

Hi-Tech Pipes Ltd

Strong Execution; Growth Visibility Intact...

Hi-Tech Pipes (Hi-Tech) delivered a healthy operational performance in Q4FY26, driven by strong topline growth supported by robust sales volume jump and improved realizations, while EBITDA/tonne expanded aided by disciplined pricing and a favourable product mix. Despite near-term challenges arising from geopolitical tensions in the Gulf region, supply-chain disruptions and steel price volatility, the company's structural growth drivers remain firmly intact. In fact, the management continues to highlight healthy demand momentum across solar, transmission, defence, oil & gas and water distribution segments, providing confidence in sustaining growth momentum. Accordingly, the company has guided for healthy volume growth of 22-30% YoY in FY27, with momentum expected to continue into FY28. Further, EBITDA/tonne guidance remains intact at Rs3,500-4,000, supported by an improving value-added product mix, better pricing environment and operating leverage benefits. The expansion roadmap also remains firmly on track, targeting installed capacity of ~2mn tonnes by FY29-end, while its healthy balance sheet and planned fund raising provide adequate financial flexibility to support future growth initiatives. Additionally, disciplined working capital management continues, with net working capital days remaining <60 days. Overall, increasing scale, ongoing capacity additions, rising contribution from value-added products and healthy demand visibility continue to strengthen earnings outlook. At CMP, the stock is trading at 18.1x FY28E P/E; we maintain our Buy rating with a target price of Rs116/share, based on a target multiple of 22x FY28E P/E.

Strong revenue growth; higher depreciation and interest weigh on earnings

- Revenue more than doubled on YoY basis to Rs14.8bn; however, after adjusting for stock-in-trade sales, revenue growth stood to a healthy 60.9% YoY, translating into an adjusted topline of ~Rs10.6bn. The strong performance was primarily driven by robust volume growth of 26.8% YoY, supported by healthy demand conditions and capacity expansion, coupled with a sharp 26.9% YoY increase in realizations, aided by rising HRC prices and better product mix.
- Operational performance remained healthy, with EBITDA/tonne improving 4.6% YoY and 2.3% QoQ to Rs3,148, resulting in EBITDA growth of 32.6% YoY and 10.6% QoQ.
- The strong operating growth, however, did not fully translate into earnings growth, as PAT remained largely flat at Rs176mn owing to a sharp increase in depreciation and finance costs.

Outlook and Valuation: We have revised our estimates following the reported FY26 performance and updated management guidance. Accordingly, we expect the company to deliver a strong revenue growth trajectory, with revenue from operations expected to register an 18.7% CAGR over FY26-28E, primarily driven by a healthy volume CAGR of 14.4%. We also anticipate gradual improvement in blended realizations, supported by firm HRC prices and an improving product mix. However, factoring in a lower contribution from stock-in-trade sales, adjusted revenue growth is expected to translate into a 12.5% CAGR over the same period. Further, we expect EBITDA/tonne to improve to ~Rs3,347 in FY27E and ~Rs3,545 in FY28E, supported by improving operating leverage and rising contribution from value-added products. Consequently, EBITDA and PAT are expected to register healthy CAGRs of 19.3% and 21.0%, respectively, over FY26-28E. We continue to value the stock at 22x FY28E P/E, which translates into a target price of Rs116/share. **Maintain BUY.**

Consolidated (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Var. (%)
Net Sales	14,804	7,337	101.8	10,696	38.4	10,198	45.2
Operating Cost	14,340	6,988	105.2	10,277	39.5		
EBITDA	463	349	32.6	419	10.6	464	(0.3)
EBITDA Margin (%)	3.1	4.8	(163) bps	3.9	(79) bps	4.6	
Depreciation	(76)	(43)	78.9	(67)	14.1		
Interest	(157)	(66)	138.2	(123)	28.4		
Other income	2.5	0.1	NA	2.5	0.4		
PBT	232	241	(3.6)	232	0.1		
Provision for tax	(56)	(64)	(12.8)	(58)	(3.4)		
Tax rate (%)	(24.2)	(26.8)	256 bps	(25.1)	87 bps		
Reported PAT	176	176	(0.2)	174	1.2	210	(16.4)
RPAT Margin (%)	1.2	2.4	(121) bps	1.6	(44) bps		

