bansal:** Such breakup we will share with you after the call.
- Sriram Rajaram:** The realization?
- Arvind Bansal:** Regarding the realization per ton, actually the steel prices globally and domestically has increased too much, earlier the price of HR coil is in the range of Rs. 42 to Rs. 45 and now it has increased to Rs. 55 to Rs. 60, this is due to global reasons and the steel makers have increased the price. Basically, we are converters, we have our EBITDA margins with us so at whatever price we purchased HR coil, we add our margins and we sell our product in the market, so basic reasons for increasing the realization is because of increase in the raw material prices.
- Moderator:** Thank you. The next question is from the line of Vineet, an Individual Investor. Please go ahead.
- Vineet:** Just had two questions, I will ask one after another what is the contribution of value-added products Sir in our sales and also in terms of pricing as well for the value-added products compared to other products?
- Anish Bansal:** Right now the current, the percentage of value-added products is around 15% at this point and we are doing some CAPEX which will increase the value added proportion going forward. I think the company will be targeting 25% to 30% of the value-added segment in the coming two years.
- Moderator:** Thank you. The next question is from the line of Mohit from Ajinkya LPM. Please go ahead.

- Mohit:** Good Morning, so my question is regarding your point that you mentioned in your PPT which is about some approvals that you received from the bullet train project, can you please throw some light on what products they are and what is the opportunity that we have there?
- Anish Bansal:** Mohit, the company has received the approval very recently and we are in the development phase, there are very specific products that the Japanese contractors are requiring, so we are in the phase of doing some development for them and once the products get applied in the pilot phase then the demand should be fairly very, very generous, so we are expecting by Q2 of FY '22, the supplies should start for this project and the pipes would be varied for water transportation, for structural use, for piling use, it will be various applications in this project.
- Mohit:** Is it fair to assume that these are newer products that you are trying to get approved or this is from existing lines?
- Anish Bansal:** This is from the existing lines but we have done some modifications as per their requirement, so you can consider this as a new SKU.
- Mohit:** These would be in the value-added line?
- Anish Bansal:** Yes of course.
- Mohit:** So it will have higher margin?
- Anish Bansal:** Yes, definitely, and the quantity is very, very big.
- Mohit:** But you will not be able to give us say in terms of the opportunity size that we have there or is it too early to put those numbers?
- Anish Bansal:** By Q2 we will have a fair bit of idea like how much, it is a four year project, so they are also doing some R&D on this, so by Q2 we will have some idea like how much this opportunity will come out to be.
- Mohit:** These products will go from our Sanand line or from Maharashtra?
- Anish Bansal:** From Maharashtra, Sanand and Sikandrabad, all three.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Thanks for the follow-up question, Sir just wanted to understand how do you see the competitive intensity in this particular industry?
- Anish Bansal:** Ritesh competition as we know the industry is getting consolidated on a year-to-year basis, so I think the competition is increasing and decreasing at the same time, so only like now earlier they were like many, many companies but now the company is in the main fray, they are only

a handful of now those who have got pan India locations, their manufacturing locations, they have this very strong distribution network, very big product mix approvals in like so many institutions and Government bodies, so with this the players who are able to meet all the check boxes, they are able to compete, so for us you know it is an interesting period, we are on a growth phase and we are consolidating our manufacturing capacities all over India and we are adding more value-added products than this financial year, so going forward I think it should be very interesting and exciting for the company.

Ritesh Shah: Sir, you have emphasized on value-added products, but is it possible for you to quantify how much is the differential in EBITDA per ton and working capital or say 15% of the volume that we have versus the rest of the business, just trying to get a sense as this pie actually grows bigger, how actually it can play out for the companies two years-three years out?

Anish Bansal: Ritesh, typically the value added product the contribution on EBITDA per ton basis is approximately higher from Rs. 800 to Rs. 1000 per ton, this is a typical value addition on a long-term basis. The working capital for the value added, I would say it is more or less the same, it will be very difficult to quantify the working capital for the value added product business, but like on a ballpark figure I would fairly assume that it is approximately the same.

Ritesh Shah: My question was specifically for the value-added products pie, how much would be the EBITDA per ton at the company level for FY '21 what we are looking at is 2611 so for those 15% of the volumes, the number should be substantially higher so just wanted to have a sense on what that numbers would be?

