



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Consolidated revenue rose by 7.1% on a YoY basis and fell by 4.45% on a QoQ basis to ₹300 cr.
- Operating EBITDA came in at ₹ 40 cr, up by 21.21% on a YoY basis and fell by 4.76% on a QoQ basis.
- EBITDA margins stood at 13.33% up by 154 bps on YoY basis and flat on a QoQ basis.
- Net Profit stood at ₹ 11 cr. up by 10% on a YoY basis and down by 31.25% on a QoQ basis.

2. MANAGEMENT COMMENTARY:

- Management has guided for 20% volume growth for FY25. They are aiming to reach 2,38,000 metric tons of volume sales in FY25.
- Management is optimistic about reaching its 2500 crores of revenue guidance but have stretched the timelines to Q1FY26 from FY26 earlier.
- According to management, steel prices are currently at their bottom. Realizations are expected to pick up owing to rise in infrastructure activities in the coming months.
- Company has been able to maintain 13% EBITDA margins despite volatility in steel prices through strategic pricing, bulk purchasing efficiencies and continuous process optimization. Company has also been successful in reducing their power cost by 32%.

3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
Hariom Pipe Industries Ltd	-40.91	-33.36
Nifty 500	-11.69	-0.69
Nifty Smallcap 100	-20.59	-7.4

4. CONCALL SUMMARY:

- The sequential revenue decline was mainly due to drop in steel prices and lower demand from key sectors such as construction and automotive. Lower realization was partly offset by higher volume sales of value added products.
- Galvanized pipes witnessed 38% rise in volume sales in 9MFY25, reaching 86,934 metric tons from 62,876 metric tons.
- Company has deferred its fund raising plans owing to current market conditions.
- Debt levels currently stands at 409 crores approx... And out of this, long term debt is 120 crores.
- Company is actively working on expanding their dealer network in Gujarat and Maharashtra. Their main aim is to increase penetration in tier-2 and tier-3 cities along with establishing relationship with B2B players in construction, automotive and solar power industries.
- EBITDA/Ton for galvanized pipes stood at 6500-6700 in Q3FY25 and for 9MFY25, it stood at 7000.
- Currently, company has 800 SKUs and planning to add 200 more by FY26.
- Total volume sales for B2B segment stood at 17,260 metric tons, witnessing a growth of 10% on 9M basis.

5. VALUATION AND OUTLOOK:

We believe, company will post good set of numbers in the upcoming quarters owing to revival in demand from infrastructure sector and rise in steel prices.

We give a "BUY" rating on the stock and value the stock at 15x of FY26E earnings to arrive at a target price of Rs. 424

RECOMMENDATION – BUY

CMP – 347

TARGET – 424 (+22%)

Industry	Steel & Iron Products
NSE CODE	HARIOMPIPE
BSE CODE	543517
Market Cap (₹ Cr)	1153.07
Shares outstanding (in Cr)	3.10
52 wk High/Low (₹)	888.75 / 346
P/E	18.82
P/BV	2.06
Face Value (₹)	10.00
Book Value (₹)	181.18
EPS (₹)	19.68
Dividend Yield (%)	0.13
Debt / Equity	0.83
Interest coverage	3.38

SHAREHOLDING PATTERN

	Dec-24	Sept 24	June 24
Promoters	57.26	57.15	57.17
FIIs	0.00	0.00	0.00
DII's	9.40	9.55	10.10
Public	33.29	32.93	32.57
Promoter Pledging	0.00	0.00	0.00

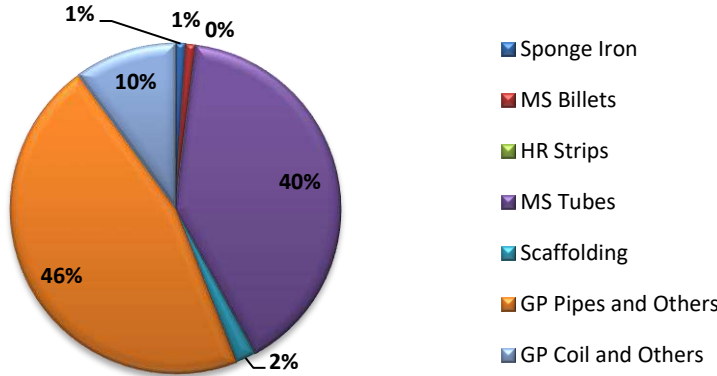
FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Core			
Sales	1153	1307	1700
Sales Gr. (%)	79%	13.35	30.06
EBITDA	139	169	221
EBITDA mrg. (%)	12%	13	13
PAT	57	57	88
EPS (₹)	19.68	18.38	28.3
EPS Gr. (%)	17.6	-	54.4
Ratios			
RoE (%)	13.5	10	13.3
RoCE (%)	14.6	13	16
Valuation			
P/E (x)	18.1	18	12
Net Debt/ equity	0.83	0.8	0.8

