Management Discussion

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Thank you, Rayo. Good evening, everyone, and thank you for joining us on NPI's Q2 and H1 FY27 earnings conference call. We have with us Mr. K. Girish Kini, CEO and Executive Director, Mr. Ramnath Pai, Chief Financial Officer, and Mr. Mayank Bothika, Head Strategic Finance and Treasury. We will begin the call with opening remarks from the management, following which we will have the forum open for an interactive Q&A session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Girish to make his opening remarks. Thank you, and over to you, Girish.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
Good evening everyone and thank you for joining us. I hope you had a chance to go through our results presentation for the second quarter and first half of FY27. Let me start with the numbers. We have started the year on a strong note. In H1 FY27, revenue from operations grew 40% year on year to Rs 849 crores. Operational EBITDA grew 29% to Rs 255.5 crores, and our profit after tax grew 45% to Rs 158.6 crores. In Q2 FY27, revenue grew 34% to Rs 430.4 crore compared to last year. Today I would like to highlight 3 things.

Sustained growth across both our core and emerging businesses, steady progress on our international expansion, and continued momentum in winning new businesses. First, our core business, which comprises domestic payment card, government identity solutions, digital banking and automation, and bundled fulfillment services. Grew more than 23% in H1 FY27. This was driven by higher domestic card volumes and deeper engagement with existing banking customers who are giving us a wider scope of work. During the quarter, an existing large public sector bank gave us an additional mandate to manage the logistics and distribution of its debit cards.

Our wallet share with key customers has increased because of our service and delivery excellence. Large transit card projects also added to the growth. Our emerging businesses, which covers international payment card, metal cards, tax stamps, and RFID, grew 92% in the first half. And now we make about one-third of our revenue compared with one-fourth last year. We are now extending our export approach beyond payment cards to our other emerging businesses as well. Our international expansion is on track.

Our Nigeria bureau, which started in the first quarter, is scaling up well. And we have added more than 10 new customers in Q3, mostly large and mid-sized private, private banks across Africa. Through our partners, we also added customers in Southeast Asia and the Middle East, in addition to the 4 new countries we entered in Q1. On our last call, we outlined our plan to set up a personalization bureau in developed markets. This year, I'm pleased to share that our UK bureau is now operational. It's an important milestone in our international expansion.

It brings, brings us closer to our existing customers in the UK and strengthens our ability to win businesses across the UK and Europe. We expect it to start contributing to the revenue in the second half. International businesses was 12.8% of our revenue in the first half. Compared with 5.44% last year, we continue to win new businesses. In first half, we have added more than 30 new customers. Majority of them were outside India. In metal cards, we are seeing growing demand for premium payment cards, both in India and in international markets, and our metal card business

continues to add.

New customers. Metal card manufacturing is a highly specialized segment with only a handful of players globally that have patented manufacturing technology. We are one of them with a patent for our manufacturing process in India and several, uh, international markets. This gives us a competitive advantage and opens up opportunities to grow in developed markets. As indicated last quarter, our metal card capacity expansion is progressing well as planned. Metal card and tax stamp are both high-margin businesses, and we continue to, continue to invest in them to drive growth in India and internationally.

We are investing ahead in new geographies and businesses. In first half, the seeding costs for this were about 16.5 crores after tax. As this, uh, as this investment starts, uh, to earn, we expect them to support our margins. Ramnath will take, uh, you through the numbers in detail. Looking ahead, our pipeline gives us good visibility for the second half. In government ID, we are participating in state tenders for polycarbonate driving license and vehicle registration cards, and in several large transit card programs.

In banking, we will build on our strong position with public and private sector banks where our presence across multiple locations allows faster turnaround time. In exports, after Nigeria and the UK, we plan to set up in one more large developed market by the end of the financial year. Historically, the second half has been stronger for our business. Supported by these opportunities, our growing international footprint, and strong execution, we remain confident of closing FY27 in line with our revenue guidance of 30 to 35% growth.

Given the nature of our business, the onboarding of new customers and the rollout of large programs can shift revenue between quarters. We therefore believe our performance is best evaluated on a year-to-date basis, as it gives a more meaningful picture of our underlying growth. To sum up, both our core and emerging businesses are growing, our international expansion is progressing as planned, and we continue to win new customers in India and abroad. Our focus remains very simple: execute well and deliver consistently quarter after quarter.

With that, I will hand over to Ramnath to take you through the financials. Thank you.

