"Man Industries (India) Limited Q1 FY27 Earnings Conference Call."

August 12, 2026

MANAGEMENT: DR. RAMESH CHANDRA MANSUKHANI – CHAIRMAN
MR. NIKHIL MANSUKHANI – MANAGING DIRECTOR
MR. SANDEEP KUMAR – CHIEF FINANCIAL OFFICER
MR. RAHUL RAWAT – COMPANY SECRETARY
MR. VIJAY GYANCHANDANI – DEPUTY GENERAL MANAGER, INVESTOR RELATIONS

MODERATOR: MR. PRATEEK SINGH – IIFL CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the Man Industries Limited Q1 FY27 Earnings Conference Call. 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prateek Singh from IIFL Capital. Thank you, and over to you, sir.

Prateek Singh: Thanks, Shruti. Good afternoon, and welcome, everybody. On behalf of IIFL Capital, we invite you to the Man Industries Limited 1Q FY27 earnings conference call.

From the management, we have Dr. Ramesh Chandra Mansukhani, Chairman; Mr. Nikhil Mansukhani, MD; Mr. Sandeep Kumar, CFO; Mr. Rahul Rawat, Company Secretary; and Mr. Vijay Gyanchandani, DGM, Investor Relations.

So without any further ado, I will now hand over the call to the management for their opening remarks. Over to you, gentlemen.

Nikhil Mansukhani: Thank you, and good afternoon, everyone. This is Nikhil Mansukhani here. On behalf of the entire Man Industries team, I welcome to you all to Q1 FY27 earnings call. A bit of the quarterly highlights. We have started off FY27 well with the highest ever consolidated quarterly EBITDA. This is mainly led by our optimized product and geographic mix and continued deepening of our global order pipeline.

Consolidated revenue growth was strongest year-on-year revenue growth in the last 5 quarters. If I take only core pipe business, this is the strongest Y-o-Y growth in the last 8 quarters, while consolidated PAT more than doubled Y-o-Y. Our consolidated order book stands at approximately INR3,600 crores across India and Saudi Arabia, with the majority executable order over the next 6 to 12 months, giving us a strong revenue visibility into the rest of FY27.

Beyond that, our combined bid pipeline stands at approximately INR24,000 crores, giving us a substantial base for future order inflows. Industry demand outlook, basically stepping back from the numbers for a moment, I want to share our view on where demand is headed and how we see ourselves placed within it.

What we are seeing across our markets isn't a one-off up cycle. It's a structural multiyear shift. Governments and national oil companies are investing to secure and diversify their energy supply to build out water and desalination infrastructure for growing populations and to industrialize their economies through giga projects and dedicated manufacturing clusters.

That's a very different demand profile from the project to project cycility this industry has historically lived with. And we think it favor companies with a genuine scale, local presence and long-standing customer relationship over pure-play exporters. Aramco's network expansion, water transmission projects, the expansion of East-West pipeline, rehabilitation program, Master

Gas System expansion, along with parallel wave of water and desalination investments are all translating into tangible and executable pipe opportunities.

Saudi Arabia's infrastructure pipeline includes significant investments across oil and gas, gas transmissions, water, desalination and large-scale development projects. What gives us particular confidence in the breadth of demand across multiple end markets and projects rather than dependence on any single project or customer. This diversification, combined with the Kingdom's long-term infrastructure ambition provides us with strong multiyear visibility and compelling platform for sustained growth in Saudi Arabia.

The traction is visible across nearly every region. We track not just Saudi Arabia. In the wider MENA and GCC, the post-conflict environment is, if anything, accelerating investment procedures -- producers like ADNOC, Qatar Energy are pushing ahead with expansion and government-backed water and gas programs are continuing regardless of the near-term shipping disruptions.

In Southeast Asia, we are seeing a genuine second wave of pipeline investments from Indonesia, Vietnam and Malaysia, all expanding gas transmission and LNG import infrastructure and Asian governments collective targeting to close USD1 trillion of energy infrastructure investment over the coming years. Across the broader Far East and Asia Pacific, the Strait of Hormuz disruption has had an unusual side effect because roughly 80% of the crude oil and nearly 90% of LNG that transits through the state is destined for Asian buyers.

Countries from Japan, Korea, Vietnam, Bangladesh and Philippines are now urgently diversifying their supply chain, locking in long-term contracts with non-Gulf producers and expanding LNG import and distribution infrastructure to reduce the concentration risk.

That's a genuinely new structural tailwind for pipe demand in the region, one that didn't really exist 18 months ago. With National Pipe Company, we've moved from being an exporter into Saudi Arabia to being in Kingdom manufacturer, with Aramco-approved vendor status, our upcoming facility, the coating and double jointing facility deepens that local value change and value-added product.

Our Jammu project extends our capability at home into a new higher-margin stainless steel segment, all while our core India business continues to benefit from country's own water and gas infrastructure build-out. Put together, we now have a genuinely diversified platform spanning geographies and end markets rather than concentrated bet on a single region or a commodity cycle.

