



Press Release

Hi-Tech Pipes Limited

February 07, 2025

Ratings

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	225.00	IVR A+/ Stable (IVR Single A Plus with Stable outlook and simultaneously withdrawn)	IVR A-; Negative; ISSUER NOT COOPERATING* (IVR Single A Minus with Negative outlook; ISSUER NOT COOPERATING)	Rating upgraded and outlook revised and removed from ISSUER NOT COOPERATING category and simultaneously withdrawn	Simple
Long Term Fund Based Bank Facilities – Term Loan	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING* (IVR Single A Minus with Negative outlook; ISSUER NOT COOPERATING)	Rating withdrawn	Simple
Long Term Fund Based Bank Facilities – GECL	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING* (IVR Single A Minus with Negative outlook; ISSUER NOT COOPERATING)	Rating withdrawn	Simple
Proposed Long Term Fund Based Bank Facilities	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING* (IVR Single A Minus with Negative outlook; ISSUER NOT COOPERATING)	Rating withdrawn	Simple
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	131.00 (enhanced from 101.00)	IVR A1+ (IVR A One Plus and simultaneously withdrawn)	IVR A2+; ISSUER NOT COOPERATING* (IVR A Two Plus; ISSUER NOT COOPERATING)	Rating upgraded and removed from ISSUER NOT COOPERATING category and	Simple



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				simultaneously withdrawn	
Short Term Non-Fund Based Bank Facilities – Letter of Credit	60.00	IVR A1+ (IVR A One Plus and simultaneously withdrawn)	IVR A2+; ISSUER NOT COOPERATING* (IVR A Two Plus; ISSUER NOT COOPERATING)	Rating upgraded and removed from ISSUER NOT COOPERATING category and simultaneously withdrawn	Simple
Total	416.00 (Rupees Four Hundred and Sixteen Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade in the ratings assigned to the bank facilities of Hi-Tech Pipes Limited (HTPL) is primarily on account of improvement in HTPL’s financial risk profile driven by improvement in net worth base following conversion of share warrants in first half of FY25 (FY refers to period from April 1 to March 31) and qualified institutional placement (QIP) in October 2024. The company has utilised this raised fund to prepay part of its term loans and reduced its working capital borrowing aggregating to Rs.331.00 crore. Moreover, the business performance of the company has also improved in H1FY25 marked by rise in its scale of operations and profitability. The ratings also derive comfort from HTPL’s established track record of operations coupled with experienced management, established position of the company in steel tube manufacturing business with robust distribution network, strategically located manufacturing facilities with reputed suppliers and diversified product portfolio with impetus on value-added products to drive margin going forward. These rating strengths are however constrained by HTPL’s exposure to intense competition, exposure to volatility in raw material prices and project stabilization risk.

Infomerics Ratings has simultaneously withdrawn the rating assigned to the bank facilities of HTPL with immediate effect. The above action has been taken at the request of the company and No Objection Certificate (NOC) mails issued by its lenders viz. State Bank of India, Yes Bank, HDFC Bank, Canara Bank, SVC Co-operative Bank, Axis Bank, IDFC First Bank,



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Federal Bank and ICICI Bank and No Due Certificate (NDC) received from HDFC Bank, SVC Co-operative Bank and State Bank of India for closure of Term Loan and GECL. The rating assigned to Term Loan, GECL and proposed long term fund based facilities is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

- **Upward Factors**
 - Significant & sustained improvement in revenue & profitability leading to improvement in debt protection metrics
 - More than expected improvement in the capital structure
 - Improvement in operating cycle
- **Downward Factors**
 - Any decline in revenue and/or profitability arising out of company/sector specific reasons leading to deterioration of debt protection parameters
 - Moderation in the capital structure marked by moderation in the overall gearing to over 1.5x
 - Moderation in operating cycle leading to moderation in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of operations and experienced management

The company commenced its operations in 1985 and has a long and successful track record of more than four decades in the existing line of business. HTPL's long track record and the extensive experience of promoters have helped to establish relations with various stakeholders for its business. The company was established and is managed by the Bansal family, holding a ~30% equity stake in HTPL as on December 31, 2024. Furthermore, the promoters are assisted by a team of experienced professionals for managing the company's daily business operations.

Established position in steel tube manufacturing business with robust distribution network

HTPL has been involved in the business of steel tube manufacturing for more than four decades and developed a strong brand image. The business mix of the company includes



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B2C and B2B segments whereas B2C business is through its network of dealers and distributors spread over pan India. Over the years the company has established a strong distribution network of more than 450 dealers and distributor across North, South and Western regions of India with over 550 SKUs. In B2B, HTPL supplies pipes to Government sector and to other major infrastructure players and various other OEMs in Renewable, Auto, Road Construction and Telecom sectors. The entity's strong brand image and wide geographical network supports the business risk profile of the company.