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Thank you, sir, and good evening everyone. Let me now take you through our financial performance for Q2 and H1 FY27. All comparisons are year-on-year basis unless stated otherwise. Revenue from operations for Q2 FY27 was Rs 430.4 crore, up 33.6%, while for H1 FY27 revenue stood at Rs 849.4 crore, up 40.3%. Revenue from core business was Rs 294 crore in Q2, up 23% from Rs 239 crore, and Rs 556 crore in H1, also up 23%. Revenue from our emerging business was Rs 136 crore in Q2, up 63% from Rs 84 crore, and Rs 293 crore in H1, Which is up 92%.

Emerging contributed 31.7% of our revenue in Q2 against 25.9% a year ago, and 34.5% in H1 against 25.2%. Operational EBITDA, which excludes other income, was 131.3 crore in Q2, which is up 17.5% with a margin of 30.5%. For H1, operational EBITDA was Rs 255.5 crore, up 29.1% with a margin of 30.1%. Margins were impacted by adverse forex movements and elevated input costs. Due to geopolitical tensions. Depreciation rose Rs 22.4 crore from Rs 11.9 crore in Q2 as our asset base grew with new facilities and equipment including metal card machines.

Profit after tax was Rs 80.9 crore in Q2, up 7.7%. And Rs 158.6 crore in H1, which is up 45.4%. PAT margin for H1 improved by 67 basis points to 18.7%. Our reported profit carries seeding and development cost for new businesses, geographies, and facilities of about Rs 8.7 crore in Q2 and Rs

16.5 crore in H1 cumulatively after tax. Our top 10 customers contributed just over 52% of H1 FY27 revenue as new customers and our international business continue to widen our base. Net working capital was 96 days at the end of September, against 74 days in a year ago.

And 78 days in June. This reflects higher inventory built to ensure supply continuity and timely execution of orders amid ongoing geopolitical uncertainty. In addition, given the nature of our business, receivable days are typically higher in the first half of the year and normalize in the second half. We remain focused on optimizing the working capital and improving efficiency as volumes scale. Our balance sheet remains strong following the IPO. Net proceeds from fresh issue were about Rs 295 crore, primarily earmarked for growth CapEx.

As of September 30, 2026, cash and cash equivalents Including current investments in mutual funds stood at Rs 459 crores, including the unutilized IPO proceeds of Rs 295 crores and Rs 62 crores held in escrow account for issue expenses, while borrowings remained negligible. Our annualized ROCE and ROE stood at 38.06% and 31.02% respectively as of H1 FY27. Our planned growth CapEx is focused on expanding manufacturing capacity, scaling international operations, and strengthening our presence in high-value businesses such as metal card and tax stamps.

These investments are expected to generate attractive returns as the new capacities become operational and utilization levels improve. We also expect the- expect the resulting operating leverage to support our margins and the return ratios. With that, I would now request the moderator to open the floor for questions. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask questions, please press star and 1. The first question is from Yash Mehta from Baroda BNP Paribas Mutual Funds.

Please go ahead.

Yash Mehta - Analyst, Baroda BNP Paribas Mutual Fund
Hi, good evening. Thanks for the opportunity. Am I audible?

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yeah, we can hear you.

Yash Mehta - Analyst, Baroda BNP Paribas Mutual Fund
Yeah, hi. Congratulations for a good set of numbers. Just want to understand 2, 3 quick points. Firstly, on the international card business. So while we see that H1, there was increase in your mix of the growth engine, but however, on a QOQ basis, there seems to be some decline in the revenue coming from the emerging business, while for the QOQ, the EBITDA margins were increasing. So just want to understand from where is the margin increase coming from? Is it largely supported by the POS or is it coming because of the mix change?

And secondly, what is the contract or maybe the order pipeline for the H2 for the exports card

business or the metal card business front? Those are the 2 questions I would like to basically know.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So if you see our international payment card business, We have now been operating in more than 5 regions. We have sales stores deployed across all these regions, and we have added multiple customers across all regions. And today, the timing of the order varies from quarter to quarter, and we are confident that each and every region will move up into a steady scale of revenue going forward. And, uh, today if you see Nigeria, we have added more than 20 customers, uh, in between, in the, in the, during the H1.

And, uh, even our UK region, uh, we have, uh, been doing a good amount of revenue from India. And, um, for the H2, uh, we are confident on the, uh, guidance we have given for the international business.

