

**Man Industries (India) Limited**  
**Q1 FY24 Earnings Conference Call**  
**August 08, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY24 Earnings Conference Call of Man Industries (India) 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, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you ma’am.

**Purvangi Jain:** Good evening, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Man Industries (India) Limited. On behalf of the Company, I would like to thank you all for participating in the Company's Earnings Call for the First Quarter of the Financial Year 2024.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Now I would like to introduce you to the Management participating in today's Earnings Conference Call and give it over to them for their opening remarks. We have with us Dr. Ramesh Mansukhani - Chairman, Mr. Nikhil Mansukhani - Managing Director and Mr. Ashok Gupta - Chief Financial Officer along with Mr. Rahul Rawat - Company Secretary. Without any further delay, I now hand over the call to Dr. Ramesh Mansukhani for his opening remarks.

**Ramesh Mansukhani:** Thank you for Purvangi. Good evening everyone, and welcome to the Company's Earnings Conference Call for the 1<sup>st</sup> Quarter Financial Year 2024.

Let me begin by giving you a brief of the consolidated financial performance for the quarter:

Our revenue from operations stood at 490 crores, representing a de-growth of around 4% year-on-year. Our EBITDA stood at 41 crores, which grew by about 110% year-on-year while EBITDA margins reported at 9.54%, which was a substantial improvement both on a year-on-year and quarter on quarter basis. Net profit stood at 11 crores, which grew by 14% year-on-year while PAT margins was reported 2.28%. The Board of the directors its meeting held yesterday declared an interim dividend of Rs 2 per equity share.

On 1st Quarter revenue demonstrated our steadfast dedication to excellence, we noticed a substantial increase in our profit after tax. A success rate was analyzed by a statistical decision made across our operations due to cyclone Biparjoy and subsequent heavy rain resulted in production losses, civil infrastructure damages and delay in scheduled shipments. Otherwise the performance could have been much better for the quarter. On the operational front, the unexecuted order book as on date stands approximately around 1900 crores which is to be executed in the next six roughly. We continue to have outstanding base for more than 13,000 crores on various stages of valuation from several oil gas water projects in India and abroad, which sets are expectancy for good order book inflow in near future.

The ERW plant, which recently started few months before, has received the prestigious BIS certification including IS: 1239, IS:1161, IS:3589 the facility is also certified for Management system as per ISO:9001, ISO:14001, ISO:45001 and ISO: 29001 by TUV and the API audit, which is most important for this business, is under progress and ERW plant will soon receive the API certificate and data acquisition will give more strength to the Company in coming time.

We have the opportunity to participate in Oil and Gas tenders after the API aggregations, which will be greatly help by government, semi government projects for oil and gas infrastructure sector among others. We are witnessing multiple triggers and good inquiries for our products and are actively participating in the tendering process.

With that, I conclude my opening statement and we can now open the floor for the question-and-answer session. Thanks a lot.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Thank you. Our first question is from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

**Anirudh Shetty:** Hi. Thank you for the opportunity. I had a few questions. Sir my first question is how many days of production were impacted due to the cyclone and the heavy rain and assuming this event would not have happened, what sales do you think we could have done in Q1 FY24 and also

are there any penalties that we might have to pay to customers due to any delay and dispatch due to this post measure?

**Ramesh Mansukhani:** Okay, sir. Thank you, Anirudh and one by one I will reply. The production loss, actually the production was stopped you can say 13th of June where the before was advancing towards the Gujarat and it was. It crashed over there by 15th of June, and that was the production was last 17 days, approximately 18 days production was totally stopped. After passing this Biparjy then heavy wind and rain. The one-day rain was around 18 inch. One day as a total the flood like situation we lost 18 days production. Apart from 18 days production, the most important whatever material was ready in the semi-finished condition, which was approximately as I am remembering, Mr. Gupta will give the right figure. It was mostly 180 to 200 crore product which was almost ready condition we could not ship it also. So, that is badly hit. The situation coming in the control from the month of July beginning. Then we started shipping all the goods and slowly, slowly, it's picking up. Still because of our infrastructure, badly damaged by the sea, scarcity of the labor, scarcity of the material to get for rehabilitation and restoration it took long time, but our team was day and night trying to come on the action and although no human loss but this loss no one because this is beyond the control and now from August onward you can say we are almost 80 to 90% we are on the track and damages was approximately between 15 to 20 crores. We gave the statement to the BSE NSE also and the final assessment is still going on, but the realization and this work is very speedy. We recovered it. Because of the force majeure conditions there is no penalty. But the all the projects whatever we delayed because of this, it was not even the under the LD apart from the force majeure. Even though there is no force majeure so there no LD. So, now we come down the stage where the LD are you can say the delivery date we are on time.