Source: Company, SMIFS Research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS*	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY24	26,993	13.1	1,148	4.3	439	(37.5)	2.1	8.8	9.0	48.2	16.3
FY25	30,676	13.6	1,600	5.2	729	66.1	3.4	8.0	8.6	43.4	19.0
FY26	42,007	36.9	1,736	4.1	762	4.4	3.6	5.9	7.3	26.5	12.2
FY27E	45,172	7.5	2,011	4.5	866	13.7	4.1	6.2	7.5	23.3	10.7
FY28E	53,191	17.8	2,471	4.6	1,116	28.9	5.3	7.3	8.2	18.1	9.5

Source: Company, SMIFS Research Estimates; *on higher number of shares on expected conversion of warrants



Rating: **BUY** Return: **~22%**
 Current Price: **95** Target Price: **116**

Earlier recommendation

Previous Rating:	Buy
Previous Target Price:	118
Source: SMIFS Research	

Market data

Bloomberg:	HITECH: IN
52-week H/L (Rs):	128/70
Mcap (Rs bn/USD Bn):	19.3/0.2
Shares outstanding (mn):	203.1
Free float:	56.2%
Avg. daily vol (3M)	1.7mn
Face Value (Rs):	1
Source: SMIFS Research	

Shareholding pattern (%)

	Mar-26	Dec-25	Sep-25	Jun-25
Promoter	43.8	43.6	43.6	44.0
FIIs	0.8	1.4	2.4	1.7
DIIIs	16.3	15.9	14.5	16.1
Public/others	39.1	39.1	39.5	38.2
Source: SMIFS Research				

Promoter Pledging

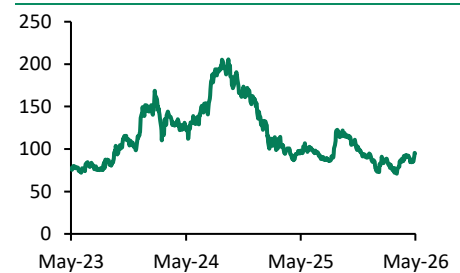
Pledged shares	13.6	3.4	3.4	4.1
Source: BSE				

Price performance (%) *

	1M	3M	12M	36M
NIFTY 50	-0.8	-5.1	-3.7	29.2
NIFTY 500	0.6	-0.9	-0.7	46.3
HITECH	4.6	8.0	-1.4	24.8

*As on 28th May 2026; Source: AceEquity, SMIFS Research

3 Year Price Performance Chart



Source: AceEquity

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Q4FY26— Key takeaways from the management call