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, uh, yes, on the margin portion So it is primarily because of this in the sales mix and the product mix. So even if you say, uh, simply our domestic business as well, the mix might change between private to PSU where the margin may change, right? So on a quarter-on-quarter basis, we will see even as we move ahead, this variation could be there. But on an annualized basis, so what we suggest is that the margin have to be looked at an annualized basis.

Yash Mehta - Analyst, Baroda BNP Paribas Mutual Fund
Okay, so on steady-state basis, where can the margins move considering that we are moving more on the emerging side and that piece is growing well for us?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, so, uh, 2 portions to this. Uh, one is beyond our control, uh, the forex movements and the, uh, geopolitical tensions, the raw material increase or whatever it is. But apart from that, considering the, uh, the mix which is changing currently And as we mentioned earlier as well, metal card and tax stamps are our margin-accretive businesses. And as we move ahead, as we increase our revenues in those segments, there should be a good margin coming as we move ahead.

Yash Mehta - Analyst, Baroda BNP Paribas Mutual Fund
And what will be the mix of which coming from the metal cards and the tax stamps? Right now in Q2 and what was it like 1 year back?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
See, uh, overall, uh, emerging business was 25% last year. Not the emerging one,

Yash Mehta - Analyst, Baroda BNP Paribas Mutual Fund
Just the metal parts and the tag stamps which are margin accreting.

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yeah, so, uh, as we mentioned, uh, we don't- we divide the portfolio into 2 parts, uh, the growth emerging business and the core business. So within that individual segment, we do not classify, but as Ramak alluded, textiles and metals are higher margin accretive and growth businesses for us.

Operator
Got it, got it. Perfect, thanks. Thank you. Before we take the next question, a reminder to participants that you may press star and 1 to join the question queue. The next question is from Aditya from Avendis Park. Please go ahead.

Aditya - Analyst, Avendis Park
Hello, am I audible?

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yes, we can hear you.

Aditya - Analyst, Avendis Park
Yeah. First of all, congratulations on your good set of numbers. My first- my question is on the emerging segment business. Considering it consists of a wide diversified business portfolio, I would like to know what is the growth trajectory going forward in next 2 or 3 years and which division of our overall emerging businesses going for a higher growth or which will provide a stable growth phase or something like that? Can you give me some picture on that part of it?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
If you see our emerging business, we have international payment cards, metal, tax stamps, and IoT and RFID solution. In the international payment cards, now we are present across 5 regions. And, uh, we have started our Nigeria operation and, uh, the revenues have been consistently flowing from the Nigeria operation. And now we have started UK and we are very confident for the revenues to come in from our UK operation. Similarly, we are looking at opening up a new personal bureau in any one of the larger growth markets going forward.

And On the metal side, in the domestic market, uh, we are doing, uh, multiple variants across all the top issuers today in the country. And with the opening up of markets in UK, Nigeria, and with the presence in more than 5 regions, and with our patents across the metal card, we are confident to expand this metal card portfolio in our energy segment. Tag stands, uh, we have one, uh, one large project in Q1. We are confident, uh, to add, uh, one more in the current year in the domestic market, and we have plans, uh, to expand even into the international market.

And this will be one of the larger segments in terms of growth. Uh, we have been doing a good amount of work in retail. The retail is good. Now we are looking at jewelry, government, And healthcare and the FMCG sector in the RFI department. And this is growing at a 15% kind of a CAGR in terms of

Aditya - Analyst, Avendis Park
Growth. Okay, my next question is on our core business. How insulated are our margins against this rising import cost? Like, does our contracts with our fellow customer banks or other financial players- do we have a pass-through clause where we pass on the cost of raw materials when we are importing it? Just want to know an idea on that part of

Deepak Agarwal - Analyst, Param Capital Research Private Limited
It. Yeah,

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
So overall we have multiple set of customers, PSU, private, fintech, cooperative bank, etc. In case of PSU, it will be largely driven by RFP process where the contract will be a long-term contract between 2 to 3 years, in some cases 5 years, and the pricing will be fixed for the tenure. Having said that, there will be 4 major clauses where if there is any significant increase in the raw material, we can go back and negotiate the pricing. But in other cases, like whether it is private or cooperative banks or fintechs, we can go back to the customers and we can renegotiate the pricing.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So usually our contracts are multi-year in nature, and when we are pricing the contract, we ensure we plug in or factor in all these kind of variances happening.

Aditya - Analyst, Avendis Park
Thank you. That's it from my side.

Operator
Thank you. Participants who wish to ask questions, please press star and 1. Next question is from Deepak Agarwal from Param Capital. Please go ahead.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Yeah, hi team, am I audible?