**Anirudh Shetty:** Okay, you know, we were looking to do 3000 crores of sales and now that given we have lost one quarter of growth in some sense, do we still think we can get to that number and you can show share some more thought around purposes around the visibility that we have for 2024?

**Ramesh Mansukhani** Maybe this 3000 crores turnover is our estimation. Maybe always this estimation 5 to 10% plus and minus and whatever we lost the production, but whatever stock on hand, which was that some finished and some semi-finished products which is already under the shipment. Whatever we lost in Quarter 1, hopefully we will recover in this quarter 2 in the current quarter. So, the current quarter will be much, much better and we hope now there is rain also in Gujarat was unprecedented last, I think 40-50 years datas the 14<sup>th</sup> rain in one month . No one has thought it, beyond the control, but we are trying to recover it. But our estimation right now is it 3000 plus or minus 10% we are in the same range.

**Anirudh Shetty:** Okay and assuming we do 3000 plus minus 10% what kind of EBITDA margin and PAT margin do we think you can achieve and also if you can just give some more color around what the mix

will look like, how much do you think will be domestic versus export, how much will be water versus oil and gas for 2024?

**Ramesh Mansukhani:** Anirudh as we indicated around we are 70%-80% oil and gas sector and out of that well this year our export would be more than 60% this year and the rest 3000 crore estimation 1800 crore, 2000 crore export, 1000 crore total domestic including oil and gas and water that combination whatever we said we are adhering to what we have estimated. EBITDA whatever we estimated around 10%, which we will continue.

**Anirudh Shetty:** Just one follow up. So, you know in this quarter we did about 9.5% despite no growth. So, with the rest of the year, if we are able to grow and reach 3000 crores for the full year should not we also see some operating leverage and export also I believe is a higher margin business, so is 10% conservative number over here or is there something that we are missing?

**Ramesh Mansukhani:** Whatever we have given the guidance that 10% to 11% for the year and we are maintaining our guidance at 10 to 11%. which is 100 basis.

**Anirudh Shetty:** Okay sir. I will join back in the queue. Thank you.

**Moderator:** Thank you. Our next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

**Ankur Kumar:** Hello sir. Thank you for taking my question. Sir, as you were saying to the previous participant, that 200 crore of semi-finished could not be shipped. So, all of that has been shipped in July and August.

**Ramesh Mansukhani:** All the material now it is shipped.

**Ankur Kumar:** Got it.

**Ramesh Mansukhani:** For further planning for the shipments for the quarter, that is improvised.

**Ankur Kumar:** Got it, sir and sir on the big Middle East order of 1300 crore which we disclosed also. So, the delivery timeline for that is like 5-6 months only.

**Ramesh Mansukhani:** There is a time up to December and it is under progress and is going well after this before that, now is going very well.

**Ankur Kumar:** Got it, sir and Sir, in terms of order books as in our order book is like 6 months only, is it like too less time or you think that is a general trend and with time we will gain more orders for the coming after December we will have more orders or how should we think about that?

**Ramesh Mansukhani:** No, there are many method from the data payment we received from the client LC date etc. and what is the delivery what is the quantity delivery for customer wish for our raw material. It is the lot of calculation. For this, this quantity, whatever we booked right now, around 1900 crore is good enough for 6 months as we are estimating.

**Ankur Kumar:** So, in terms of coming in, you are saying order book is like 13,000 crores. So, what is our order win rate on that and when can we expect more orders to come in?

**Ramesh Mansukhani** This 13,000 crores is a big book actually and the different evaluation stages. So, this moment, no one can say what is the winning rate and what projects are coming very fast and very slow. Every country of the oil and gas companies, they have the different different mode of style and working, but we cannot give any assurance how many percentage, this thing, but we are confident to get the good our chunk in coming time.

**Ankur Kumar:** So, in terms of any as in loss estimate based on looking at our last trends as in last couple of years trend, how much can we win from that front?

**Ramesh Mansukhani** Sir there is no trend actually, but it is very difficult to know. if I can say 20%, I can say 15%, but that will be very ballpark figure I cannot give anything. Maybe 25%, we don't know really, but we really we are working closely on some of the inquiries from overseas and we are sure that some of the inquiries will be converted into orders closely working, yes.

**Ankur Kumar:** Got it sir and sir of interest expense, there is a big jump in this Q1 as in we moved to 21 crores from 9, 10 to 11 crores, right. So, can you comment on that please.