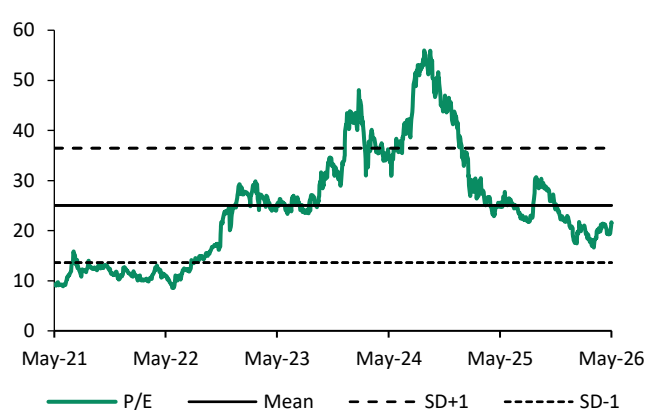
- Capacity Expansion:** Hi-Tech continues to aggressively pursue its expansion roadmap, with installed capacity increasing to 10,50,000 tonnes/annum at FY26-end following the addition of ~3,00,000 tonnes/annum during the year. The company remains on track to achieve its targeted capacity of 20,00,000 tonnes/annum by FY29-end, supported by multiple ongoing expansion initiatives. The commissioning of the new DFT facility at Sanand along with capacity additions at Hindupur (Andhra Pradesh) expected during H2FY27, is likely to increase installed capacity to ~14,00,000 tonnes/annum by FY27-end. Further planned expansions across Sri City (Tamil Nadu) and Sikandrabad (Uttar Pradesh) are expected to take total capacity to ~17,00,000 tonnes/annum by FY28-end, providing strong growth visibility. To support this expansion strategy, the company plans to incur total capex of ~Rs3bn, of which ~Rs1bn is earmarked for FY27, while ~Rs1.2bn is already under execution through work-in-progress.
- Volume Guidance:** The company reported strong sales volumes of 147,125 tonnes in Q4FY26, registering robust growth of 26.8% YoY and 8.1% QoQ, driven by improving demand conditions and incremental contribution from newly commissioned capacities. Consequently, total sales volumes for FY26 stood at 532,437 tonnes, reflecting 9.8% YoY growth, albeit marginally below the earlier guidance of 5,50,000 tonnes. Looking ahead, management has guided for FY27 sales volumes of 650,000-700,000 tonnes, implying a healthy growth trajectory of ~22-30% YoY. The anticipated growth is expected to be supported by a) ramp-up of newly commissioned capacities, b) improving brand visibility and deeper dealer/distributor penetration, c) sustained demand momentum across infrastructure, defence and solar sectors, d) new product launches, and e) continued geographical expansion, providing strong visibility for volume growth going forward.
- Outlook on EBITDA:** EBITDA/tonne stood at Rs3,148 in Q4FY26, improving from Rs3,010 in Q4FY25 and Rs3,078 in Q3FY26, reflecting a gradual improvement in operating performance. For FY26, EBITDA/tonne came in at Rs3,260, below the earlier guidance of ~Rs3,500. Nevertheless, management remains optimistic and has guided for EBITDA/tonne of Rs3,500-4,000 by FY28, to be driven by a) increasing contribution from higher-margin value-added products, with their share expected to rise ahead from 39% in FY26 to ~45-50% by FY28E, b) commissioning of strategic facilities including the DFT plant at Sanand and Value-added products facility at Hindupur, c) improved realizations and operating efficiencies, and d) continued focus on cost optimization initiatives.
- Commentary on Stock-in-Trade:** Management indicated that the sharp increase in stock-in-trade during Q4FY26 was primarily driven by year-end supplier commitment requirements aimed at availing volume-linked discounts and procurement benefits. These traded portfolios mainly comprised HRC, cold-rolled and galvanized products, which typically operate at relatively low margins. Management further emphasized that the elevated trading activity is temporary in nature and is expected to gradually normalize as utilization levels improve across recently commissioned capacities in Sikandrabad, Sanand and Kathua (J&K).
- Fund Raising:** To support its ambitious expansion roadmap, the company has proposed the issuance of 9mn fully convertible equity warrants (each carrying the right to subscribe to one equity share at an exercise price of Rs100/warrant) through a preferential issue to promoter entities, aggregating to Rs900mn. The proceeds are primarily intended to fund incremental working capital requirements arising from ongoing and planned capacity additions, while simultaneously strengthening the balance sheet and preserving financial flexibility to support the next phase of growth.

Outlook and Valuation

Hi-Tech remains well positioned to deliver healthy growth, gradual improvement in EBITDA/tonne and strong earnings expansion, supported by its aggressive capacity expansion roadmap towards 2mn tonnes/annum, favourable demand outlook for HRC-based pipes and rising contribution from higher-margin value-added products (VAP). Despite the ongoing capex cycle, the balance sheet is expected to remain healthy, with Net D/E projected to stay at a comfortable $\sim 0.2x$, providing adequate financial flexibility to support future growth.

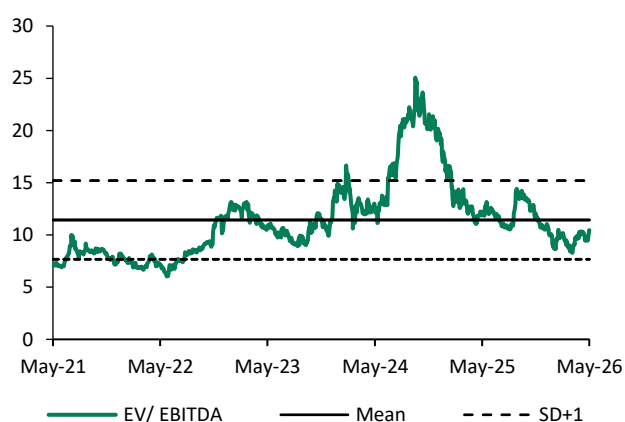
At CMP, the stock is trading at 23.3x FY27E P/E and 18.1x FY28E P/E. We continue to value the company at 22x FY28E P/E, arriving at a target price of Rs116/share, implying an upside potential of $\sim 22\%$. Accordingly, we maintain our BUY recommendation.