Particulars	TTM	5 Yr Avg
Historical P/E :	19	25.6
Industry P/E :	22	
Historical P/B :	2.06	3.3
Industry P/B :	2.0	

Sales Volume Split 9MFY25

Volume Split (%)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

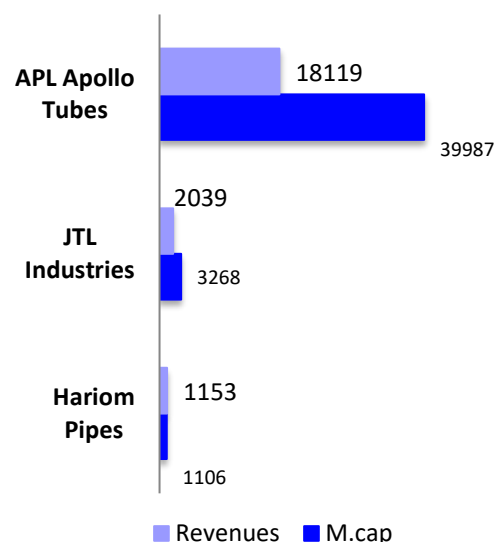
Y/E March	FY23		FY24				FY25			FY24	FY25E*
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE*		
Net sales	252	240	302	280	331	343	314	300	350	1153	1307
YoY change (%)	102.54	68.73	137.8	127.9	31.5	42.9	4.01	7.1	5.74	79%	13.35
Total Expenditure	220	212	266	247	289	299	272	260	305	1015	1138
EBITDA	32	28	36	33	42	44	42	40	45	139	170
Margins (%)	12	12	12	12	13	13	13	13	13	12	13
Depreciation	3	5	9	10	10	12	12	13	13	34	50
Interest	5	4	7	11	10	11	10	12	12	33	45
Other income	0	1	1	2	1	1	1	0	1	5	3
PBT	24	20	21	13	23	22	21	15	21	77	78
Tax	7	5	6	3	6	4	5	4	5.5	20	20
Rate (%)	29%	25%	29%	23%	26%	18%	24%	27%	26%	26%	26%
Adjusted PAT	17	15	15	10	17	18	16	11	16	57	58
YoY change (%)	70%	50%	67%	0%	0%	20%	7%	10%	-	24	-
Key Performance Indicator											
RM Cost (% of Sales)	76	75	78	77	77	78	76	76	76	76	76%
Staff Cost (% of Sales)	3	4	3	4	5	3	4	4	4	4	4%
EBITDA Margin (%)	12	12	12	12	13	13	13	13	13	12	13%
PAT Margin (%)	7%	6%	5%	4%	5%	5%	5%	4%	4.5%	5%	4.36%

Source: Company, Hem Securities Research.

INDUSTRY OVERVIEW

- Hariom Pipe Industries Limited is a prominent manufacturer and supplier of iron and steel products in India. Established with a vision to provide high-quality piping solutions, the company specialises in producing a diverse range of products, including premium steel items like Mild Steel (MS) Billets, HR Pipes, CR Pipes, GP Pipes, GI Pipes, Hot Rolled (HR) Coils, Cold Rolled (CR) Coils, Pre-Galvanized (GP) Coils, and Scaffolding systems.
- The state of the Indian economy mirrors the growth seen in the Indian tube and pipe sector. Rising demand for oil and gas, increased global need for steel pipes, a booming transport industry, expanding urbanisation, and government initiatives in sanitation and wastewater management are key drivers.
- The sector is also benefiting from the escalating need for efficient water distribution and irrigation systems. These factors collectively propel the Indian tube and pipe industry forward, reflecting the broader economic trends and infrastructural developments within the country.
- Additionally, Government projects such as the construction of metro stations, new no-frill airports, international terminals, industry corridors, power plants and ports necessitate substantial steel structures. These initiatives are expected to be primary catalysts for driving growth in the Indian structural steel market.