**Ramesh Mansukhani** Mr. Gupta our CFO will reply, what are the reasons.

**Ashok Gupta:** See finance forces increase on around 9 crores to 20.7 crores during week of quarter. The one of the big reason for increasing finance force is basically interest charge on this term loan taken for ERW facility where the interest is part of this revenue expense is and whereas we are still going to generate revenue from ERW once this API approvals are in place, which we are expecting shortly and maybe this H2 we can have some revenue from ERW also then some of the this posting related to the material which is laying in semi-finished and finished stocks the costing part has already been accounted for costing purposes, whereas the revenue is going to be part of the current quarter. So, that is also some portion of interest is affected by that and other one is for ERW and thirdly, in any case, the interest rate scenario is on increasing trend or earlier this suppliers credit was buyers credit facilities which we used to get within 1% range. Nowadays since so far plus the spread. Now it is not available anywhere between 6 to 6 1/2% to 7%. So, clearly taking together all these reasons this interest cost gap increased.

**Ankur Kumar:** So, for full year, we will have to estimate as in like 80 odd crore type interest or can it be lower?

**Ashok Gupta:** Not really, not really for the year should be in the range of 60 to 65 crores.

**Ankur Kumar:** Got it, sir and the last question is on this SEBI settlement thing. Can you please comment on what was it and what should we expect going forward?

**Ashok Gupta:** As we informed earlier that as regards the settlement application with SEBI, we have already filed that application long back and we are still to hear the final decision from the SEBI, which we expect it should come anytime soon.

**Ankur Kumar:** But we disclosed as in some paying some payment for that.

**Ashok Gupta:** No, that is see there were two issues one is for audit intimation and another one on the forensic audit matter, though in fact we were supposed to give the intimation immediately. We received the intimation for appointment of forensic auditor, which was delayed to some extent, so that is the reason SEBI has issues which of course why it has not been uploaded on the exchange on time. So, we have settled that matter and SEBI has given that settlement order and that we have disclosed all the exchanges also.

**Ashok Gupta:** Got it sir.

**Ashok Gupta:** Other matter is, hopefully yes.

**Moderator:** Thank you. Sorry to interrupt, Mr. Ankur Kumar, may we request you to return to the question queue for follow up questions. Thank you, ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to one or two per participant. Should you have a follow up question, we would request you to rejoin the queue. Thank you. Our next question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

**Riddhesh Gandhi:** So, we are seeing an increase in profitability across the industry. Just wanted to understand is that because the overall demands in imbalances are reduced or and how long do we expect this to continue and how is the competitive intensity on a new order in terms of how aggressive we are let me put it that way?

**Ramesh Mansukhani:** Mr. Gandhi can you just repeat your question?

**Ashok Gupta:** Mr. Gandhi, you want to ask this thing that when the new order will come, what is the process you want? What is the question then.

**Riddhesh Gandhi:** No, I think the question was how the competitive are the new orders and has it been increasing or decreasing over time and how do you see that over the next few years and in terms of potential impacts on the profitability?

**Ramesh Mansukhani:** Sir, I, as we already informed you sir. Normally in our business, EBITDA is 10 to 11% in that range we are working. We always try to get the better projects where the more profitability are there but depend on what grade, what coating, what value addition and lot of formulas are there and debt every time it changes. Difficult to predict, but we are comfortable whatever we are doing and whatever we announced between 10 to 15 percent and that range, we should get it.

**Riddhesh Gandhi:** So, I think the question is that with the profitability of orders we have taken off late and in the near term have all been reasonably higher than where they have been historically and this is not only for us it is also our competitors. So, just want to understand what really is driving this increase in profitability? Is it there supply has remain reasonably flat and that overall demand because of infrastructure has increased. Is it because exports from India have increased? Just wanted to understand the reason for the buoyancy across the industry.

**Ramesh Mansukhani** The reason, the project, what is the combination, what grade, what country, what restriction in import export and what value addition we are getting that was a lot of combination that gives a higher profitability. All the companies that try to get the higher profitability we also try to get the profitability, but there is a not a very fixed formula that there will be the much more high, but every project is having the different kind of value addition.

**Riddhesh Gandhi:** What I was asking is that is there a reason why the profitability has increased across the industry? Is it because of the import duties amid China, which has helped our exports or just want to understand what are the drivers that have helped us to improve our profitability and our revenues.

**Ashok Gupta:** See the profitability rightly better is this because there is a certain softening of the raw materials in the last order? So, that is the only advantage, but then it also depends how much percentage competitors booking at the time of getting the order. So, if they have a particular specific call that they want to book 50% and then the 50% they book it over a period of time. So, then whether they get that benefits or profitability goes up, but currently the benefit is also one thing that there is the steel market is also quite stable.