On the business development front on NPC, having completed the acquisition of NPC, our teams have made a strong progress in integration, takeover, and we expect the Saudi operation to ramp up meaningfully from Q2 FY27. This gives us confidence in significantly stronger and more complete contribution from the platform going forward. On our upcoming Dammam coating and double jointing facility, this further strengthens our integrated manufacturing, value-added processing capabilities in Kingdom with operations targeted to commence by March '27.

On our Jammu greenfield stainless project, construction remains on track with production expected by March '27. A little bit on our real estate Merino Shelters. The monetization is already in process. We have now also received the commencement certificate for the entirety of the project, along with the RERA registrations. And the project is set to launch around mid of September. And this would further bring in the cash revenues to the company in FY27.

I would like to hand over the call to CFO, Mr. Sandeep Kumar Garg. Sandeep, over to you.

Sandeep Kumar: Thank you, Nikhil. Good afternoon, everyone. Thanks for joining us for the discussion on our Q1 FY27 financial performance. Let's start with the key financial highlights. On a stand-alone basis, revenue grew 37.5% year-on-year to INR1,028 crores. EBITDA grew 95.1% year-on-year to INR157 crores, with EBITDA margin expanding 450 basis points to 15.3%. PAT more than doubled year-on-year up to 167.7% to INR78 crores, our highest ever stand-alone quarterly PAT we have achieved.

This PAT margin expanding 370 basis points to 7.6% is also a record for the company. On the consolidated basis, we delivered our highest ever consolidated quarterly EBITDA of INR155 crores, which is up 92.6% year-on-year and 5% quarter-on-quarter, driven by the strategic optimized product and geographic mix and continued deepening of our global order pipeline.

Consolidated revenue for the operation grew 37.7% year-on-year to INR1,065 crores, while consolidated PAT more than doubled year-on-year to INR61 crores, underscoring the operating momentum we carry into rest of FY27. As all of you know that we have acquired National Pipe Company in the last quarter -- current quarter and acquisition date was 21st of May. So only some part of revenue has come into current quarter. And from the next quarter, full quarter revenue will be reflecting in the results.

We -- as per our guidance, we have given around INR1,500 crores should be the revenue for the NPC in this current FY26. Merino Shelters also, as Mr. Nikhil ji just mentioned, has got the RERA certification received and project is getting launched next month, we are anticipating INR50 crores -- INR35 crores to INR50 crores cash inflows in this current financial year.

With this, we open the floor for questions. Thank you.

Moderator: The first question is from the line of Viraj from Moneygrow.

Viraj: Nikhil, congratulations, fantastic results and good to see NPC numbers coming through. Two quick questions is, one on your press release, I wanted to reconcile a disconnect between your stand-alone and consolidated performance. So in the EBITDA line, the number for Q1 is roughly the same. However, at the PBT and the PAT level, the number is lower at consolidated versus stand-alone, reflecting a PAT of INR61 crores versus -- in consol versus INR78 crores in stand-alone. Can you explain what's happening there?

Sandeep Kumar: Yes, sure. It's a very good question. As you know, that Man Industries as a stand-alone company has given intercompany deposits loan for the Saudi acquisition as well as the Jammu project, MSPL. So all this income, which is intercorporate income, corporate guarantee commission, which is treated as an income in the stand-alone basis, get nullified when we do the consolidation. So I think when our business is growing and looking forward at Saudi operations, consolidated numbers, you should look at, which gives the correct picture of the consolidated.

Viraj: And these intercorporate deposits will be repaid by these various entities to stand-alone, so over time, that will normalize a little bit?

Sandeep Kumar: Over the period, this will be paid back.

Viraj: My second question is, again, regarding your press release where in the first quarter, you've done INR1,000 crores of top line. You have a INR3,600 crores order book, which is executable over 6 to 12 months, which takes you into mid next year. But you give a revenue guidance of INR5,000 crores. Again, can you reconcile that? Because unless we win a good amount of orders fairly soon with a 6-month exit -- sorry.

Nikhil Mansukhani: If you see, we've given this as on August. So a certain part of July, full July is already...

Sandeep Kumar: Executed.

Nikhil Mansukhani: Already executed.

Viraj: So that's the gap.

Nikhil Mansukhani: And plus there are some orders we have already received, but we normally announce it once we cross INR500 crores.

Moderator: The next question is from the line of Dikshi Jain from InCred Research.

Dikshi Jain: My first question is regarding the numbers of NPC consolidated into Man Industries. Can you give us an idea what was the revenue portion for NPC that has been consolidated? And how long is this -- how many days is this consolidation for in the first quarter?

Nikhil Mansukhani: Yes, it's the total value...

Sandeep Kumar: Consolidation is hardly 15, 20 days number as we've taken over the company on 21st of May, and there was an Eid holiday. So around 15 days, there was no work. Saudi was completely closed. So they opened on the first week of June. So around 20 days number, which we have consolidated is around INR43 crores revenue has come in this period.

Dikshi Jain: Okay. So on stand-alone basis, according to the last presentation, NPC company had higher EBITDA margins than Man Industries' stand-alone. How did it happen that for this quarter, the consolidated numbers, it became dilutive after consolidation?

