Management Discussion

Prateek Singh - Analyst, IIFL Capital Services
Thanks, Anam. Good afternoon and welcome everybody. On behalf of IFL Capital, we invite you to the Man Industries Limited Q2 and first half FY27 earnings conference call. From the management, we have the Sukhani 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 - Managing Director, Man Industries (India) Limited
Thank you and good evening everyone. This is Mr. Nikhil Mansukhani here. I welcome you to our Q2 FY27 earning call. Uh, we have delivered a good performance in Q2 FY27. Amid all the macro headwinds, with consolidated EBITDA at Rs 190 crores, our highest ever for a quarter, and a revenue growth of 49% YOY and 14% QOQ. These are strong numbers and we are pleased with the progress. But what makes this quarter particularly important is that the performance reflects the growing contribution of NPC following its acquisition in May.

We are seeing the benefits of a broader manufacturing footprint and a more diversified product and geographic mix begin to come through in our results. Navigating the operational environment, the, the geopolitical situation in West Asia disrupted key maritime routes, particularly the Strait of Hormuz. Port congestions and delays in dispatch of finished goods means that approximately Rs 300 crores of revenue was deferred beyond Q2 FY27, which affected our standalone revenue. I want to be clear on this.

It was a timing and logistic disruption, not a loss of business. The contracts are intact and the customer relationship is unchanged. The customer has nominated alternate ports and these shipments are being executed. Our teams have worked closely with the customer to realign the dispatch plan. Operating across international markets, disruptions like these are a reality. Our response is to protect customer confidence, adapt logistics quickly and keep the order pipeline converting into execution. Now talking about NPC, which is strengthening our Saudi platform.

Since completing the acquisition on 21st May '26, we have been integrating NPC and aligning it with MAN's wider operations. Q2 FY27 was the first full quarter of NPC's contribution, and integration is now fully in place across operations, systems, and reporting. NPC performed ahead of the range we had indicated, and we expect it to contribute meaningfully going forward and carry this momentum. The strategic value goes beyond the numbers. NPC gives us an established manufacturing base in the Kingdom, closer proximity to customers and projects, and it moves us from being an exporter into Saudi to a stronger in-Kingdom manufacturing presence.

The capacity expansion and strategic projects- so our coating and double jointing facility is targeted to commence operations by April '27. It adds value-added processing and lets us offer more integrated pipeline solutions. Uh, our Jammu project of stainless steel pipe and plant is progressing with production expected in April 2027. It is our entry into higher value segment and an opportunity into the import substitution. Marino Shelters, it gives us immense pleasure to announce the launch of the project Sai One World by Paradise Group on 26th of October with full IOD and CC and RERA approvals.

The joint development with Paradise was now expected to generate cash flows from Q3 onwards, and also it will generate a total cash flow between Rs 800 to Rs 900 crores over the next 5 to 6

years. The newest, newest addition in our CAPEX and expansion is we are setting up a new plant in the United States of America, and this was approved yesterday by the board, and it will be done by a wholly owned subsidiary, and it will be a manufacturing pipe manufacturing facility, approximately 350,000 metric tons, and approximate plant CapEx is around $110 million.

This broadens our geographic footprint and brings us closer to the customers in the major market. These projects share one objective: a more integrated manufacturing platform, wider value-added capabilities, and a stronger presence in important global markets. Our focus is disciplined execution and commissioning in line with our plans. The demand outlook and order book- our consolidated order book is approximately Rs 3,500 crores across India and Saudi Arabia, with a bid book of approximately Rs 19,000 crores, with the majority ordered scheduled to execution over next 6 to 9 months.

In H2, we expect NPC's momentum to continue. In India, the disruption in West Asia remains a headwind for dispatchers, but the order book and the deferred shipments gives us visibility. With that, I would like, like now to hand over the call to our CFO, Mr. Sandeep Kumar Garg, who will take you through the financial performance in detail. Over to you, Sandeep.