**Riddhesh Gandhi:** No, no, I get that, but with the profitability I am referring to, is it EBITDA because ultimately EBITDA margin is it dependent on the raw materials as well? I am looking at it in terms of EBITDA per ton.

**Ramesh Mansukhani** EBITDA per ton is always better for oil and gas and more oil and gas business you do, the better your overall EBITDA and everything is

**Ashok Gupta:** And it is an combination of oil, gas and water and also certain countries where you are qualified if someone else is qualified in a certain country, whether is only very limited European bidder then obviously you get a better price because of your competitiveness to European and your

pricing compared to European versus if there are three Indians in the same place, if any other country also then the prices are normally more competitive. So, the margins go down.

**Moderator:** Thank you. Our next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Good evening, sir, and thank you so much for taking my question. Sir, I just wanted to firstly clarify, I think so we are seeing around the 15 days of impact had lowered our sales by around 200 crores which has been shipped this year. Is that correct understanding.

**Ramesh Mansukhani:** Right, Sir.

**Darshil Jhaveri:** Yes. So, okay, that's great to hear sir and sir with our 1900 crores execution that has to be done in six months. So, we will now see maybe, can we see around 1000 crores quarter or how would the execution of that would be maybe would it be more towards Q3 or Q2. How is that or will it be a very linear thing that was my first question and with our order wins, I will not ask you to comment on the win rate, but by what time do the tenders close? So, you know, maybe we can come to know, when will we come to the happy one or lose the order? When will that clarity come to us?

**Ramesh Mansukhani:** As we indicated, this 13,000 crore with book. Is it different-different evaluation procedure. This is not a one day we go ahead, all we quoted historically few months before, some is getting matured now, some is getting next month. So, this is an ongoing process. So, there is a no cut off date then that is why it is very difficult, but this is a nature of the industry in this manner but this position assuring we have continuation of the good business.

**Darshil Jhaveri:** Okay sir, answer with regards to how our current execution will be, will it be linear or how would it be skewed more towards the end? How would that look like sir?

**Ramesh Mansukhani:** It will be equally distributed for Q2 and Q3 maybe?

**Darshil Jhaveri:** Okay sir that helps me a lot sir, any other risk that we see on how our execution can slow down or something that you know we have some lingering issue that you know maybe we see in the industry maybe due to you know global conditions or something that you see any kind of risk going forward?

**Ramesh Mansukhani:** By God and government, only this for all of us. Since whatever order book position is in hand the government has already been booked. All the plans are fully operational. So, in the normal circumstances, we are quite confident that we are going to agree to these outstanding orders of 1900 crores by end of Q3.

**Darshil Jhaveri:** Okay so that is great to hear sir. Thank you so much, Sir and all the best.

**Moderator:** Thank you. Our next question is from the line of Viraj Mahadevia who is an investor. Please go ahead.

**Viraj Mahadevia:** Hi, thank you for taking my question as you have these incremental capacities coming online through the course of this year, what is your ability to execute revenues for the year FY25 assuming you have orders in hand. Can you execute 4000 plus scores of top line in that year. Will you have the capacities?

**Ramesh Mansukhani** Yes you can say the capacity we have depends on the nature of the order, value added products, product mix basis, lot of calibration, there is a capacity, yes, we are capable to produce it and that's why we are spreading our market in the International market, we are in more attention. India is limitation, so that's why we have our presence approximate 25 countries which is helping Company to improve our market share.

**Viraj Mahadevia:** No, I understand. But do your capacities allow you to execute 4000 crores for the year 25?

**Ramesh Mansukhani** Whatever full capacity is there, we can easily cross whatever turnover is 3500 to 4000 crores. We can do within the existing capacities, over and over that additional facilities what we are putting up for this ERW and semi-steel once both the facilities get up for operation, we can probably cross turnover 5000 crores which we are projecting for 25-26 top line of 5000 crore plus.

**Viraj Mahadevia:** Excellent my next question is in the international market, who are you competing against? Is it European players, is it Chinese players or are they banned? Do you have a lot of competition from the Indian players or is it are you among the few low-cost competition?

**Ramesh Mansukhani:** Sir, European and Japanese, they are not in the competition. The competition is between India and India.

**Viraj Mahadevia:** Right.

**Ramesh Mansukhani:** And which is more and the Chinese in certain area of the world, not all the world. Maybe Africa etc. there is the China is more active, but not in Middle East, US and Europe and the worldwide. So, you can say in very short India and Chinese too, are more competent in the world market. China has African pocket and India having the different market.