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yeah, we can hear you. Yes.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Yeah, yeah. Yeah, so my first question was on the sales mix from H1 to H2. So how should we see? Is it that, say, 40% of the business happens in H1 and about 60% in H2?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, so if you see our historical records, it was somewhere between 45 to 55. But currently, as we are increasing our foothold into multiple geographies, multiple products, so it can change. But historically, yes, it was between 45,000 to 50,000.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Got it. My second question was on the international piece. So in the longer run, so we are at about 15-17% international business. In the longer run, where does- where do you see this share stabilizing?

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
So, uh, on the international operations, uh, see, basically if you look at it, uh, this is a growth lever for us. And as Girish alluded in his opening remarks, while we are dividing the business between core and emerging, actually if you look at it, a lot of these businesses are actually going global. So to really give you- for example, let's say metals is obviously a global offering for us, so is let's say PVC cards, and even on tax stamps we're now trying to go global. So the idea is it will be difficult to kind of give you a particular number, but broadly we can give you structurally that the direction is most of the businesses which were seeded domestically is now taking- getting international traction and which is leading to growth for us globally.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Got it, got it. Uh, my third question was on- if you look, so we grew the revenues at 33.6% in this quarter, whereas the EBITDA grew about 17.5%. And you have given the explanation of one is the cost of goods sold and freight expenses have really gone through the roof. So, uh, do we see this correction happening starting Q3, or it will take some time for you to get this kind of price hike from your customers. So how should we look at H2 onwards in terms of the EBITDA to revenue growth?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, so, um, see, as we given our guidance earlier as well, so our emerging businesses are growing significantly, and even going forward we believe that there will be significant growth coming from the emerging businesses. And again, we have given a guidance that within that, our metal cards and tax stamps are margin accretive. So as we get increased revenues from these 2 segments, there will be definitely margin increase or uplift possibility as we move ahead. However, any factors which is outside our purview like forex movements or for that matter global geopolitical tensions, we'll have to normalize that.

But directionally, yes, we are on the right move to increase the margins.

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yeah, and Deepakji, just to add to Ramana, see, if you look at it, the- as you kind of mentioned, the export mix is increasing, which basically becomes a natural hedge for to the imports, which- and if let's say rupee doesn't slide to the extent the rupee depreciation which we've seen last year, then obviously that gives us- I mean, it becomes margin accretive for us. That's one. And second, broadly, the overall idea is that as we said, we are trying to get into markets and businesses which are further margin accretive.

So where you see, because there's a revenue base increase and there's a better fixed cost absorption. So with these 2 factors, we believe, along with the, let's say, the sales mix changing, overall there could be- we are looking for better margins provided geopolitical and the rupee Asian control.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Got it. My last question was on this depreciation. So if you look versus our relative peers for our depreciation on the kind of fixed asset we run, that seems to be on the higher side, which is a good thing because you are depreciating it much faster. And that typically- so I think the net block is closer to about Rs 380 crores, and on that roughly this quarter we did Rs 22 crores. So we almost in 3 years we are writing off the asset. Uh, so your thoughts of- so if I look at Q2 last year was about Rs 12 crores, now we're at Rs 22.

Quarter to year on year. So, uh, this pace will continue going forward, and, uh, how should we look at it? So, uh, because I think for your competitor it's a much higher gross asset number and they seem to be doing much lower depreciation. So how should we compare it?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Thank you for that question. So, uh, we cannot comment on the competitors, but definitely on Our balance sheet, see, last year we have invested roughly around Rs 135 crores in assets. This year till H1, we have invested around Rs 58 crores. So overall asset base is increasing. And as you mentioned earlier as well, as a policy, we had taken a strategy that any incremental investments will happen through leasing mode. And this leasing is with the 5-year kind of a tenure, and all

depreciation is done over 5 years.

So hence, uh, this you can see that, uh, elevated depreciation cost. But having said that, uh, having our IPO proceeds, uh, in place for 240 crores for new capital, uh, so the overall depreciation as we move ahead, it might, uh, normalize.

Sunil Jain - Analyst, Nirmal Bang
Got it. And overall,

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, and overall the life of the assets will be between, again depending on the machine, it Between 7, 10, and 15 years.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Okay, in a way, so your cash PAT is much higher, right? So it will be actually closer to 100 crore PAT already if you look at your cash. Yeah, thank you so much. Thanks. I'll come back.