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Thank you, Mr. Nikhil. And good evening everyone. I will take you through the financial performance of Man Industries for Q2 FY27 and H1 ended September 30th, 2026. At consolidated financial performance, the consolidated performance revenue for operation for Q2 FY27 stood at Rs 1,216 crore, up 49% YOY. Consolidated EBITDA was Rs 190 crore, an increase of 86.6% YOY. It also grew 20% subsequently. EBITDA margin expanded to 15.6% from 12.5% YOY and 14.6% in the previous quarter. Profit after tax increased 132% YOY to Rs 82 crore.

PAT margin improved to 6.7% from 4.5%. On a sequential basis, consolidated PL PAT increased to 33.5%. Now talking about National Pipe Company Saudi Arabia contribution. National Pipe Company was acquired on 21st of May '26, and its number has been consolidated. And this quarter is the true reflection of its performance because this full quarter will reflect NPC's contribution. So for the period from the date we took over, 21st May to 30th September, National Pipe Company contributed revenue of SAR 208 million, which is equivalent to Rs 532 crore, EBITDA of SAR 37 million, which is approximately equivalent to Rs 94 crore, and PAT of SAR 31 million, which is equivalent to Rs 79 crore, converted at an average rate of, for the period, Rs 25.6 to Rs 25.6 per SAR.

Specifically for this current, uh, for Current quarter, which is quarter 2 for FY27, NPC reported revenue of SAR 191 million, which is almost 486 crore, EBITDA of SAR 34 million, which is 88 crore, and PAT of SAR 30 million, 77 crore. Its EBITDA margin is around 18%, while, while the PAT margin is 15.8%. At this was the first quarter, where the full financials of NPC are getting consolidated. It is the best indication of the scale and profitability NPC brings to the group. NPC also has no borrowing, the net worth of around SAR 618 million, which translates Now let's have a look at the half-yearly performance.

For H1 '27, consolidated revenue grew by 43.6%, EBITDA 89.2%, and PAT 122.1%. EBITDA margin expanded by 360 basis points to 15.1% and PAT margin by 220 basis points to 6.3%. As we progress, our priorities remain disciplined capital deploy timely project execution, and efficient conversion of the order book into the revenue and cash flow. With this, I hand over. Thank you. With this, I would request moderator to open the floor for questions.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question, please may press star and 1 on the 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 a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Disha from Sapphire Capital. Please go ahead.

Disha - Analyst, Sapphire Capital
Hello, am I audible, sir?

Ganesh Rao - Analyst, Punarvi Capital
Yes,

Disha - Analyst, Sapphire Capital
Yes. Oh, thank you so much, sir, for this opportunity, and congratulations, sir, for a good set of numbers in this current operating environment. Couple of questions, sir. Firstly, uh, what will be our Saudi plant utilization currently, and what sort of revenue contribution are we expecting from Saudi for this year?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, so Saudi currently is operating around 40 to 45%, and approximately the numbers for the next couple of quarters would be, give or take, somewhere around the same numbers what is for this quarter.

Disha - Analyst, Sapphire Capital
And what is with the north

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Of north of approximately 500 crores?

Disha - Analyst, Sapphire Capital
Okay, for the next two quarters.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yes.

Disha - Analyst, Sapphire Capital
And this answer this includes NPC or this excludes?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, no. I am talking about NPC for the next two quarters would be north of approximately 500 crores between approximate.

Disha - Analyst, Sapphire Capital
Okay, okay. And so the Jammu plant we're expecting operations to begin April onwards. Is that correct?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yes, yes,

Disha - Analyst, Sapphire Capital
Yeah. So, so what's the peak revenue do we see from that plant? And you mentioned that this is like a higher margin product, so what sort of margins are we- can we target for this product? And what will be the contribution for the next year from the Jammu plant?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, so the peak contribution can go up to around Rs 1,000 to Rs 1,200 crores. The first year we are targeting between 25 to 30%, and EBITDA margins are anywhere between 18 to 22%. For the stainless steel business.