**Viraj Mahadevia:** Sir my last question regarding the land sale of the Company, which has been talked about in the past. Any update on that? I think last quarter you had indicated that this would be sort of signed and sealed by the month of July.

**Ramesh Mansukhani:** Right. You were talking about that land in our wholly owned subsidiary Marino Shelters Private Limited.

**Viraj Mahadevia:** Yes, I don't know what it's called, but under the subsidiary you have that land parcel which you are going to sell.

**Ramesh Mansukhani:** Yes, that's yes one land parcel we sell in the Bellary with the money we got it. That has already been concluded last financial year and as well as land Bank of our wholly owned Marino Shelters Private Limited.

**Viraj Mahadevia:** Merino Shelters, yes.

**Ramesh Mansukhani:** We are in the process of finalizing the term sheet with the prospective buyer and soon we will announce that deal.

**Viraj Mahadevia:** Understood. So, that is well underway, right?

**Ramesh Mansukhani:** Yes

**Viraj Mahadevia:** And the procedure of that will be used to repay debt.

**Ramesh Mansukhani:** Repay debt or for our further expansion plans.

**Moderator:** Sorry to interrupt.

**Ramesh Mansukhani:** Expansion plans with the like we are put, we are putting up our steel project so that the Company has to give their own contribution. To that money, funds will be utilized for the purpose of expansion and because in the Company there is not much of a loan to repay. We have hardly any long-term facility that is 165 crores was just we taken last financial year. Other than that, there is no long-term debt in the book.

**Moderator:** Thank you. Thank you. Our next question is from the line of Bharat Mani from Moneybee Investment Advisors. Please go ahead.

**Ramesh Mansukhani:** Yes, Sir.

**Bharat Mani:** So, I just want to know the current capacity utilization in the LSAW and HSAW pipe. That is my first question and the second question is on the inventory side. So, what is the finished goods inventory that you have in the books as on 30th June?

**Ramesh Mansukhani:** 30th June that this inventory of semifinished and finished good taking together is almost 195 crores.

**Bharat Mani:** Okay and the capacity utilization?

**Ramesh Mansukhani:** Capacity utilization in the product mix basis is around 60-70%.

**Bharat Mani:** Okay and this is after the Biparjoy cyclone, right? So, you brought it up to seven 60-70%, right. So, what is the peak capacity that you can pick it up? We can go up to 90% and yes, we are trying for product mix basis.

**Bharat Mani:** Okay and so do you expect this year to reach 90%?

**Ramesh Mansukhani:** Okay we are trying but I cannot commit on this forum. We are trying depend on order book product mix basis. What is the thickness, Dia, grade, lot of combinations in our business? Because we have project business in oil and gas.

**Bharat Mani:** Okay. Thank you. That's it from my side.

**Ramesh Mansukhani:** Thank you. Our next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

**Vignesh Iyer:** Hello, Sir. Thank you for the opportunity. Just to understand, sir, what would be our gross number as on Quarter 1 FY24?

**Ramesh Mansukhani:** Gross is long term that is hundred 165 crores and we have the working capital facilities of 1300 crores which is basically non-fund-based limits more on non-fund-based side used for this sourcing of raw material and giving the bank guarantees for quality and timely execution. These are debts in our books. So, that's for this capital one base that is hardly anything and long-term debt 165 crores. Other than that, there is no loan in the books.

**Vignesh Iyer:** Okay. So, no, I mean, I just wanted to understand last I mean end of March 23, it was around 294 crores out of which if I am not wrong 165 was long term borrowing, 128 was long-term borrowing and 166 was short term borrowing, right? So, now the long-term borrowing is around. 165 crores, right.

**Ramesh Mansukhani:** Right. Yes, right.

**Vignesh Iyer:** So, what is the cost of debt for this long-term borrowing.

**Ramesh Mansukhani:** The cost of that is 11%.

**Vignesh Iyer:** Okay, 11% so because just to get an idea, I mean we have incurred total interest of 21 crores. So, out of that, hardly four or five crores pertains to long term debt, right? So, I mean, just to understand if this interest cost would be regular basis for every quarter because it is in a big way impacting our contact.

**Ramesh Mansukhani:** After tax on annual basis, we are projecting our interest cost would be in the range of 60 to 65 crores. It is just because of this extraordinary situation like we called it where the material costs

include the interest portion also which could not be shipped with iron and are being under shipment during the current quarter. So, the interest cost should be somewhat lesser than the Q1 than Q2 in the in absolute term interest was would maybe have but on a percentage basis of revenue definitely would be lower in Q1.