Anish Bansal: EBITDA per ton of 2600 is the annual EBITDA per ton, but due to like Q1 of FY '21 that was a complete washout, but we are trying to increase the capacity of value-added products and this year we are hopeful the consolidate EBITDA per ton should go up from here.

Moderator: Thank you. The next question is from the line of Raj Joshi from Ace Securities. Please go ahead.

Raj Joshi: Good Morning, Sir I have couple of question, the first question is what kind of sales volume growth we can expect for this year and also what kind of effective capacity utilization rate are we targeting on the total capacity of 5.8 lakh tons?

Anish Bansal: Mr. Joshi on the volume part I think we should be doing well, but this current quarter is a bit challenged due to the second wave of COVID, but if things remain stable for the rest of the year, we are hopeful of a volume growth from FY '21 level and it should be like fairly decent volume growth. Regarding capacity utilization, if we leave the Q1, I think rest of the year should be above 70% on a total level.

Raj Joshi: Sir, is there any ballpark number on volume growth?

- Anish Bansal:** Mr. Joshi, I think by Q2 we will have a fair bit of idea like where we are and how the future is coming, so I would like to reserve myself on the volume growth part for this conference call, but we can discuss this in the July or August months where we will have decent clarity.
- Raj Joshi:** Sir, my second question is it is regarding to the addition of our new solar power plants, what kind of power cost saving it can lead to in terms of our per ton basis?
- Anish Bansal:** Wherever the plants are installed, there we are witnessing a saving of Rs. 200 to Rs. 250 per ton.
- Moderator:** Thank you. The next question is from the line of V. P. Rajesh from Banyan Capital. Please go ahead.
- V. P. Rajesh:** Thanks for the opportunity, my question was regarding the growth in EBITDA you mentioned, that EBITDA per ton will improve this year, so what can we expect it to be assuming things normalize from Q2 onwards?
- Anish Bansal:** Sorry Mr. Rajesh can you be a little louder please, your voice is very soft?
- V. P. Rajesh:** I was asking that you have indicated that your EBITDA per ton will improve in this year, so assuming from Q2 things normalize a bit, what will it look like for this financial year for Q2, any color on that?
- Anish Bansal:** Rajesh I think EBITDA will definitely will improve on a per ton basis from here. We are just waiting for the things to stabilize from here and with the current the backend and foreend integrations that we are doing, I think this proportion of value added business and also EBITDA per ton this will definitely go up, but to quantify at this stage will be little difficult for us.
- V. P. Rajesh:** My second question is that this big project you were talking about which will rule out over the next two years, do you anticipate doing further CAPEX and putting additional capacity for us, maybe not this year the following year etc.?
- Anish Bansal:** Our target is to reach a one million ton total capacity in coming three to four years, so majority of the Greenfield CAPEX has already been done and the further will come through Brownfield expansion, and we are going in a very phased manner and once this 5.8 lakhs ton gets utilized by 70%, so we will move onto the next phase of expansion.
- V. P. Rajesh:** Sorry, you said next phase of expansion will be mostly like?
- Anish Bansal:** Will be mostly Brownfield.
- Moderator:** Thank you. The next question is from the line of Mehernosh Panthaki from Dhanki Securities. Please go ahead.

Mehernosh Panthaki: Sir, I had two-three questions, one is that is the company having any presence so as plans to enter into high diameter, high thickness tubes or something like color-coated tubes going forward which your competitor has also announced to setting up the facility out there which is likely to commence next year and it is planning to create a niche market in that, so does the company have any plans to enter into such value added higher sections basically?

Anish Bansal: Yes, we are planning to like foray into large diameter pipes, the working is going on and I think in FY '23, we will come with some kind of announcements on this part.

Mehernosh Panthaki: Sir, regarding anything like color-coated tubes or something like that?

Anish Bansal: This product actually you know like it is very difficult to assess the market in India because even worldwide the proportion of color coated tubes is very, very negligible so we have to see how the product response is in the market, so we will wait out for the customer feedback.