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS Research

Fig 2: 1-year forward EV/EBITDA



Source: AceEquity, SMIFS Research

Fig 3: Changes in estimates

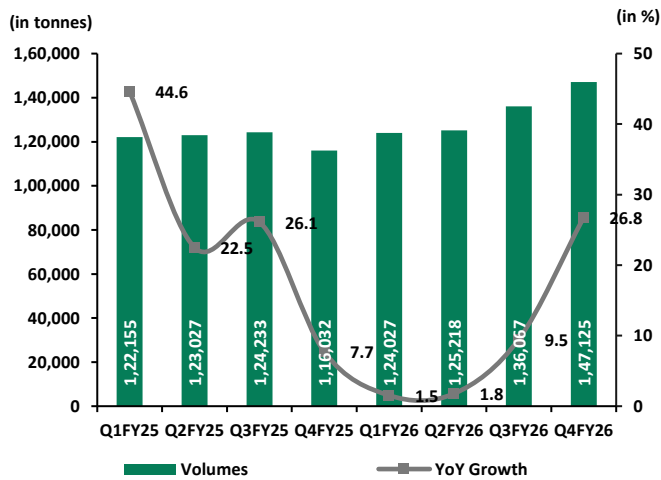
Rs Mn	New Estimates		Old Estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	45,172	53,191	41,303	48,889	9.4	8.8
Gross profit	3,450	4,077	3,489	4,127	(1.1)	(1.2)
Gross profit margin (%)	7.6	7.7	8.4	8.4	(81) bps	(78) bps
EBITDA	2,011	2,471	2,006	2,467	0.3	0.1
EBITDA Margin (%)	4.5	4.6	4.9	5.0	(40) bps	(40) bps
APAT	866	1,116	889	1,092	(2.6)	2.2
Adj. EPS (Rs)	4.1	5.3	4.2	5.1	(2.6)	2.2

Source: Company, SMIFS Research Estimates

Our topline estimates have been revised upwards primarily due to consideration of higher realizations, driven by the increase in HRC prices. However, we have maintained our EBITDA/tonne assumptions for FY27 and FY28 at earlier levels. Effectively, margin appear relatively lower on account of the elevated revenue base. Additionally, revisions in borrowing and capex assumptions have resulted in changes to interest costs and depreciation estimates, leading to adjustments in our PAT forecasts.

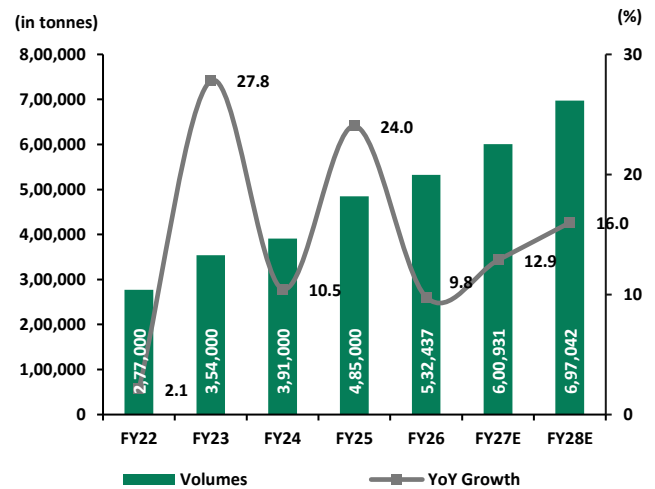
Story In Charts

Fig 4: Quarterly Volumes



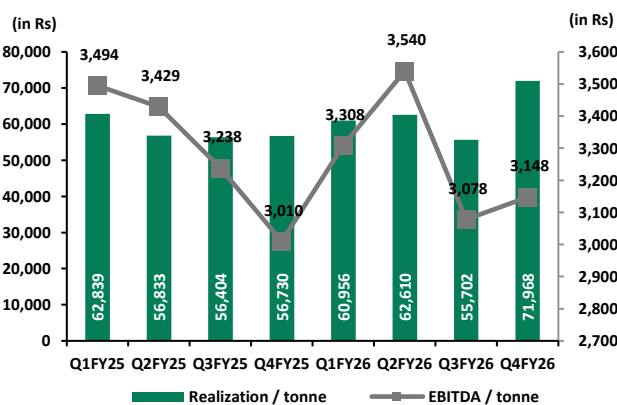
Source: Company, SMIFS Research

Fig 5: Annual Volumes



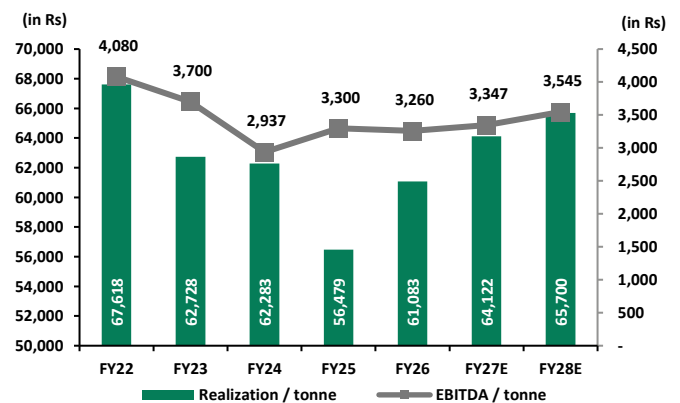
Source: Company, SMIFS Research Estimates