**Vignesh Iyer:** OK, fine now. OK, Sir. Yes, that's all from my side. All the best, sir. Thank you.

**Moderator:** Thank you. Our next question is from the line of Ankur Agrawal from RC Wealth Solutions Private Limited. Please go ahead Sir.

**Ankur Agrawal:** So, yes, this year expenditure has increased a lot, last year it was 59 crores, this year is 98 crores.

**Ramesh Mansukhani:** We have exports. We are export to sea freight which is like if you are giving shipments for African countries like for execution of the present orders in hand. Sea freight plays a major role where it is categorized under other manufacturing expense, other expenses. So, that is the reason last year, Q1 of FY22-23, we had mostly domestic execution and the current quarter we had maximum, it is export orders. That is the reason the export freight under other expenses. That is more maybe around like out of 59 crores, the domestic freight was last year, it was about 19 crores, whereas current quarter it is 40 crores.

**Ankur Agrawal:** Will it be regular in 2-3 quarter as a label.

**Ramesh Mansukhani:** Yes it will be the same. The export shipment will come around 150 crores. Realization also increases. In export shipment raw material cost is less but export freight that plays a major role.

**Ankur Agrawal:** In your last concall you have announced that EBITDA margin will be 300 crores in FY23-24. Is there any possibility to maintain 300 crores?

**Ramesh Mansukhani:** Some other investors also asked this question. We are still maintaining on it and 5-10% plus minus works. Sometimes up, sometimes down. This is approximately.

**Ankur Agrawal:** Okay. Thank you.

**Moderator:** Thank you. Our next question is from the line of Ankur Kumar from Alpha. Capital, please go ahead with your question?

**Ankur Kumar:** Hello, Sir one last question on gross margin. So, is gross margin which is like we minus cost of material and inventory from revenue that is a huge money and you are saying you have purchased raw material previously ? Can we expect the gross margin which is June 30 this margin will sustain here.

**Ramesh Mansukhani:** No it is not about gross margin, whenever we are talking it is EBITDA margin and we maintain our EBITDA margin between 10:11.

**Ankur Kumar:** No sir EBITDA could be much better because of export and we have purchased raw material earlier. So, can EBITDA much better also be it possible or not.

**Ramesh Mansukhani:** We always work on a better EBITDA margin and the orders what orders we have in our hands, margin is the range of what range we are indicating it is 10:11. Softening of the raw material you I understood to your question coming as Nikhil said the softening of the raw material, there are some benefits of softening of the raw material always there where the lead time is reduced, finance will go lower, but normally in our business 90% raw material book back-to-back or we do not speculate whether market goes up also we make the profit., if market going down we also make the profit.

**Ankur Kumar:** Okay and sir ERW side, can you comment when can we expect things to recover as in H2 it will take or and what kind of order book we can gain from there?

**Ramesh Mansukhani:** There are lot of tenders of ERW. We are waiting for the accreditation, which is expected very soon and it is going on and immediately then we will participate over there we will get the reasonable chunk this year because there are some few tenders which we are preparing to participate. Once the accreditation is there, we will participate immediately and then it is going to slowly pick up.

**Ankur Kumar:** Got it. Thank you and all the best.

**Moderator:** Thank you. Our next question is from the line of Aman Thadani from Solidarity investment managers. Please go ahead.

**Aman Thadani:** Thank you for taking my question sir. Sir, my first question is you talked about 5000 crores of revenue by FY25. Can you explain more bottom up on how will you be able to do that? Like have you received some communication from the current set of customers to supply more?

**Ramesh Mansukhani:** See Aman 5000 crores we are talking when all our other projects like SS and ERW is fully operational. So, that's the reason we have given this target for FY25-26.

**Aman Thadani:** OK, Sir. Thank you so much, Sir.

**Ramesh Mansukhani:** Both these facilities are up for production. We are surely able to achieve 2500 crore plus turnover.

**Moderator:** Thank you. Our next question is from the line of Aditya who is an investor. Please go ahead.

**Aditya:** Thanks for giving the opportunity, Sir my question is mainly related to ERW. So, what will be our growth in the current year from ERW. In ERW is carbon or stainless steel. Can you please tell me something about it.

**Ramesh Mansukhani:** ERW is carbon steel only, not SS. SS which is coming is all seamless no welding at all. So, for prime item ERW this is only prime steel which being used mostly oil and gas sector that is why we are awaiting the API audit and certification which will give us the strength to participate in the tender. So, that is both of the different things.