Disha - Analyst, Sapphire Capital
Okay, okay. And so for this coating facility also that is going to come by April, post that, what sort of margin benefit like do we see flowing in? And what sort of margins overall should we expect for the next year? Because both Jammu and the coating facility will be online.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
I think we would be continuing at, uh, you know, approximately at a consolidated level above 15% EBITDA. Even after pushing the stainless steel because it would just be the first year and coating also would be the first year. So we would be still but growing at around the EBITDA margins would be north of 15%. Okay,

Disha - Analyst, Sapphire Capital
Okay, okay, okay. And so this, for this quarter, this, we've registered an exceptional gain of Rs 24 crore. What is, what is, what, what is the cause of that?

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Actually, what happened, we had an order with the customer which would not quite concluded. So the, uh, if you look at the note which we are given in our results, which very clearly disclose everything about the transaction, that there was a transaction of around Rs 38 crore which was reversed, and the advance from the customer of Rs 25 crore was forfeited. And both based on that, the goods was sold to another party, so there is no profit or loss to the company. But because of accounting purpose, we have to show it separately, and which is practically showing my EBITDA at 190.

Otherwise, the business transaction, then EBITDA is 215 crore. So this is not an exceptional item like I sold any asset or something. It's a business-related transaction. Only accounting treatment, we have to go by the accounting standard to show it separately.

Disha - Analyst, Sapphire Capital
Okay, okay, okay, fair enough. And so just the last thing on the US CapEx that you've announced, any sort of timelines by when do we expect this to come online? What sort of asset turns are we looking at? And what- and just like your rationale behind setting up this plant, if you could just elaborate a bit more on

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
That. See, principally the rationale behind putting up the plant is we are seeing quite a large surge of

energy requirement in the US. Also, US is absolutely closed market with 232 and the dumping duty. So we are not able to supply from India and we are losing that market completely, uh, in respect of our competitors are doing extremely well in the US. Uh, with respect to the timeline, we have a targeted timeline of, uh, 12 to 14 months and we are working towards it. And, uh, I think in due time in the next quarter there would be furthermore update on it.

Disha - Analyst, Sapphire Capital
Okay, okay. And so you also mentioned that we have a bid pipeline of around approximately Rs 19,000 crore. So what sort of, um, conversions are we looking at? What's the exit order book for this year that we're targeting?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
So approximately the conversion for us has been between 25 to 30%. So we're looking at around, uh, 6,000-6,500 crores including Saudi and India put together.

Disha - Analyst, Sapphire Capital
Okay. And so for this year we're targeting around 5,500 CR in revenue, is that correct?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
5,000. 5,000.

Disha - Analyst, Sapphire Capital
5,000. Okay, and any, any sort of color on what sort of growth can we look at for the next year?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
I think we should be continuing to grow at between 20 to 25% on a console level.

Disha - Analyst, Sapphire Capital
Okay, okay, fair enough. That is it from my side. Thank you so much and all the best.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Thank you.

Operator
Thank you. The next question comes from the line of Nikhil Nyati from Investec. Please go ahead.

Nikhil Nyati - Analyst, Investec
Good afternoon, sir. Am I audible? Yeah. Yep. Uh, so, so my first question is on the US expansion. Uh, sir, I wanted to ask that, do you intend to partner with any local player? And if that is being considered, what would be its scope and structure? That's my first question.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, we don't have any local partner. Can you hear us, Nikhil?

Nikhil Nyati - Analyst, Investec
Yeah, I can hear you.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, for now we don't have any local partners.

Nikhil Nyati - Analyst, Investec
Okay. And second question is on the U.S. Uh, bid pipeline, uh, any visibility or any color that you can give us on that?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Sorry, we lost you over there. Can you repeat your question?