Fig 6: Quarterly trend of Realization and EBITDA



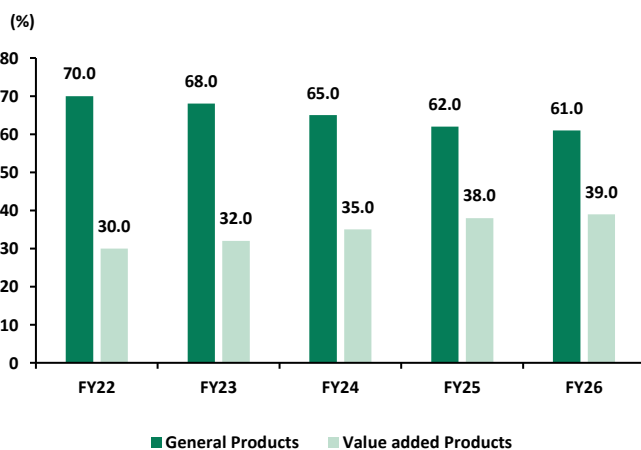
Source: Company, SMIFS Research

Fig 7: Annual trend of Realization and EBITDA/tonne



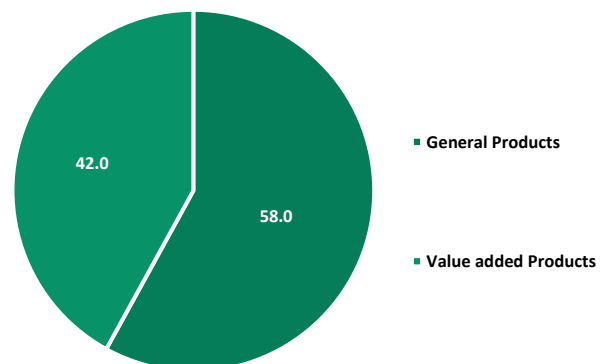
Source: Company, SMIFS Research Estimates

Fig 8: Annual trend in sales mix



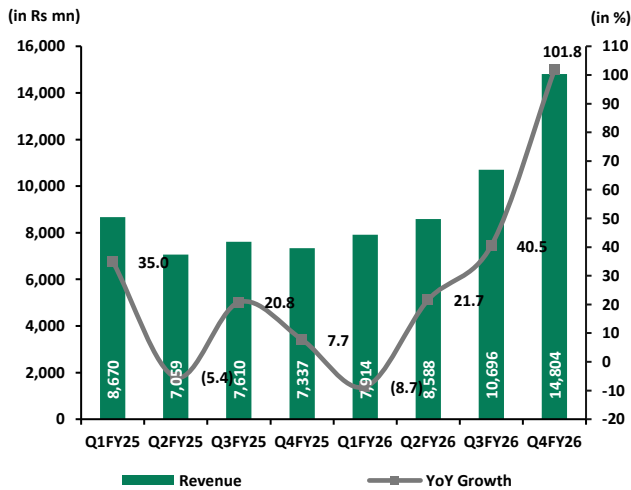
Source: Company, SMIFS Research Estimates

Fig 9: Sales mix expected in FY28



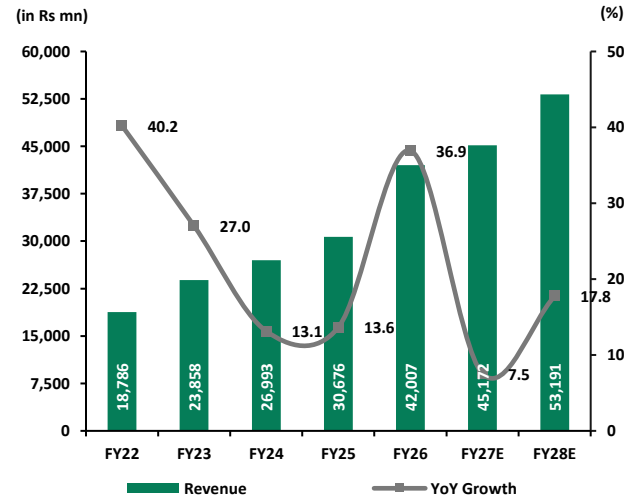
Source: Company, SMIFS Research Estimates