**Aditya:** And sir stainless steel anti-dumping duty is going on. So, there are a lot of players here, so when we start getting revenues we are going in seamless.

**Ramesh Mansukhani:** In india what we see purely seamless there are only two players and what you are talking about 10-15 people they are all of drawbench, number one who get mother metal from us and what you are saying about SS people they make welded pipe, it includes 10 to 15 players. I think the situation is very clear.

**Aditya:** So, you are saying we are the only player in India who is going stainless steel seamless.

**Ramesh Mansukhani:** I mean to say that there are already two existing player and we are going into that product in a much better way.

**Aditya:** Who is our competitor in stainless steel. Can you please tell?

**Ramesh Mansukhani:** Taking name is not good here. You will get to know.

**Aditya:** One of my question is when we see in pipes and tubes in technical nature where we are giving revenue guidance we should have orderbook or there should be some change structurally. So, what is the change that you are assuming that much revenue in 2-3 years because it all depends totally on demand in oil and gas and the demand of oil and gas is cyclical. Is there anything changed structurally so that you are confident in the Company?

**Ramesh Mansukhani** I will tell you. ERW is used in CDG and in oil and gas which is our work. From previous so many years we were not able to participate in oil and gas so when that lines comes in we will get additional benefit for us, because we have the same market, have same nature and same client so definitely we will. As far as SS is concerned it is new for us but most of the clients are common, oil and gas is there, dairy products, pharmaceutical, food industry is there. So, we have the full research in the market last five years and we are very confident we have some export arrangement also in future. So, that is why we are very much confident to achieve whatever our transit we are putting up to FY25-FY26.

**Aditya:** Sir there are two segments I am saying that existing SAW segment which we have so largest will come from here so is the demand has changed structurally I was talking about the dynamic of that.

**Ramesh Mansukhani** I was saying sir SAW is outs, ERW has added and SS will also be added so if we basket all the amount we said to you, we will achieve it. Two years are still there. We have our projection growth strategy of the business and confidence we will reach over there.

**Moderator:** Thank you. Our next question is from the line of Darshil Jhaveri from Crown Capital. Mr. Javeri, you can go ahead with your question.

**Darshil Jhaveri:** Hi, thank you so much for taking my question again, Sir, I just wanted to ask E RW and SS will they operate around the same margin as our current business or how would the margin profile of those products be.

**Ramesh Mansukhani** Both are two different products. This ERW is used more in city gas transmission and also in oil and gas. In this margin will be same 10-11%. It also depend on size on grade and other things. SS is what it makes now the market trend which is going in EBITDA is around 20% depends on which alloy you make, what you do, what is your strategy, what is your quality. A lot of things are there.

**Darshil Jhaveri:** Okay sir and sir one more question. So, Sir, how will the ramp up be like in FY25 will be at certain level, what are our capacity utilization aim for you know after these get operational like how much time will it take for us to reach our peak capacity utilization?

**Ramesh Mansukhani** Yes, this kind of industry slowly, slowly picks up. But because of our experience etcetera, the ERW is ready to take off which will go very soon. The good capacity figures is 60 to 70% SS also we are confident in FY25-26 will be much better utilization.

**Darshil Jhaveri:** Okay sir. Thank you so much, Sir. That helps me a lot, Sir. All the best Sir.

**Moderator:** Thank you. Our next question is from the line of Ketan Athavale from RoboCapital. Please go ahead.

**Ketan Athavale:** No, Sir. Thank you for the opportunity. I just wanted to know your guidance for revenue FY24 25.

**Ramesh Mansukhani:** I can right now we have given the guidance year 24 year ending 24, around 3000 crore plus minus. FY24-25 this amount plus ERW plus some other new products which will be the same. Then we are estimating 3500 to 4000 crores. This is a ballpark figure. Is only estimation and it is our wish to reach this level.

**Ketan Athavale:** Okay and PAT guidance for both years FY24 and 25?

**Ramesh Mansukhani:** PAT guidance as per the SEBI guidelines is not allowed to announce. Even the guidelines we already given 10 to 11% then you can guess it and there strategy requirement we cannot give this kind of things.

**Ketan Athavale:** Okay just one more question, how much will the depreciation going ahead due to this CAPEX and all we are doing, what is your estimate?

**Ramesh Mansukhani:** In regard to SAW, HSAW, our work is completed. No new CAPEX in India this moment. ERW, CAPEX also completed the non-new CAPEX. So, this main industry India limit there is no CAPEX, SS CAPEX is going on long lead items we already placed the equipment order, other equipments and work in processing going on.