Nikhil Mansukhani: No. The numbers diluted in the sense you mean to say the profit, like Sandeep just said before this question that the loans given get counter, right? Because...

Dikshi Jain: I'm talking about the EBITDA margins. So on stand-alone, they are at 15.3%, but consolidated EBITDA margins are at 14.6%.

Nikhil Mansukhani: Yes. So basically, the -- because the revenue was not much, that's why the EBITDA margins are not higher for those particular days for NPC.

Sandeep Kumar: EBITDA margin for NPC is still higher, almost 21%, of which NPC is operating. But as I told you, only a small portion of that income has come into consolidation. From the next quarter onwards, you will see the full flavor of NPC Saudi operation into our results.

Dikshi Jain: Okay. My next question, lastly, the question regarding one, gross margin and other expenses. The gross margin quarter-on-quarter has come down significantly. Is this because of an order which was lumpy in nature that caused the gross margins to drop and other -- gross margins to drop and also other expenses have also come down significantly this quarter as a percentage of the revenue. So can you explain here what is the difference?

Sandeep Kumar: Regarding other expenses, as you know, that we were doing some DDP businesses. So the composition of quarter changes every quarter depending on which project we are implementing. So that has reduced the total other expenses. As far as gross profit is concerned, I don't think there's much change from the last quarter.

Dikshi Jain: Gross margin in this quarter is 35%. Last quarter, it was at 53%. So there's a significant change on margins.

Sandeep Kumar: This point, I will come back to you. I will -- I have you -- this one, I will come back to you on this point.

Dikshi Jain: Yes, sure.

Sandeep Kumar: Mainly the product is the only reason. But if you look at our PAT and PBT, all those numbers are better because what has happened that DDP orders have changed some -- from DDP to other mode of order module. So revenue and expenses both has come down, but net profit are increased.

Dikshi Jain: Okay. I will get back to you regarding this.

Moderator: The next question is from the line of Ganesh Raao from Punarvi Capital.

Ganesh Raao: Team, great set of numbers. My first question is on the capacity utilization for NPC, right? It revolves around that. You said that NPC will start ramping up meaningfully for the next quarter. So is it possible for you to give us like what would be the quarterly run rate going into FY27 end? Like -- and what would be the utilization levels that you're targeting by March '27?

Nikhil Mansukhani: Capacity utilization is approximately when you talk about India, is around 50% to 60%. And NPC quarterly run rate from Q2, we are assuming between -- any time between INR300 crores to INR500 crores. This could be the quarterly run rate. And then we are obviously ramping it up for the new businesses, which are coming up from December in Saudi.

Ganesh Raao: Okay. And -- okay. Sir, on the margin side, sir, NPC had reported roughly around like 25%, but our understanding is that we'll be kind of normalizing towards the 15% to 18% margins at a consolidated level, right? Like what specifically kind of causes this normalization? And what would you need to do to make NPC to kind of go back to the 20% margin levels eventually?

Nikhil Mansukhani: No, no. This is consolidated margin, we are talking about between 14% and 15%. So in general sense of design mix of the business, you don't always get all the businesses with coating or bends or double joints. There are a lot of value-added business when you get a single order. But every time the same is not the case. That's the reason why we've said that on a consolidated level now, we will be consistently delivering higher EBITDA numbers and higher PAT is NPC will perform between 15% to 18%.

And we will try and take more orders from Aramco because the EBITDA margins and profit are slightly higher and lesser towards water. So that is always our first focus that the more Aramco orders you take, the profitability is higher, and then we take the water orders. So that can push up the profit up to -- almost up to 20-plus percent.

Ganesh Raao: Okay. The next question that I had was like you kind of alluded to it, but like what percentage of NPC's current order book is -- or contains coated or double joint ones? And can -- how much can potentially be converted into like pipe plus coating order from your existing pipeline?

Nikhil Mansukhani: No, no. Currently, NPC doesn't have the coating orders because currently, NPC is only a bare pipe manufacturing unit. So there is nothing alluded. Basically, it is bare pipes, which we are executing the orders of Aramco and water orders. Currently, NPC doesn't have the coating facility. It's under construction, if you see, and it would be up and running by March. And post that, we are hopeful that we would be getting the coating and the double jointing orders from Aramco and the other vendors.

Ganesh Raao: Okay. So within this, so you see some potential of what NPC orders today to eventually also get coating order in the future, right? So what kind of percentage will be ballpark around, sir?

Nikhil Mansukhani: No, all the orders which are there are coated. So once you start getting -- once the coating mill is up, you will start getting the coating, the double jointing and the pipe making because all the pipes are 24 meters over there, which are LSAW. So Aramco gives the order 12, 12-meter pipes, which you have to DJ compulsory and then you compulsory coated 24 meters. So we are hopeful that we will get the entire packages. And which should be all the packages. You get the pipe, you should be getting the coating orders as well.