Diversified product portfolio with impetus on value-added products to drive margin

The company has wide variety of product portfolio including Electric Resistance Welding (ERW) Black Steel tubes, Rectangular hollow section, Galvanised Steel tubes, Metal Beam Crash Barriers, Cold Rolled Coils, and specific applications based cold form sections. These pipes and products can be used in wide variety of applications. HTPL has also expanded its business into the roofing segment, recognizing the complementary nature of roofing products with tubes and pipes. This move was initiated in January 2023. Besides, the company has also started focusing on value added products like viz. Galvanised pipes, pre-Galvanised pipes, colour coated roofing sheets etc in order to augment its margins. With these developments, the company has expanded its operations into three verticals: tubular products, flat steel products, and color-coded products.

Strategically located manufacturing facilities with reputed suppliers

HTPL has large scale of operations as evinced by its installed capacity of 9.15 lakhs MTPA. The manufacturing facilities of the company is well diversified and strategically located in Gujarat (Sanand), Andhra Pradesh (Hindupur), Uttar Pradesh (Sikandrabad) and Maharashtra (Khapoli) with a centrally located depot in Madhya Pradesh (Indore) along with other three depots. The key raw material of the company is Hot Rolled Coil (HRC). Key suppliers of HRC for HTPL are SAIL, NipponArcelor JV and JSW Steel. The company generally has annual raw material supply contracts ensure steady supply of raw material to meet customer demands with a certain degree of quality assurance and price stability in input prices.

Improvement in business performance marked by healthy scale of operation in FY24 and in H1FY25

HTPL's consolidated revenue grew by ~13% y-o-y to Rs.2699.29 crore in FY24 (FY23: Rs.2385.85 crore), driven by ~21% increase in its net sales volume to 3,91,087 metric tonnes (MT) from 3,54,000 MT in FY23. In H1FY25, HTPL's consolidated revenue grew by ~13% y-



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o-y to Rs.1572.88 crore as compared to Rs.1388.17 crore in H1FY24 led by higher sales volume with the start of the first phase of its greenfield capacity in Sanand, Gujarat (Sanand-II) in March 2024 and an increased share of value-added products with better sales realisation. Total sales volumes increased by ~32% to ~2.45 lakh tonnes in H1FY25 as compared to ~1.85 lakh tonnes in H1FY24; led by better demand for steel tubes and structural steel products. With rise in scale of operation, EBITDA increased by ~77% to ~Rs.85 crore as compared to ~Rs 48 crore in H1FY24. On the other hand, underpinned by growth in EBITDA, PAT has also increased sharply by ~77% from ~Rs.18 crore in H1FY24 to ~Rs.36 crore in FY25. The company has earned an EBITDA margin and a PAT margin of 5.40% and 2.30% respectively in H1FY25 (4.26% and 1.63% respectively in FY24). Infomerics Ratings believes that the company will maintain its growth trajectory in the near future driven by high demand of its products coupled with increase in sale of value-added products.

Strong financial risk profile supported by equity infusion

The financial risk profile of the company continues to remain comfortable marked by its comfortable capital structure with healthy debt coverage indicators. The overall gearing continued to remain comfortable at 0.70x as on March 31, 2024, as against 0.65x as on March 31, 2023. Further, total indebtedness of the company marked by TOL/ATNW also continues to remain healthy at 1.05x as on March 31,2024 improving from 1.19 as on March 31,2023. Moreover, the capital structure of the company is expected to improve considerably backed by conversion of share warrants of Rs.136.00 crore in H1FY25 and raising of Rs.500.00 crore through qualified institutional placement (QIP) in October 2024. Consequently, net worth of the company is expected to improve to above Rs.1,200 crore as on March 31, 2025 (Rs. 576 crore as on March 31, 2024). Of the total QIP proceeds, Rs.331 crore was utilised towards prepayment of its long-term debt obligations and reducing working capital borrowings. Remaining QIP proceeds have been allocated to the capacity expansion projects in Gujarat (Brownfield) and Andhra Pradesh (Greenfield). The debt protection metrics of the company as indicated by interest coverage ratio continued to remain comfortable at 2.74x in FY24 vis-a-vis 2.92x in FY23. Further, Total debt to EBITDA and Total debt to NCA also remained adequate at 3.50x and 6.38x respectively as on March 31,2024. With expected reduction in debt and improvement in profitability the debt protection metrics of the company is expected to improve in the near term.

Key Rating Weaknesses



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Exposure to intense competition

The company is exposed to intense competition marked by presence of many organised and unorganised players due to low product differentiation and low entry barrier in the operating spectrum. Intense competition keeps the profit margins under check. Furthermore, the industry is also exposed to inherent cyclicity and high correlation to the economic scenarios.

Exposure to volatility in raw material price

Raw material is the major cost driver for the company. HRC is the key raw material used for producing MS black pipe. Zinc is required in small quantity for the galvanisation process to convert MS black pipe into galvanised iron (GI) pipe. HTPL remains exposed to significant volatility in prices of key raw materials like HRC and zinc.

Project stabilization risk

HTPL has ongoing maintenances and capacity enhancement capex in its existing plants coupled with a greenfield expansion project in Jammu under Hi tech Metalex Private Limited (HTMPL). Total envisaged cost of these projects stood at ~Rs.260 crore funded mainly through internal accruals and proceeds from QIP issues. However, HTMPL has secured debt funding of Rs.36 crore for this expansion. As on January 27, 2024, the company had already incurred Rs.43 crore through term loan of Rs.18 crore and remaining through infusion of equity and internal accruals. The expected COD for entire projects is in September 2026. Though the funding and execution risk is limited there exists a project stabilization risk.