Fig 10: Quarterly Revenues



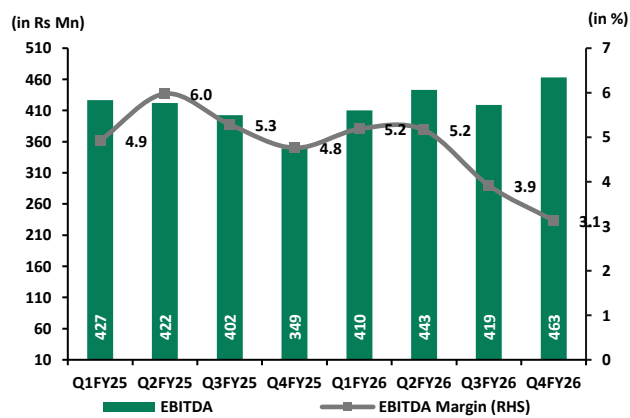
Source: Company, SMIFS Research

Fig 11: Yearly Revenues



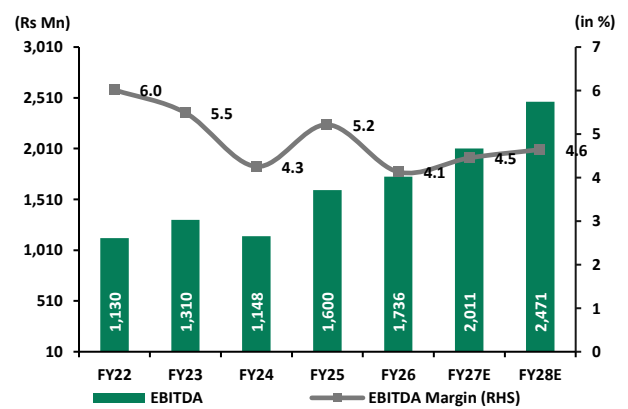
Source: Company, SMIFS Research Estimates

Fig 12: Quarterly trend of EBITDA and EBITDA margin



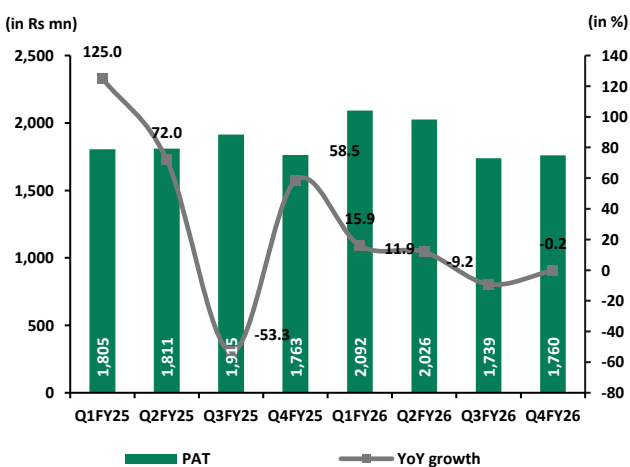
Source: Company, SMIFS Research

Fig 13: Yearly trend of EBITDA and EBITDA margin



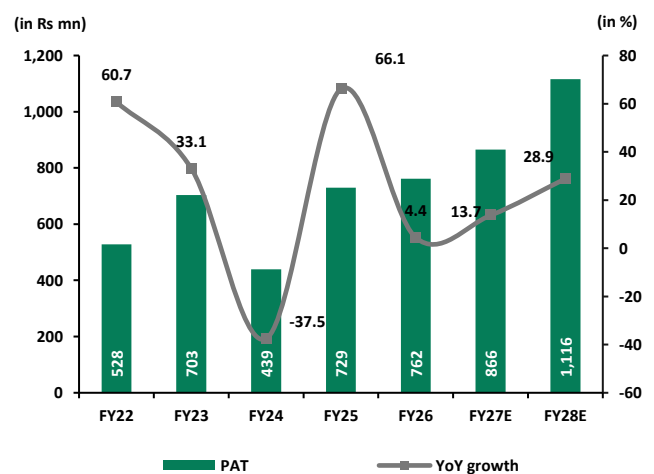
Source: Company, SMIFS Research Estimates