Ganesh Raao: Awesome. Okay. And one last question is a more broader demand-based question, demand and capacity. Like with many of our competitors like Welspun, East Pipes, Arabian Pipes and other players adding capacity in Saudi Arabia. How do you see the industry capacity versus the demand over the next, say, 2 to 3 years? Do you expect utilization or pricing to become a problem or a constraint for us?

Nikhil Mansukhani: Currently, there is a shortfall of between demand and supply. So supply is lower and demand is higher. And we expect this to continue for the next 3 to 4 years, looking at the current -- with the war scenario and everything, a lot of new projects, the East-West line, the Master Gas expansion. So we do not see any problem as such for the next 3 years. I don't know if any other new player is coming. But what we are aware about, we don't see any demand-supply issue as of now.

Moderator: The next question is from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: Firstly, congratulations on a really great set of numbers, sir. Sir, just a question, sir. So now by March '27, I think our Dammam plant and Jammu plant will come online. So in terms of FY28, how do we look at that, sir, in terms of guidance, sir?

Nikhil Mansukhani: So we would be doing approximately 25% to 30% growth.

Darshil Jhaveri: That would be in base business, but even Jammu would come in, right? So that would push it further or how...

Nikhil Mansukhani: But Jammu will not straight away give a top line of INR1,000 crores, INR2,000 crores. The Jammu would be an addition of probably INR200 crores to INR300 crores because we've considered 25% to 30% of revenue in the first year. So -- yes. So it will be scaled up eventually. And I'm saying this would be the minimum growth, 25% to 30%. And then if things go well, it could be higher.

Darshil Jhaveri: Okay. Okay. No, fair enough, sir. And sir, I just wanted to know like when you said the demand is not an issue, but in terms of competition, how do we look at it right now? There are some players trying to get a plant in Saudi. So maybe not this year, but they're going to come up by maybe next year or next year end. So in terms of competition, how do you look at it? Like is the competitive intensity kind of increasing? And how do we mitigate that, sir? Does it become more like a price war? Or how do we mitigate it?

Nikhil Mansukhani: The thing is currently, even 2 years down the line, there is a demand-supply gap according to us. And obviously, the newer players will start -- some of them will start next year and some of them will start the year after. But the approvals, the API approvals, everything will come. But we still don't see a demand-supply massive gap. Yes, there might be some pressure on the price. That's always the case, but it is not like a price war like you're saying. There is still enough gap in demand-supply yet. So we don't see any issues.

Darshil Jhaveri: Okay. Okay. And sir, just one bookkeeping question, sir. In terms of Merino Shelters, so when we say we expect INR35 crores to INR50 crores cash flow, so how would that get recognized in our books? Would it just directly flow into PAT via other income? Or how would it be, sir?

Nikhil Mansukhani: Yes, it would go directly into the PAT in the other income. Yes.

Darshil Jhaveri: And that would -- would it be lumpy in nature? How would it just come like it would come in any quarter or it will be like steady flow? How would -- like is there...

Nikhil Mansukhani: It's real estate, so it would be lumpy, but we are estimating the project time line is around 4 to 5 years for completion. So we've divided total revenue over 6 years. So it is -- it will be slightly lumpy, but you would get -- that's why we've given a ballpark between INR80 crores to INR100 crores. So plus and minus 10%, probably a very good year would probably get you some more revenue, some more income. So -- but principally, I think this is the ballpark which it will be around.

Moderator: The next question is from the line of Subrata Sarkar from Mount Intra Finance.

Subrata Sarkar: Yes. Sir, one question on the NPC -- NPC side basically. So one of our assumption is like we can -- in terms of our business turnaround and growth in case of our NPCs, one option can be...

Nikhil Mansukhani: We cannot understand. Your voice is getting cut. Can you a little bit...

Subrata Sarkar: Is it audible now?

Sandeep Kumar: No.

Nikhil Mansukhani: No, no, it's still very...

Subrata Sarkar: Sir, is it audible now?

Nikhil Mansukhani: Yes, it's better.

Subrata Sarkar: Is it better?

Nikhil Mansukhani: Much better.

Subrata Sarkar: So one point is like, sir, one of our internal assumptions can be like if we -- in order to do a better margin in NPC, if we can replace our raw material through Chinese steel. So in that case, since we know like there is a IKTVA program where itself Saudi want to do more internal -- internal like usage of their own resources. So in the circumstances, like is it a viable strategy that we can replace some of the steel through Chinese import and then we can do a better margin? This is one question. And I have got another question as well?

Nikhil Mansukhani: Yes. Should I answer or wait for your next question?

Subrata Sarkar: No. Sir, next question is on the broader side, sir, like we are undergoing 2, 3 initiatives. One is NPC, second is J&K, and third, the coating plant. So like what is our managerial preparation to execute all these things simultaneously? What is our bandwidth? And like is there any -- so in terms of capability, like, sir, how prepared we are? These are the 2 questions.