Mehernosh Panthaki: Sir, my next question was on the galvanized tubes, so as you stated that galvanized tubes will be a focus going forward and Jal Jeevan Mission can be a big boost to that segment that product category, now we have been hearing that galvanized pipes are being replaced by plastic pipes also, so is it that the volumes going forward could be impacted or is it likely to benefit more plastic piping peers because we have heard that the galvanized pipes are being replaced by the plastic pipes gradually?

Anish Bansal: Yeah, you are absolutely right but the galvanized pipes are being replaced by plastic pipes in the plumbing division for the household applications, but whereas the infrastructure is concerned, the galvanized pipes is the first choice because of the durability and the life span of the product, green in this galvanized products they last for typically 25 to 30 years whereas the plastic pipes for the infrastructure applications will be very, very less so all the Central Governments and State Governments they have preferred galvanized pipes over any other kind of pipes.

Mehernosh Panthaki: Sir, one last question on the, we have also heard about some of the companies are facing raw material shortages and are facing some challenges with respect to purchasing of the raw materials in the market, so are there any challenges that we are witnessing on our side?

Anish Bansal: On a whole, the entire industry is facing acute shortages of steel, but fortunately our company is having long-term contracts with all the major suppliers, so we are safeguarded for our purchases so we are getting what we have been lifting in the past and what our requirement is.

Mehernosh Panthaki: So even for increasing the purchases from the same players with whom we are having long-term contracts, that is not a difficulty as of now?

Anish Bansal: As a whole it is a challenge to procure more material, but we have our strategies in place which will meet those requirements.

- Moderator:** Thank you. The next question is from the line of Sriram Rajaram from Ratnatraya Capital. Please go ahead.
- Sriram Rajaram:** Thanks for the followup, Sir firstly two questions, one is you spoke about the Jal Jeevan Mission, so where exactly do these GI pipes go into the infra part, and secondly, can you throw some light on the debt repayment also?
- Anish Bansal:** Good Morning Mr. Rajaram, in Jal Jeevan Mission, this is a piped water supply to each and every house in India, this is a mission taken by the central Government and they are using these galvanized pipes to take the water connection to every household in India, so this is the target of the Central Government, the water distribution and they are using galvanized pipes and large diameter pipes for these applications.
- Sriram Rajaram:** So from which point to point, I mean can you tell me in terms of distribution?
- Anish Bansal:** This is the last mile connectivity, galvanized pipes pertains to the last mile connectivity.
- Sriram Rajaram:** On the debt side?
- Anish Bansal:** Debt side as you must have witnessed, our debt equity ratio has gone down from 1.71 to 1.45 and with the project expansion getting updated, this should further go down significantly in coming two to three years.
- Moderator:** Thank you. The next question is from the line of Rajiv Desai from Motilal Oswal. Please go ahead.
- Rajiv Desai:** Sir, if I have missed something, I have just two questions from my side in terms of expansion side since we are expanded the capacity to 5.86 lakhs, just how more likely to expand in next two to three years in terms of expansion, in terms of volume, at least can you guide us and how will you manage the debt or there will be no expansion or we will just maintain this level for next one to one-and-a-half year on that side or any pan India new location you are likely to add it up to more increase with respect to distribution reach, your strategy focus, more on the strategy part of it?
- Anish Bansal:** Mr. Rajiv our focus is towards 1 million tons in coming three years and most of this expansion will be Brownfield because we have recently set up our three new plants and any capacity expansion will be through Brownfield measures and we shall be incurring the CAPEX through our internal accruals itself.
- Rajiv Desai:** Okay, and Sir with respect to your 3.3 megawatts of total electricity generation plant, so what do we get in terms of cost savings per year just getting some rough cut number?

Anish Bansal: Yes, this question came up earlier also, so wherever these plants are installed so we are seeing the benefits of about Rs. 200 per ton wherever the solar plants are installed.

Rajiv Desai: Last one question Sir, any new product line which you are likely to add up in terms of diversification or this is what is your complete basket is and just you will basically go with natural expansion because of the progression?

Anish Bansal: This year the focus is to increase the percentage of value-added products, so for this year we will be focusing on the galvanized products more.

Rajiv Desai: So from 10%-15% you want to make it 20%-25% in next two years down the line?

Anish Bansal: That is correct.

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

Anish Bansal: Thank you everyone, I take this opportunity to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with SGA, our investor relation advisors. Thank you very much, have a good day.

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