Analytical Approach: Consolidated

Infomerics has combined the financial risk profiles of Hi-Tech Pipes Limited, HTL Metal Private Limited, HITECH Metalex Private Limited and HTL ISPAT Private Limited, as these entities are running under a common management, dealing in similar product line and having strong operational & financial linkages between themselves. Additionally, HTL Metal Private Limited, HITECH Metalex Private Limited and HTL ISPAT Private Limited are 100% subsidiaries of HiTech Pipes Limited as on March 31, 2024. The list of companies considered for combined analysis are given in **Annexure 4**.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)



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[Complexity Level of Rated Instruments/Facilities](#)

[Policy of Withdrawal of Ratings](#)

[Criteria on consolidation of companies](#)

Liquidity – Strong

The liquidity profile of the company remained strong marked by its healthy cash accruals of Rs.63.07 crore vis-à-vis its debt repayment obligation of Rs.38.35 crore in FY24. The current ratio also remained comfortable at 1.54x as on March 31, 2024. Further, equity infusion through QIP and conversion of share warrants and prepayment of debts in H1FY25 also supports the liquidity profile of the company. During H1FY25, the company has earned a gross cash accrual of Rs.19.85 crore. The average fund-based limit utilization of the company for the past 12 months ended October 2024 also remains satisfactory at ~68%. Moreover the company has a strong gearing headroom marked by its comfortable leverage ratios.

About the Company

Hi-Tech Pipes Limited is an ISO 9001 certified company, listed on Bombay Stock Exchange and National Stock Exchange. It is engaged in production steel pipes, hollow sections, tubes, cold rolled coils, road crash barriers, solar mounting structures and strips and a variety of other galvanized products. The registered office of the Company is at Pitampura, New Delhi. The main products & their applications of the Company include Black Steel Tubes, Rectangular Hollow Sections, Galvanised Steel Tubes, Metal Beam Crash Barriers, and Cold Roll Coils. The main applications of the Company's products are Irrigation & Plumbing, Water Infrastructure Systems, Oil, Gas and Sewage Transportation, and other various engineering applications.

Financials (Consolidated):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2385.85	2699.29
EBITDA	103.21	114.86
PAT	37.68	43.93
Total Debt	273.46	402.29
Tangible Net Worth	417.54	575.84
EBITDA Margin (%)	4.33	4.26
PAT Margin (%)	1.58	1.63
Overall Gearing Ratio (x)	0.65	0.70
Interest Coverage (x)	2.92	2.74



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* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Security / Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years					
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22			
					Dec 11, 2024	Sep 16, 2024	July 07, 2023	May 16, 2022	-	
1.	Cash Credit	Long Term	225.00	IVR A+/Stable; withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING	IVR A; Negative; ISSUER NOT COOPERATING	IVR A/ Stable	IVR A/ Stable	-	
2.	Term Loan	Long Term	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING	IVR A; Negative; ISSUER NOT COOPERATING	IVR A/ Stable	IVR A/ Stable	-	
3.	GECL	Long Term	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING	IVR A; Negative; ISSUER NOT COOPERATING	IVR A/ Stable	-	-	
4.	Proposed Long Term Fund Based	Long Term	0.00	Withdrawn	IVR A-; Negative; ISSUER NOT COOPERATING	IVR A; Negative; ISSUER NOT COOPERATING	IVR A/ Stable	-	-	
5.	Bank Guarantee	Short Term	131.00	IVR A1+/Withdrawn	IVR A2+; ISSUER NOT COOPERATING	IVR A1; ISSUER NOT COOPERATING	IVR A1	IVR A1	-	



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Sr. No	Name of Security / Facilities	Current Ratings (Year 2024-2025)				Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	
					Dec 11, 2024	Sep 16, 2024	July 07, 2023	May 16, 2022	-
6.	Letter of Credit	Short Term	60.00	IVR A1+/Withdrawn	IVR A2+; ISSUER NOT COOPERATING	IVR A1; ISSUER NOT COOPERATING	IVR A1	IVR A1	-
7.	Proposed Commercial paper	Short Term	-	-	-	-	-	IVR A1	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	225.00	IVR A+/Stable; withdrawn
Term Loan	-	-	-	-	0.00	Withdrawn
GECL	-	-	-	-	0.00	Withdrawn
Proposed Long Term Fund Based	-	-	-	-	0.00	Withdrawn
Bank Guarantee	-	-	-	-	131.00	IVR A1+/Withdrawn
Letter of Credit	-	-	-	-	60.00	IVR A1+/Withdrawn

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Hi-Tech-Pipes7feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Company	Combined Approach
HTL Metal Pvt. Ltd.	Full consolidation
HITECH Metalex Pvt. Ltd	Full consolidation
HTL ISPAT Pvt. Ltd.	Full consolidation



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