Nikhil Mansukhani: Okay. So Mr. Sarkar, the primary first question about replacement of steel and NPC for a better EBITDA to import from China. Today, in Saudi, basically all -- there are no plate suppliers. So there is no question of Made in Saudi. So everything is getting imported from POSCO, China, all the countries wherever we are getting the best and approved vendor in Aramco, we are getting the best possible prices from there and importing the steel.

When it comes to HRC, some of the coils are matched by the local Habib and the remaining are also, if required, are imported either again from China, Korea and everywhere, wherever the best pricing is we are getting. So there is no restriction on that by the government, and we are currently sourcing it with the best pricing possibility. So the EBITDA margins are -- as per guidelines are because of the best sourcing that we are doing. Yes, some things when we took over.

Moderator: Yes, sir, you can go ahead with your question.

Nikhil Mansukhani: It's Mr. Sarkar, right?

Subrata Sarkar: Yes, sir. Sir, I have already asked the question, sir.

Nikhil Mansukhani: Yes, yes, I know I'm just replying. The line got in between. So the EBITDA margins, which are currently are as per the best possible prices, which are sourced locally as well as internationally. And regarding your -- our execution capabilities for Saudi coating and Jammu, we already have our teams in place and the execution is going on. So we do not find any issues. And we've been doing this since many years, including our coating plants and everything. So we have a large set of team, which is already doing the needful.

Subrata Sarkar: Okay. And sir, last question on the cash flow side, given our capex and other expenditure basically, sir, if you can help us to understand like what is our plan to -- like on a FY27 basis, what kind of cash requirement we have got and how we will make it, sir, FY28 and maybe '27 and '28, sir?

Sandeep Kumar: For '27, we are currently taken up 2 projects. NPC acquisition is already completed. Then we are putting up a coating plant in Saudi that is going on, which is around USD50 million investment, which will be funded partly by loan, USD25 million, USD25 million, we will do from our own. And Jammu project, which is going on for INR600 crores, the loan component will be INR389 crores and balance our component, we have already invested in the project so far.

Subrata Sarkar: Is there any other -- any cash flow requirement, sir, in FY27 and '28?

Sandeep Kumar: No, no, no. Nothing...

Nikhil Mansukhani: No, no. Already we have -- the company has had surplus of cash.

Subrata Sarkar: Okay. And sir, any estimate what can be our peak debt, sir, giving all those things?

Sandeep Kumar: Peak debt as on this year?

Subrata Sarkar: No, by FY28. Yes, sir. Both, sir, both. If you have some...

Sandeep Kumar: Total debt will be around INR1,600 crores after all the projects get completed and all drawdown happens.

Subrata Sarkar: That will be by FY28, sir, or like...

Sandeep Kumar: It will be lower than that because repayment of loans will start. So it will be lower than that. It will be INR1,400 crores.

Nikhil Mansukhani: By FY28.

Sandeep Kumar: '28.

Subrata Sarkar: Okay. And this year, INR1,600 crores, sir, will be this year or like in between...

Sandeep Kumar: We are projecting to complete both the projects. So this will be this year. Only condition is that all drawdown, everything project completed by March '27, then this will be the number. This is the max loan number. I would say this is the max loan number.

Subrata Sarkar: INR1,600 crores, sir.

Sandeep Kumar: Yes.

Moderator: The next question is from the line of Anuj from Inter Globe Services.

Anuj: Yes. Congratulations on the great set of numbers. I'm fairly new to the company. So just a basic question. If you could share basically the revenue breakup between HSAW, LSAW, ERW and stainless steel pipes for this quarter and the same quarter last year?

Nikhil Mansukhani: Anuj, you can send us the details. We will see how we can break it up. We don't give those data across right now.

Anuj: Okay. Okay. And I just want to know that for the LPE coating that's coming up in Saudi Arabia, what is the total capacity of the LPE coating that's coming up?

Nikhil Mansukhani: 4 lakh square meters per annum.

Anuj: Okay. Okay. And just another question, basically, you mentioned that the capacity utilization in India is between the 50% to 60% range. So is that our peak utilization in every quarter? Or it's more of an order book issue that we can't push the utilization level higher?

Nikhil Mansukhani: No, it's basically the orders, right? So different types and different sizes of orders. So we see where best fit in which mill it goes in and that way. So yes, it's also a business. So that's why it is 50% to 60%.

Anuj: And just following up one of the earlier participant's questions. So if I look at FY20 -- FY25 on a whole, our gross margins were in the range of 22%, which shot up to nearly 38% in FY26, and we see that trend continuing. So I just want to understand what is the big change that happened in the business that our gross margin shot up by a huge amount?

Nikhil Mansukhani: A lot of the business that we got were DAP, delivered at place and different, different value-added products, CWC coatings. So we got to add a lot of the different, different margins on the varied value-add. So that's why it went up.

Anuj: And we see this trend continuing this year and the next year as well?

Nikhil Mansukhani: Not always, to be honest. It's a project-to-project basis. But looking at the current scenario in the world, we are seeing a lot more traction and a lot more orders. So probably if this trend doesn't continue, but your capacity utilization will go up. So either ways, it will go up.