KEY PLAYERS



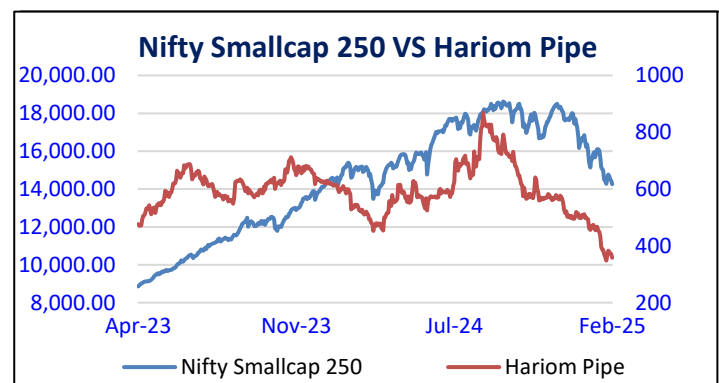
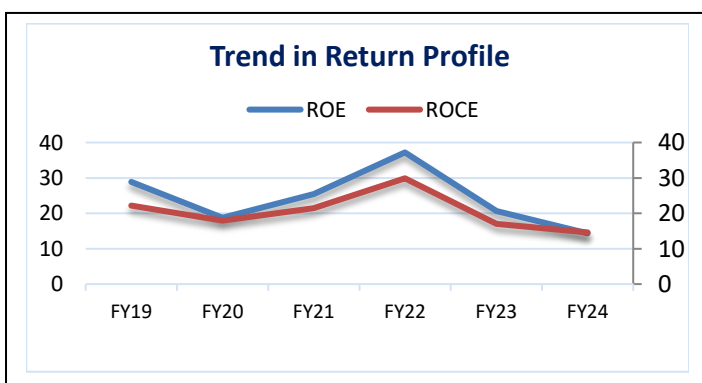
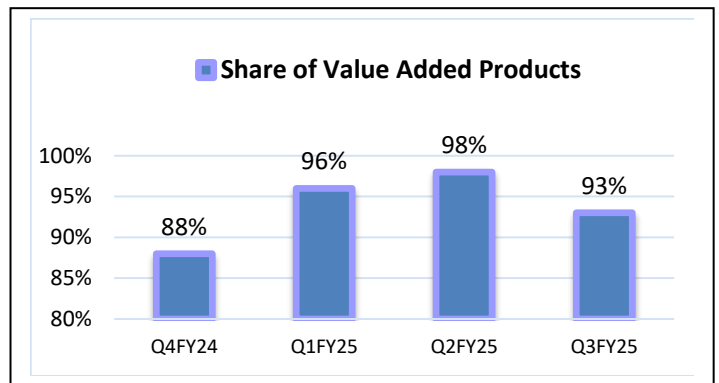
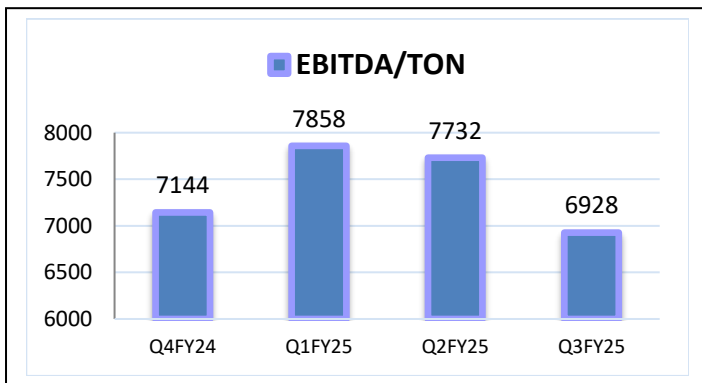