**Ketan Athavale:** Okay. Thank you. That's it from my side.

**Moderator:** Thank you. Our next question is from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead, Sir.

**Anirudh Shetty:** I just had one question for this quarter what would our mix be between water and oil and gas and export and domestic?

**Ramesh Mansukhani** **You are talking about June quarter.**

**Anirudh Shetty:** Maybe yes, yes.

**Ramesh Mansukhani** In June, export, 70-80% is the export and water would be hardly 15-20%.

**Anirudh Shetty:** Okay. Thank you.

**Moderator:** Thank you. Our next question is from the line of Ayush Jalan, who is an investor. Please go ahead.

**Ayush Jalan:** Thank you for the opportunity. I just have one question in the presentation, the new presentation for this quarter, the project cost for the stainless-steel plant has become 800 crores earlier we were guiding for 500 to 550 crores. So, is there any change in planning and why this has gone up so much?

**Ramesh Mansukhani** See for SS Project, which we are putting into Jammu & Kashmir and additionally, we are putting one more facility for DFT pipes that is in the process, but that is the reason it is increased from 550 to 800. Otherwise, SS is almost same like earlier we announced it. This is the additional thought where the Company is planning and thinking to go ahead.

**Ayush Jalan:** Okay. Thank you so much and all the best.

**Ramesh Mansukhani:** Thank you. Our next question is from the line of Aditya who is an investor. Please go ahead.

**Aditya:** Sir, can you update on the Merino Shelter? Will you be able to complete the transaction in this Q2? Because earlier also you guided for Q1, but we were not able to do. So, what are your thoughts?

**Ramesh Mansukhani:** Sir is is like this, now we have reached the negotiation final stage, documentation is under process and we will communicate to you all the people once it's completed, hopefully quarter 2, quarter 3 it will take, it is a big transaction. It will take different kind of combination. At the right time, we will inform you what is the outcome, what Company is getting here right now and what is this thing. It will be the betterment of all the shareholders and Company.

**Aditya:** Right, right, Sir. My next question is when I see your total CAPEX, right, you are saying that for stainless steel you are doing 800 crores and for ERW we have done a significant CAPEX when I incrementally add up all the CAPEX, it is when I see the market CAP of the Company, it is way lesser then why if you are why I don't see any increase in your stake when you are getting a value in your own business. So, that is my next question.

**Ramesh Mansukhani:** Sir it is like that we promoters having around 50% stake and that is why lot of opportunity is there also, for you people are there shareholders to support this thing. You people should also get the rewarded that is a policy of the Company, but also where we also put our money in the Company where the lot of expansion and program going on to put our equity and we will inform you, right time. This moment there is a no plan this moment to say or comment on this issue.

**Aditya:** Okay, sir. OK. Thank you, Sir. All the best.

**Moderator:** Thank you. Our last question for today's question and answer session is from the line of Rishi from Diva. Please go ahead.

**Rishi:** Hi sir, how are you doing? Very good. Sir, I am following a Company since a long time. I have a couple of questions, Sir one is relating to the export freight that you are saying has gone up in this quarter. Can you give me some number in the current other expenses, what was the rough figure?

**Ramesh Mansukhani:** I told you that export rate is almost about 40 crores.

**Rishi:** So, that's roughly 10% of our top line.

**Ramesh Mansukhani:** Generally, we consider on costing that cost is 10% for our export orders.

**Rishi:** Okay and that will continue to be the same going forward because our focus is more on export then?

**Ramesh Mansukhani:** Yes.

**Rishi:** Sir another question was now that you are planning to have more fundraising, have you not thought of or considered a rights issue or in a way wherein you can have more capital coming in from existing self?

**Ramesh Mansukhani:** Sir, Sir I already replied to Mr. Jalan also, this is an issue we cannot make any comment on this forum. And this is not a right time to commit anything, but the Company has appointed the advisor we are discussing because we have to complete all the projects on time. The equity, what form will come, what we are going to increase, we are not increasing, nothing is sure at this moment. So, we do not want to make any speculation this moment.

**Moderator:** Thank you. That brings us to the end of our question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**Ramesh Mansukhani:** I will give you our Company secretary for the closing statements and thank you very much once again and Mr. Rawat, our Company Secretary will give you closing comment.

**Rahul Rawat:** Thank you all for participating in the Earning Concall. I hope we were able to answer your questions satisfactorily and the same time offer insights into our business. If you have any further questions or would like to know more about the Company, please reach out to our Investor Relations Manager at Valorem Advisors and thank you. Stay safe and stay healthy.

**Moderator:** Thank you. On behalf of Man Industries India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.