Anuj: And from -- and my final question is from the current India plant, the LPE coating that we have is approximately 1.5 ton -- 1.5 lakh tons per annum. So basically, approximately what percent of the order book right now would have LPE coating? And what is the additional EBITDA margins that we can charge on, let's say, an LSAW pipe with coating and without coating?

Nikhil Mansukhani: So basically, 3LP, almost 70% to 80% of the pipes, probably 80% plus is with 3LP coating. But different -- I can't tell you the EBITDA across right now because all projects are different EBITDAs and some are with internal and external. But mostly, I think 80%, 85% pipes are coated.

Moderator: The next question is from the line of Jainam Doshi from KRIIS PMS.

Jainam Doshi: Congratulations on a great set of numbers, sir. So 2 questions. First is like out of the consolidated order book of INR3,600 crores, can you help us with the breakup of NPC and India? And specifically for India also, what would be the breakup in terms of domestic and exports?

Nikhil Mansukhani: India is around INR2,200 crores to INR2,300 crores and the remaining is with NPC. And the breakup in India is, I think, 80-plus percent is again exports and 20% is domestic.

Jainam Doshi: And second one is like after the commencement of the coating facility, like how will the realizations and margin profile shape up?

Nikhil Mansukhani: This is with the coating facility would be probably a few more percentage up once NPC coating starts. So the margin profile will definitely kick up at least 3% to 4%.

Moderator: The next question is from the line of Viraj from MoneyGrow.

Viraj: Mr. Gupta, given all the moving parts, particularly on financing for acquisitions, could you indicate a level of finance costs that you expect overall at the consol level in the P&L this year approximately?

Sandeep Kumar: Yes. This quarter, if you look at this quarter's numbers, this quarter, my finance cost is INR30 crores -- just a minute.

Viraj: INR39 crores, let's say, INR40 crores.

Sandeep Kumar: INR39 crores. Roughly, INR40 crores. So at the year-end, I expect my finance cost full year will be around INR190 crores.

Viraj: INR190 crores.

Moderator: The next question is from the line of Garvit Goyal from Serene Alpha.

Garvit Goyal: Am I audible?

Nikhil Mansukhani: Yes, we can hear you.

Garvit Goyal: Yes. So congratulations for the great set of results, sir. My question on the borrowing side...

Nikhil Mansukhani: Mr. Goyal, we can't hear you. There is a lot of...

Sandeep Kumar: Background noise.

Garvit Goyal: Just a second. Am I audible, sir?

Nikhil Mansukhani: Yes, much better.

Garvit Goyal: Yes. My question is on borrowing side, sir. Like in quarter 1 FY27, total Jammu capex is around INR600 crores, right? And...

Sandeep Kumar: Right. Jammu is INR600 crores.

Garvit Goyal: Yes. And INR350 crores are already done and INR250 crores are ongoing?

Nikhil Mansukhani: Correct.

Garvit Goyal: So can you help me to understand that what is the plan? Are you going to use internal cash or taking debt for that, sir? Can you also tell me the breakup of the capex of -- left INR250 crores?

Nikhil Mansukhani: Basically, major breakup of the INR250 crores, which is left is in the construction, PB and some of the machineries which the LCs are open. And the majority of the machineries, which have already been delivered, they are amounts of commissioning and until the time the achievement of the COD is not done, those payments are pending. That's it.

Garvit Goyal: Okay. That is internal funding or external funding, sir?

Nikhil Mansukhani: No, it's internal partly and external funded also, right? 70-30.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya Fund.

Rahul Kumar: Yes. Just one question. I think the guidance which you had given for the company as a whole, that's something around INR5,000 crores for this year. And that includes, I think, INR1,500 crores from the Saudi plant. So does that mean that for the standalone business, we are expecting more of a INR3,500 crores kind of a top line? And that seems to be more of a flat on a Y-o-Y basis. So can you just help us understand that?

Nikhil Mansukhani: Yes. Currently, with Saudi, which would be around INR1,200 crores or some-odd crores, India would be around INR3,800 crores. So it would be a nominal growth in India and the rest would come in from NPC Saudi.

Rahul Kumar: Okay. And this Saudi, I think you mentioned earlier that by exit quarter, maybe around INR300 crores, INR400 crores kind of a run rate, which we'll be doing on a quarterly basis. But let's say, if we look at FY28 onwards, how do you see this business scaling up?

Nikhil Mansukhani: So FY28 onwards, we are looking at between -- anything between INR2,400 crores to INR3,000 crores top line from Saudi.

Rahul Kumar: Okay. Okay. Okay. And FY28 will still be on a plane basis and not exactly including the coating plant, which will come later on. Is that correct?

Nikhil Mansukhani: It will come by March. So we would get a majority of the revenue of the coating as well.

Rahul Kumar: In FY28. Okay.

Nikhil Mansukhani: Yes.

Rahul Kumar: Which you mentioned that it is a slightly higher operating margin versus the current plant?

Nikhil Mansukhani: Yes, it would.

Moderator: The next question is from the line of Fenil Brahmbhatt from Choice Institutional Equities.