Operator
Thank you. Before we take the next question, a reminder to participants that you may press star and 1 to ask questions. The next question is from Sunil Jain from Nirmal Bank Securities. Please go ahead.

Sunil Jain - Analyst, Nirmal Bang
Yeah, thank you very much for the opportunity and congratulations on good number. So my question relates to customers additions in the international market. You said that Nigeria, you added around 20 customers in H1. Can you talk about the situation in UK and US? Are you expecting or have you added good large customers over there as well?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So if you see our UK region, we have been doing business with the largest new bank out of UK. And our sales force was deployed in the region almost, say, 2 years back. And with the credentials we have with the largest customer, we are in good connect with all the tier 1 Tier 2 and the fintechs. And if you see UK as a market, there are more than 200 fintechs in the market. And, uh, with our metal card patent, we are very kind of very confident to enter into the fintech space and establish ourselves in the UK market.

And, uh, as I mentioned in my opening remarks, revenues will come in the second half from the UK region. And US also, if you see, it's a very, very large metal card market. More than 30-40 million cards are issued on metal. And, uh, our- we have our sales teams even in the US region. And, uh, yeah, we hope to see some revenues coming, uh, in the year even from this region.

Sunil Jain - Analyst, Nirmal Bang
So any breakthrough expected from any of the large banks in next H2?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
We will, uh, inform when we progress.

Sunil Jain - Analyst, Nirmal Bang
Okay, fine. Second question relates to, uh, the freight cost. Uh, the freight cost has increased substantially, almost doubled year on year in Q2. So can you talk about this? Uh, why is this happening? And even also quarter on quarter, it has increased substantially.

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, so normally this is related to a direct freight cost. So one of our businesses is also into integrated logistics management where we deliver the cars end-to-end to the beneficiaries of our customers. And as we increase that bundled offering services, there is an attached cost of courier cost for this business. And this exactly goes in line with the business with these customers for bundled offerings. So it's a direct cost rather than indirect cost.

Sunil Jain - Analyst, Nirmal Bang
Okay, okay, fine, sir. And, uh, last question is about the core business. Uh, last 2 quarters had seen a good growth of over 20%. Uh, so this growth is likely to continue in this year, current year?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So if you see the, uh, our core business, uh, a lot of transition has happened on the debit card use cases. Where we have done a lot of transit projects, and there are multiple projects in line for transit. The largest project which we did in Maharashtra, it has built a large use case and which other states are also copying. And credit cards have also been growing, and we are confident to- Yeah,

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
So just to add in, If you look at it, we've given, uh, this year our guidance is around 30 to 35% growth, uh, uh, for the entire business. And, uh, as you would have, uh, looked at it, we are on course to that. And we have also given guidance that, uh, uh, between FY27 to 29, we believe there is a 25% CAGR growth which the company can achieve. Now if you look at the emerging, uh, portfolio, that has kind of grown from 25% to 35%. So individually, uh, we will not be able to give a specific guidance on, on each of the portfolios, but overall, if you look at it, the, the company is in a, a decent growth trajectory as we, as we move forward.

Sunil Jain - Analyst, Nirmal Bang
Okay, fine. Great, sir. Thank you very much.

Operator
Thank you. Ladies and gentlemen, to ask questions, please press star and 1. The next question is from Nihar Acharya from India SME Investments. Please go ahead.

Nihar Acharya - Analyst, India SME Investments
Hi, team. First of all, congratulations on the good numbers. Really impressive work there. I have questions on 2 fronts. First is on the supply side. What does our current utilization look like given that we will also be expanding to the international markets? So can you just explain that bit? And second is on the international business. You mentioned that we are going aggressive in the UK and Nigerian markets. So what are the expected timelines from the business that will come from UK and on the personalization bureau front in Nigeria?

Can you please touch upon those things?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah. So on the capacity utilization, currently, again, We split it into 3 segments here. Our plastic card business, or the capacity, is roughly around 80% today. Metal card is hardly 55 to 60%, and tax stamps is around 70 to 75%. Again, as we move ahead, as the business grows, we have also earmarked a significant amount for increase in the CapEx for the next 2 to 3 years. So roughly we are investing around 240 crores, which is earmarked from IPO proceeds into assets. So capacity increase is not a challenge here.

So however, current- with the current capacity, the utilization is around between 75 to 80%.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
Yeah, in the Nigeria operations, we have started personalizing and delivering cards to customers in Nigeria. And UK, as I mentioned, we will be showing traction in the second half of the year.