Fig 14: Quarterly trend of PAT



Source: Company, SMIFS Research

Fig 15: Yearly trend of PAT



Source: Company, SMIFS Research Estimates

Quarterly financials, Operating metrics and KPIs

Fig 16: Quarterly Financials

Y/E March (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net sales	8,670	7,059	7,610	7,337	7,914	8,588	10,696	14,804
Cost of Material Consumed	7,914	6,309	6,843	6,771	7,188	7,816	9,927	14,005
Employee Cost	85	83	88	76	85	88	91	94
Other Expenditure	243	246	276	141	231	241	259	241
EBITDA	427	422	402	349	410	443	419	463
Depreciation	51	53	63	43	62	66	67	76
Other Income	5	10	4	0	9	11	3	3
Interest	141	136	88	66	78	118	123	157
PBT	240	243	256	241	280	271	232	232
Tax	59	62	64	64	70	68	58	56
Tax rate (%)	24.8	25.5	25.2	26.8	25.2	25.2	25.1	24.2
Reported PAT	181	181	191	176	209	203	174	176
YoY Growth (%)								
Revenue	35.0	(5.4)	20.8	7.7	(8.7)	21.7	40.5	101.8
EBITDA	101.4	57.7	27.4	(1.1)	(3.9)	5.1	4.1	32.6
Adj. PAT	125.0	72.0	-53.3%	58.5	15.9	11.9	(9.2)	(0.2)
QoQ Growth (%)								
Revenue	27.3	(18.6)	7.8	(3.6)	7.9	8.5	24.5	38.4
EBITDA	20.8	(1.2)	(4.6)	(13.2)	17.5	8.0	(5.5)	10.6
Adj. PAT	62.3	0.3	5.7	(7.9)	18.6	(3.2)	(14.2)	1.2
Margin (%)								
Gross Profit	8.7	10.6	10.1	7.7	9.2	9.0	7.2	5.4
EBITDA	4.9	6.0	5.3	4.8	5.2	5.2	3.9	3.1
Adj. PAT	2.1	2.6	2.5	2.4	2.6	2.4	1.6	1.2
Employee cost as % of sales	1.0	1.2	1.2	1.0	1.1	1.0	0.8	0.6
Other expenses as % of sales	2.8	3.5	3.6	1.9	2.9	2.8	2.4	1.6
Operational Matrix (%)								
Sales volume (in tonnes)	1,22,155	1,23,027	1,24,233	1,16,032	1,24,027	1,25,218	1,36,067	1,47,125
Realization (in Rs/tonne)	62,839	56,833	56,404	56,730	60,956	62,610	55,702	71,968
EBITDA (In Rs/tonne)	3,494	3,429	3,238	3,010	3,308	3,540	3,078	3,148

Source: Company, SMIFS Research

Key Performance Indicators

Particular	FY24	FY25	FY26	FY27E	FY28E
Installed Capacity (in tonnes/annum)	7,50,000	7,50,000	10,50,000	13,55,000	15,95,000
Sales Volumes (in tonnes)	3,91,000	4,85,000	5,32,437	6,00,931	6,97,042
Capacity Utilization (%)	52.1	64.7	50.7	44.3	43.7
Realization (Rs/tonne)	62,283	56,479	61,083	64,122	65,700
EBITDA/tonne (Rs)	2,937	3,300	3,260	3,347	3,545

Source: Company, SMIFS Research Estimates

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	26,993	30,676	42,007	45,172	53,191
Raw Materials	24,625	27,837	38,936	41,723	49,113
% of sales	91.2	90.7	92.7	92.4	92.3
Personnel	315	332	357	397	441
% of sales	1.2	1.1	0.9	0.9	0.8
Other Expenses	905	907	978	1,041	1,165
% of sales	3.4	3.0	2.3	2.3	2.2
EBITDA	1,148	1,600	1,736	2,011	2,471
Depreciation	155	209	271	352	403
Other Income	12	19	26	17	18
EBIT	1,005	1,410	1,490	1,677	2,086
Finance cost	419	430	476	520	594
Core PBT	575	961	989	1,140	1,474
PBT	587	980	1,015	1,157	1,491
Tax-Total	148	250	253	292	376
Tax Rate (%) - Total	25.1	25.6	24.9	25.2	25.2
Reported PAT	439	729	762	866	1,116