Fenil Brahmbhatt: Actually, congratulations for a good set of numbers. So I just want to understand that NPC acquisition. And what I am saying there is no impact of that acquisition on our interest expense. So can you throw some light over there? Because when we did this acquisition, we were expecting some impact on our interest expense and that will impact our bottom line, but it's not showing as of now. So how we have digested that and not got any impact on the interest?

Sandeep Kumar: So Mr. Fenil, as you know that we have taken almost 70% loan for this Saudi acquisition and the acquisition happened in the middle of the May. So only 1.5 month on interest cost has already been factored in this cost. But you are not seeing any cost increase here because there are some other costs which are reduced from the Man Industries India operation. The total cost is coming INR40 crores, which includes almost 40, 45 days interest on the loan we have taken for NPC acquisition.

Fenil Brahmbhatt: Right. And you are saying our annual target will be around INR190 crores?

Sandeep Kumar: INR190 crores for the year, yes.

Fenil Brahmbhatt: And that is including the impact of this acquisition as well.

Sandeep Kumar: Yes.

Nikhil Mansukhani: Yes. Fenil, quickly to clearly answer your question, the loan is not on the Man Industries book. It's on the book of NPC. But the interest and everything is on NPC. So, whatever revenue comes, it will get cut and then accordingly, digest and then it's reflected in the consol.

Moderator: The next question is from the line of Sandeep from MoneyGrow Assets.

Sandeep: So under DDP model, freight cost has moved below the gross profit but is recovered through revenue, right? So can you...

Nikhil Mansukhani: Sandeep, your voice is cracking and coming. Sandeep, we can't clearly hear you.

Sandeep: Am I audible now?

Sandeep Kumar: Yes, you are audible.

Sandeep: Yes. Okay. Under DDP model, freight cost has moved below gross profit but is recovered to revenue, right? So could you provide a like-for-like gross margin expansion, excluding DDP freight passthrough?

Sandeep Kumar: That is not possible because it's an integrated part of the order, which we invoice to customers. It is -- when we get an order from the customer, the price is already factored in that. So it's not possible to take out that from the product of DPP and give you the profit on that.

Sandeep: And are you able to recover the entire like freight cost or is it like...

Nikhil Mansukhani: No, no. We are able to recover the freight cost and more because obviously, we get to load our margins on multiple handling, multiple locations, monthly bill transportation. So in fact, that's one of the reasons why the EBITDA goes up.

Moderator: The next question is a follow-up question from the line of Ganesh Raao from Punarvi Capital.

Ganesh Raao: One question on NPC is like what is the current EBITDA per ton at NPC? And where do we expect it to settle, say, at 70% and 85% capacity utilization?

Sandeep Kumar: So we don't disclose EBITDA per ton. We only give you the revenue number and the EBITDA and the final number. So...

Nikhil Mansukhani: Actually, the point is, Ganesh, in our business, it's very different. The API business, a lot of the grades are very different. Suppose you can do from X52 to X80. And the same diameter pipe would cost you USD2,000 and the same pipe would go for USD1,000 also. But I mean one is an X42, one is an X50. So you cannot determine exactly how the EBITDA would run. It depends on the design mix on the orders, the criticality of orders, whether it's water or oil and gas, whether it is under water, is above water. So there's a lot of complexities to it. That's why we are not able to just break it down.

Ganesh Raao: Sure, sir. That makes sense. Okay. What would be the normalized like working capital requirement for us for every INR1,000 crores of revenue that we generate from Southeast NPC?

Nikhil Mansukhani: For NPC?

Ganesh Raao: Yes, for NPC, the working capital.

Nikhil Mansukhani: So NPC working capital is approximately around USD100 million to USD125 million on a top line of suppose USD200 million. So...

Ganesh Raao: USD200 million, okay, USD125 million is the working capital.

Nikhil Mansukhani: Yes. Yes. Because over there, when you're working local companies, you're not needing to give a lot of the ABGs and BGs and everything when you work with Aramco. Basically all the non-fund base of LC, basically, that's about it, nothing else.

Ganesh Raao: And sir, last question that I have is like given the history behind NPC and how it came into the table and how we got a chance to acquire it, right, what are like 2 or 3 specific operational changes that you think if you make, we can materially improve NPC's economics over the next 2 to 3 years compared to what historically they have been able to do?

Nikhil Mansukhani: Yes. So this is very important. We've actually already changed a lot of the operations people because there was a lot of wastage, which they were doing, which was going into double figures, and we've already cut it down to less than double figures in single digits. This was absolutely money wasted on the table, number one.

Number two is they had a limitation on the spiral mill. They were not upgrading their mill to 100-inch, which is the general norm above 84 and 100 is the general size, which all the water orders are going, 88, 92, 96 and 100.

So they were completely out of that business, and they were not generating any revenue through that, not even their fixed cost, which we have already managed to do, and we've almost completed and we are already on trials for that. So in the last 3 months, we've been focusing on these 2 things, plus a lot of the consumables they were buying from Japan because obviously, inherently, they were 52% owned by Japanese. So that's one of the major reasons.