Operator
Okay. Thank you. Thank you. Participants who wish to ask questions, please press star and 1. Ladies and gentlemen, to ask a question, please press star and 1. The next question is from Deepak Agarwal from Param Capital. Please go ahead.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Yeah, a couple of more questions from my side. So one is, can you help us understand, so terms of the global card market, if I look at, say, calendar year '24 to calendar year '25, so as I understand, it's a Rs 400 crore global card market. So how it has moved in last one year in terms of year to year, and how are we looking? So roughly about, say, 12-12.5 crore cards, we are 3-3.5% of the global market. Where can we reach in next couple of years or 2?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So if I have to see the overall global market, after China, US is the largest market with more than 650 million issuance. And we are now present in Nigeria, UK, India, which contributes to almost one-fourth of the overall global market. And the idea is to look at expanding and growing in these markets.

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
So, uh, so, Deepak ji, if you look at, uh, the- see, basically we have to understand, uh, 2 things. When we say 400 crore cards, uh, let's say, getting issued every year, uh, uh, typically average validity of the card is, let's say, around 4 to 5 years, which means around 4 to 5x of the cards are in circulation. And, uh, so this is like- and let's say typically around 70 to 75% cards get renewed and there are- there is incremental demand. So from an overall perspective around the world, cards are growing between 2 to 4% year on year, 2 to 4% year on year on the PVC cards.

For metals, there is a growth of around 15% kind of a growth on an annualized basis globally.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Okay. Interesting. And the, uh, liquor stamp business, right? So, uh, in terms of, uh, like, as of now, how big the business is, if you can talk about any broader numbers? And in terms of the potential in India versus who actually is using it as of now, and any RFPs and all by any states for this, uh, kind of product?

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
So if you see, in India, each and every state procures these tax revenue stamps, and it's a significant opportunity which is there in the market, highly. And only people who are having high school secondary printing capabilities have this- are present in this market. Global markets, it is being used in tobacco, it's used in pharma, it's used in alcohol. And, uh, there are clear requirements coming up from Africa, US, multiple markets. There are opportunities, and these are all long-term contracts given to a single player, multi-year in nature kind of a contract.

Deepak Agarwal - Analyst, Param Capital Research Private Limited
Got it. Yeah, thank you so much. I'm done.

Operator
Thank you. Before we take the next question, a reminder to participants that you may press star and 1 to ask questions. Next question is from Sakshi Chhabra from Swan Investment. Please go ahead.

Sakshi Chhabra - Analyst, Swan Investment
Hi, I just had one question. I want to know that in terms of imports, is all our raw material imported or is some of it procured domestically?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, so roughly between 75 to 80% of the materials are imported today, and the balance we procure domestically.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
And we also procure all our raw materials from multiple regions like Europe, Singapore, and China. So to deal from individual markets, we have vendors from multiple locations.

Sakshi Chhabra - Analyst, Swan Investment
Okay, and is this increase in the pricing pertaining to, uh, just the currency depreciation, or is it also because of the crude movement?

Ramanath Pai - Chief Financial Officer, Manipal Payment and Identity Solutions Ltd
Yeah, it is a combination of 2, uh, currency as well as crude movement.

Sakshi Chhabra - Analyst, Swan Investment
Okay, and what would be your outlook on this going forward?

Mayank Bhotika - Head, Strategic Finance & Treasury, Manipal Payment and Identity Solutions Ltd
Yeah, so, uh, Sakshi, uh, see, basically, uh, as we kind of mentioned, uh, you would have seen on a sequential basis there was some margin expansion at the EBITDA level also, because simply because the rupee didn't depreciate to the extent what it was visible, let's say, in Q1 or last year. Right. So obviously, if the rupee doesn't depreciate, it is value-accretive for us. And second, in terms of an outlook, I mean, it is difficult for anybody- it's anybody's guess given the geopolitical scenario currently.

But as things normalize, uh, uh, we, uh, we should, uh, it should be an upward trajectory, uh, at our end.

Sakshi Chhabra - Analyst, Swan Investment
All right. Yeah, thank you and all the best.

Operator
That was the last question in queue. I would now like to hand the conference over to the management team for closing comments.

Kukkundoor Girish Kini - Executive Director and Chief Executive Officer, Manipal Payment and Identity Solutions Ltd
Yeah, thank you all for joining online and being part of the call. Thank you.

Operator
Thank you very much. On behalf of Manimal Payment and Identity Solutions, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.