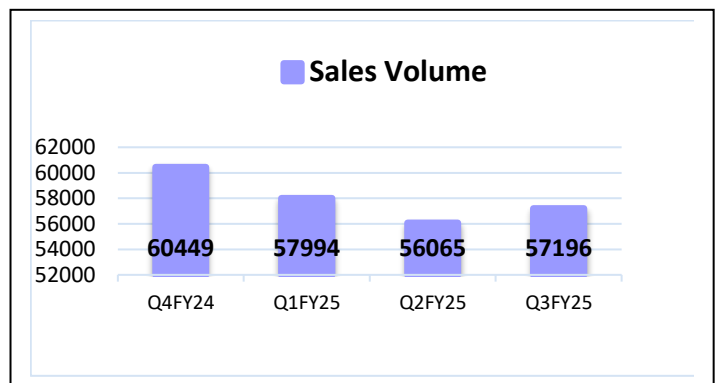
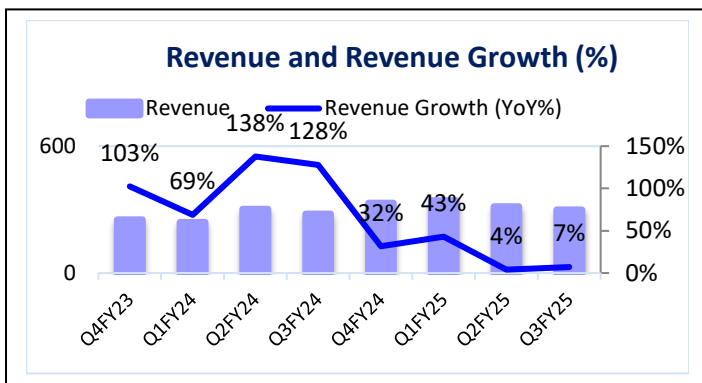
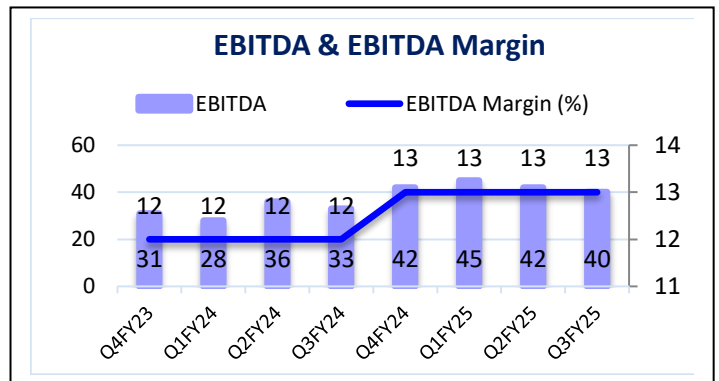
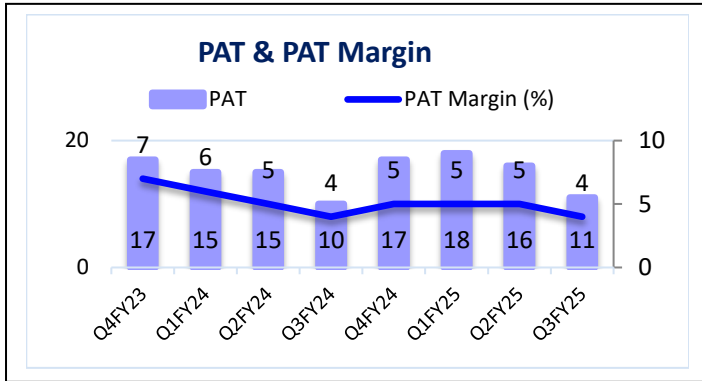
PEER PERFORMANCE