These 3 things we have now consumables, we have got because of India and our costing and our relationship, we've managed to bring these 3 things down, which will help get the cost also down of the company and convert in better efficiency and revenue and bottom line.

Moderator: The next question is from the line of Darshil Jhaveri from Crown Capital.

Darshil Jhaveri: So just one question, sir. So when you say a coating plant will improve our margin by 3% to 4%. So most of what we'll produce in Saudi will also be coated. And so will that push our Saudi margins towards 23%, 24%? Why am I asking this because if we expect Saudi to be roughly 30% to one-third or 40% of our business by FY28, that would push our margins significantly higher from what they are right now, right? So in FY28, can we look at around 17% margin with coating coming in?

Nikhil Mansukhani: Darshil, that's the wish of the company to go there. But sometimes you need to be realistic also because we need to also -- because like we said, the capacity utilization isn't great. So you have to get a design mix of orders and utilize capacity also. Our idea is to be for the next 3 to 5 years consistently delivering between 14% to 16%. And I hope with the Saudi acquisition and the coating numbers pushing up the EBITDA, we should be able to reach, and hopefully, but I cannot commit as on today, but that's the idea to reach to that number, yes.

Darshil Jhaveri: No, no, fair enough. I was just looking directionally that's the level that we are going at, right? And just -- sorry, sir, again, for Merino, I think we got some payment in of INR70 crores in Q4

FY25. So that would get reflected in other income because I just was trying to find where would that money get reflected, right? I mean, the upfront amount that we've received?

Nikhil Mansukhani: Yes, that's already come and Merino will always come as a subsidiary in the other income because it's not from the core business. So -- yes.

Sandeep Kumar: No, no. I will explain to you. But this transaction, we signed the JDA in the March '25. And based on that, we did the transaction, and we showed a revenue of around INR370 crores odd number roughly, INR367 crores something in FY25. So INR70 crores was used against that particular receivable for which sales was booked in the Merino Shelters.

Darshil Jhaveri: Okay. So we showed revenue, it didn't come in other income. But going forward, it's going to come in other income?

Sandeep Kumar: Going forward also, it will come into sales part there. And finally, cash flow will come INR30 crores to INR50 crores.

Moderator: The next question is a follow-up question from the line of Viraj from MoneyGrow.

Viraj: In your press release, you mentioned a bid pipeline of INR24,000 crores. Can you give us some flavor for the kinds of orders here? How much is Middle East, how much is India, how much is other export markets, oil and gas versus water versus -- and what is the kind of bidding pipeline you're seeing going forward as well?

Nikhil Mansukhani: So out of this INR24,000 crores, around 70% is approximately MENA regions, MENA and extended MENA.

Viraj: Right.

Nikhil Mansukhani: And out of the INR24,000 crores, approximately 35% is water -- 35% to 40% is water. That includes India and international.

Viraj: And what is the kind of bids that you're seeing coming up or pipeline that you're seeing coming up beyond the ones you bid for in terms of international tenders or orders, just the magnitude, order of magnitude?

Nikhil Mansukhani: Some very, very large pipelines planned throughout the world, and we are hoping those come through. Some of them will because those countries have the financial capabilities and have the financial closure in place. And some of them will take some time. But yes, we are seeing like -- unlike last few years, when COVID finished in '22, we saw a lot of traction, a lot of international business came in because 2 years.

So right now, with the war, hopefully, sooner or later closing down, there is going to be a lots and lots of traction. I think nothing like we've seen before. So I think we are well placed, and we are hoping to get our pie of the share for India and Saudi.

Viraj: And are you seeing it from a lot of new markets like Central Asia, different markets, Venezuela, I mean new markets as well?

Nikhil Mansukhani: Yes, there is South America, there is CIS countries, there is Far East. Like I mentioned in my note first up, there's a lot of traction in the East because a lot of projects coming up because they are the real ones who faced the difficulty of oil and gas due to the war. So...

Viraj: And they would logically source from China? Why would they come to India? Just out of curiosity?

Nikhil Mansukhani: Most of the countries don't source from China, only very small because they are all U.S. investments and European investments. So that's somewhere we have an advantage.

Viraj: Okay. Great. And my next question is regarding '28 revenues. This is obviously a transition year with NPC ramping up. For '28, NPC should be in sort of a little more full gear. You have Jammu coming on, Dammam coating coming on. Can India, including Jammu, do about INR4,600 crores -- INR4,500 crores, INR4,600 crores top line and Middle East to, including Dammam, about INR2,400 crores top line for a total of about INR7,000 crores?

Nikhil Mansukhani: I can't give little numbers.

Viraj: Yes, approximately ballpark, ballpark.

Nikhil Mansukhani: But I can give you a ballpark growth between 25% to 30% is where we will end up because we don't know the world scenario, right, like paying everything. So we -- I can't commit to open-ended, but it should be between 25% to 30% growth.

Moderator: That was the last question for today. Thank you so much, management speakers, and thank you, everyone, for joining the call.

Nikhil Mansukhani: Thank you.

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