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY24	FY25	FY26	FY27E	FY28E
Growth Ratio (%)					
Revenue	13.1	13.6	36.9	7.5	17.8
EBITDA	(12.3)	39.3	8.4	15.9	22.8
Adjusted PAT	(37.5)	66.1	4.4	13.7	28.9
Margin Ratios (%)					
Gross Profit	8.8	9.3	7.3	7.6	7.7
EBITDA	4.3	5.2	4.1	4.5	4.6
EBIT	3.7	4.6	3.5	3.7	3.9
Core PBT	2.1	3.1	2.4	2.5	2.8
Adjusted PAT	1.6	2.4	1.8	1.9	2.1
Return Ratios (%)					
ROE	8.8	8.0	5.9	6.2	7.3
ROCE	9.0	8.6	7.3	7.5	8.2
Turnover Ratios (days)					
Gross block turnover ratio	7.1	6.8	7.2	6.0	5.8
Adj OCF / Adj PAT (%)	(312.0)	36.8	(58.1)	71.7	31.7
Inventory	47	46	49	47	45
Debtors	46	57	49	50	50
Creditors	21	30	32	31	31
Cash conversion cycle	72	73	66	66	64
Solvency Ratio (x)					
Debt-equity	0.7	0.2	0.2	0.2	0.3
Net debt/equity	0.6	0.0	0.1	0.2	0.2
Gross debt/EBITDA	3.5	1.2	1.5	1.6	1.7
Current Ratio	1.5	2.4	2.2	2.1	2.0
Interest coverage ratio	2.4	3.3	3.1	3.2	3.5
Dividend					
DPS	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	-	0.0	0.0
Dividend Payout (%)	0.9	0.7	-	0.7	0.7
Per share Ratios (Rs)					
Basic EPS (reported)	2.9	3.6	3.7	4.3	5.3
Adj EPS	2.1	3.4	3.6	4.1	5.3
CEPS	4.0	4.6	5.1	6.0	7.2
BV	38.5	61.9	65.7	71.0	76.4
Valuation (x)*					
Adj P/E	48.2	43.4	26.5	23.3	18.1
P/BV	2.6	2.4	1.5	1.3	1.2
EV/EBITDA	16.3	19.0	12.2	10.7	9.5
EV/Sales	0.7	1.0	0.5	0.5	0.4
Adj Mcap / Core PBT	25.5	29.6	18.6	16.1	13.0
Adj Mcap / Adj OCF	(10.7)	106.0	(41.7)	29.6	54.3

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Source of funds					
Share Capital	150	203	203	203	212
Reserves & Surplus	5,614	12,370	13,132	14,220	15,998
Shareholders' Funds	5,764	12,574	13,335	14,423	16,210
Total Loan Funds	4,023	1,915	2,675	3,203	4,166
Other Liabilities	301	350	397	402	411
Total Liabilities	10,087	14,839	16,407	18,028	20,787
Application of funds					
Gross Block	4,229	4,812	6,822	8,322	10,072
Net Block	3,544	3,922	5,662	6,811	8,159
Capital WIP	623	1,937	1,029	768	896
Right use of assets	-	-	675	675	675
Intangible Asset	5	3	0	1	2
Other Investments	26	38	45	45	45
Other Non-Current Assets	434	1,218	712	829	967
Inventories	3,467	3,843	5,656	5,817	6,558
Sundry Debtors	2,802	3,027	4,490	4,703	5,392
Cash Balance	23	358	217	255	264
Bank Balance	237	1,468	653	653	653
Other current assets	627	1,743	1,097	1,485	1,894
Total Current Assets	7,156	10,439	12,113	12,913	14,761
Sundry Creditors	1,573	2,497	3,679	3,837	4,518
Other current liabilities	127	220	150	178	201
Total Current Liabilities	1,700	2,718	3,829	4,015	4,719
Net Current Assets	5,456	7,721	8,283	8,899	10,042
Total Assets	10,087	14,839	16,407	18,028	20,787

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Operating profit before WC changes					
	1,150	1,602	1,760	2,011	2,471
Net changes in working capital	(1,989)	(715)	(1,512)	(579)	(1,147)
Tax Paid	(113)	(189)	(215)	(292)	(376)
Cash flow from operating activities	(952)	698	33	1,140	948
Adj. OCF	(1,371)	268	(442)	621	354
Capital expenditure	(1,132)	(2,642)	(1,013)	(1,609)	(1,869)
Adj FCF	(2,502)	(2,373)	(1,456)	(989)	(1,515)
Cash flow from investing activities	(1,171)	(3,901)	(406)	(1,332)	(1,980)
Debt	1,558	(1,867)	452	528	963
Dividend	(3)	(4)	(5)	-	(6)
Interest and Lease	(419)	(430)	(476)	(520)	(594)
Cash flow from financing activities	2,128	3,537	231	231	1,040
Net change in cash	4	335	(142)	39	8

Source: Company, SMIFS Research Estimates

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