(₹ Cr)

Particulars	Hariom Pipe Industries Ltd	JTL Industries Ltd	APL Apollo Tubes Ltd
Market Cap	1,153.1	3,496.5	40,582.4
Net Sales	1,153.2	2,040.2	18,118.8
EBITDA	138.6	152.2	1,192.2
PAT	56.8	113.0	732.4
EPS (Rs)	19.7	3.2	26.4
EBITDA MARGIN %	10.0	7.9	6.7
PAT MARGIN %	3.9	5.5	3.9
ROCE %	14.6	23.7	25.4
ROE %	14.3	26.5	22.2
P/E	18.8	31.3	64.0
P/B	2.1	2.9	10.0
EV/EBITDA	8.32	19.8	35.6
Dividend Yield	0.17	0.15	0.38
Mcap/Sales	0.85	1.71	2.0

Source: Company, Hem Securities Research.

STORY IN CHARTS





INVESTMENT RATIONALE:

- Company has the highest EBITDA margin in the steel pipe industry due to high share of value added products.
- The company's integrated operations span the entire production process, from iron ore utilization to the manufacturing of MS pipes and scaffolding products, and from HR coil processing to the production of galvanized coils and GI pipes. This vertical integration shields them from steel price fluctuations.
- Indian structural steel consumption is ~4% of total steel consumption, significantly lower than the global average of ~9%. Considering that the Indian construction industry is gradually adapting to the use of these pipes instead of the traditional use of long steel products, the scope for rising per-capita consumption of steel pipes remains high.
- Various government initiatives, such as the development of smart cities, affordable housing schemes, and the expansion of railways and highways, have created a substantial demand for steel. Policies aimed at boosting domestic steel production also support this growth.
- Company has a strong base in south India and is actively working on increasing its presence in northern states particularly, tier2 & 3 cities.
- Company enjoys 9.5% market share in 0.3mm-2.5mm steel pipes. This is a high margin value added product.

KEY RISKS:

- Slowdown in Real estate and infrastructure space.
- Rise in Competitive Intensity.

COMPANY RECAP

- Based in Southern India, Hariom Pipe Industries Limited boasts a diverse product portfolio that includes premium steel items like Mild Steel (MS) Billets, HR Pipes, CR Pipes, GP Pipes, GI Pipes, Hot Rolled (HR) Coils, Cold Rolled (CR) Coils, Pre-Galvanized (GP) Coils, and Scaffolding systems, with a robust backward integration facilitated by a sponge iron facility in Ananthapur, Andhra Pradesh.
- The company operates a cutting-edge primary steel manufacturing unit in Mahabubnagar District, Telangana, as well as a primary steel manufacturing facility in Perundurai, Erode, Tamil Nadu.
- Hariom Pipe Industries Limited has flourished into an integrated steel manufacturer with a nationwide presence and a significant market presence in entire south India and the west part of India. Their pipes, produced under the HARIOM and HPIL brands, comply with the Bureau of Indian Standards. They include square hollow sections ranging from 12x12 mm to 150x150 mm with a thickness of 0.50 mm to 6.00 mm, rectangular hollow sections ranging from 25x12 mm to 200x100 mm with a thickness of 0.60 mm to 6.00 mm, and circular sections with a diameter from 12NB to 175 NB.
- In 2023, the Company installed and commenced production from two new MS Pipe Mills at plant located in Mahabubnagar Dist., resulting the rise in total installed capacity of MS Pipes to 1,32,000 MTPA from 84,000 MTPA. Further, it installed and commenced production from Galvanized Pipe Mill at plant in District Mahabubnagar resulting total installed capacity to 1,20,000 MTPA.
- The Company raised money from public through IPO aggregating a Fresh Issue of 130 Crore Equity Shares and by issuing upto 85,00,000 Equity Shares in April, 2022.
- Key Personnel- Mr Rupesh Kumar Gupta (Managing director), Mr Amitabh Bhattacharya (Chief Financial Officer), Ms. Rekha Singh (Company Secretary).

ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

							(₹ Cr)	
March	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	134	160.78	254.14	430.57	643.71	1,153.19	1307	1700
Growth YoY (%)	27	20.35	58.07	69.42	49.50	79.15	13.35	30.06
Total Expenditure	117	137.29	219.86	374.45	561.83	1,014.59	1138	1479
(%) of sales	87	85.39	86.51	86.97	87.28	87.98	87	87
EBITDA	17	23.49	34.28	56.12	81.88	138.59	169	221
EBITDA Growth (%)	13.33	37.53	46.56	68.26	40.45	74.02	21.5	30.76
EBITDA Margin (%)	13	12.58	11.56	9.88	9.79	9.95	13	13
Depreciation	2	5.16	6.26	8.11	9.42	33.87	50	55
EBIT	15	18.70	28.71	50.73	73.21	109.93	119	166
Growth (%)	25	23.04	53.56	76.70	44.31	50.16	8.18	39.5
Interest Expenses	3	7.37	7.51	8.19	10.38	32.56	45	50
Other Income	0	0.37	0.68	2.72	0.75	5.20	3	3
Earnings before Taxes	12	11.32	21.20	42.54	62.83	77.36	77	119
Growth (%)	20%	-6%	87%	101%	48%	23%	-	54.5
EBT Margin (%)	8.95	7.05	8.34	9.87	9.76	6.7	5.89	7
Tax-Total	4	3.42	6.07	10.58	16.62	20.56	20	31
Rate of tax (%)	33	30.17	28.61	24.88	26.45	26.58	26%	26%
Net Profit	8	7.91	15.13	31.96	46.21	56.80	57	88
Growth (%)	33.3	-1.39	91.34	111.19	44.59	22.92	-	54.3
PAT Margin (%)	6	4.91	5.95	7.42	7.17	4.92	4.36	5.1
EPS	6.21	5.98	8.92	18.82	16.73	19.68	18.38	28.3
EPS Growth (%)	33.3	-1.39	49.29	111.00	-11.11	17.60	-	54.4

Balance Sheet

Y/E March	2019	2020	2021	2022	2023	2024
Equity Share Capital	13	13	17	17	28	29
Reserves & Surplus	21	35	54	84	348	435
Total Shareholder's Funds (A)	34	48	71	101	376	464
Borrowings	56	68	80	87	297	372
Total Non-Current Liabilities (B)	56	68	80	87	297	372
Advance from customers	0	0	0	0	1	1
Trade Payables	5	15	4	10	16	19
Other Liability Items	9	8	18	17	19	24
Total Current Liabilities (C)	14	23	22	27	36	44
Total Equity and Liabilities (A+B+C)	105	140	174	216	709	880
Property, Plant & Equipment	43	50	59	54	135	366
Capital Work in progress	0	0	8	10	103	13
Investments	0	0	0	0	0	0
Total Non-Current Assets (A)	43	50	67	64	238	379
Inventory	39	60	80	115	212	297
Debtors	10	23	20	27	86	122
Cash and Bank Balance	4	2	1	0	105	32
Loans and advances	5	2	2	3	3	3
Other Current Assets	4	4	4	7	66	48
Total Current Assets (B)	62	90	107	152	471	501
Total Assets(A+B)	105	140	174	216	709	880

Source: Company, Hem Securities Research.

Ratios						
Y/E March (Basic (INR))	2019	2020	2021	2022	2023	2024
Profitability and return ratios						
Net profit margin (%)	5.09	4.17	5.00	5.36	5.47	3.93
EBITDA margin (%)	11.00	12.58	11.56	9.88	9.79	9.95
EBIT margin (%)	9.35	9.85	9.49	8.52	8.67	7.61
ROE (%)	28.86	18.74	25.41	37.20	20.67	14.34
ROCE (%)	22.2	17.94	21.47	29.89	17.03	14.60
Working Capital & liquidity ratios						
Payables (Days)	28.84	47.78	20.86	9.60	10.81	7.36
Inventory (Days)	82.34	94.80	84.21	59.70	70.68	64.25
Receivables (Days)	24.08	32.00	25.58	14.25	24.43	26.29
Current Ratio (x)	1.74	1.45	1.62	1.96	2.12	1.68
Valuations Ratios						
EV/sales (x)	0.49	0.50	0.38	0.24	2.33	1.43
EV/EBITDA (x)	3.75	3.34	2.75	1.77	18.15	11.44
P/E (x)	0.00	0.00	0.00	0.00	28.32	22.98
P/BV (x)	0.00	0.00	0.00	0.00	3.78	2.93
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00	0.13
Return on Assets (%)	9.92	6.51	9.66	16.40	9.99	7.15
Leverage Ratio						
Debt/Equity (x)	1.55	1.41	1.13	0.87	0.86	0.83

Cash Flow Statement						
Y/E March	2019	2020	2021	2022	2023	2024
CF from Operating activities (A)	6	1	10	4	-101	5
CF from Investing Activities (B)	-32	-12	-23	-4	-222	-182
CF from Financing Activities (C)	30	9	12	0	426	74
Net Cash Flow	4	-2	-1	-1	104	-102

Source: Company, Hem Securities Research.

RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
28 th February	BUY	424

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Name of the Research Analyst: Mudit Jain

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