Nikhil Nyati - Analyst, Investec
Uh, sir, on the, uh, US, uh, and the Saudi Arabia, uh, bid pipeline, any color, any extra, any more color that you can provide us on the business over there?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
USA, I cannot because we are not bidding yet. Once we are there only because it's a local market. But there I can tell you this much, that US overall till 2052 is announced total revamping of oil and gas lines approximately $1 trillion. And even if we probably assume that's on the higher side and divide it also, but still I think there is a large amount of pipelines between $2 to $4 billion every year. For the next 10 to 15 years. So looking at the data center surge, the old lines which are getting renewed, we feel there is a lot of business in the right place because it's a completely closed market.

Saudi Arabia, on the other side, we have bids of more than large quantities, almost 500,000 tonnes, and Aramco is going quite aggressive. Also, there is MasterGas 4, which would be coming up very soon, and other renewable and loop lines. So the bid book is very, very strong in Saudi Arabia and we expect it to continue again for the next 2 to 5 years. And also water demand is very, very large in Saudi Arabia with new water lines coming in. So I think principally from 2027 to 2032-34, it's quite a strong bid outlook for even Saudi Arabia.

Nikhil Nyati - Analyst, Investec
Okay, uh, thank you, thank you for the detailed answer. That's it from my side. Thank you,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Thank you,

Operator
Thank you. The next question comes from the line of Bhavin Pandey from MK Wealth Management. Please go ahead.

Bhavin Pandey - Analyst, MK Wealth Management
Hey, hi, uh, good evening. I had just 2 questions. Uh, first question was, uh, on the US capacity. So would we be, uh, using existing set of machinery from India, or would we look at procuring new machinery for a new facility in the US? And secondly, uh, before the Saudi acquisition, I guess, uh, we were ramping up facility, uh, in Middle East as well. So what happened to that capacity that was being ramped up before the acquisition?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, hi Bhavin. So for the US capacity, uh, we would be doing both. We will have set of new machines as well as some upgraded machines which will be both put together and sent across to the US. Uh, your question for Saudi Arabia is, yes, we did get the land, uh, for the greenfield, and, uh, but we are doing the coating plant over there now. And, uh, in the meanwhile, we managed to

acquire NPC, so we did not go ahead to put up the manufacturing facility there, just the coating facility.

Bhavin Pandey - Analyst, MK Wealth Management
Okay. And what would be the cost that we would be looking at for the machinery that we are procuring? In the US,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, I think the total project cost is around $110 million. So that would cover up all the machines and all the land and all the infrastructure, everything.

Bhavin Pandey - Analyst, MK Wealth Management
Okay. And what is the capacity we are looking at?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
It would be around 350,000

Bhavin Pandey - Analyst, MK Wealth Management
Tons. Okay, that's perfect.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah.

Operator
Thank you. The next question comes from the line of Chalak Jain from Chhattisgarh Investment Limited. Please go ahead.

Disha - Analyst, Sapphire Capital
Hello, am I audible?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, we can hear you.

Disha - Analyst, Sapphire Capital
Yeah, thank you for taking up my question. Um, for this, like, you have a deferred revenue of Rs 320 crores, so is it normalized going forward or we expect it to reduce further?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
It will be reduced over time as the customer is given some different ports. So we've managed to send our shipment out to those ports, so it will, it will normalize in the near future.

Disha - Analyst, Sapphire Capital
Um, by when can we expect that, if you can give us any idea?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
I think most of it should be in this quarter.

Disha - Analyst, Sapphire Capital
Okay, okay, thank you.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah,

Operator
Thank you. The next question comes from the line of Dixie Jain from Incred Equities. Please go ahead.

Dikshi Jain - Analyst, InCred Research
Hi, thank you for taking the question. My first question is regarding the US facility. So, uh, when are we expected to finish the entire CapEx and how is this funded?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
We, we expect to get the entire financial closure by February.

Dikshi Jain - Analyst, InCred Research
How- as when will the capacity be live?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, we are trying for December 27th and January 28th.

Dikshi Jain - Analyst, InCred Research
Okay. And then there

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Is operations, and then we have to obviously apply for the API license post that.

Dikshi Jain - Analyst, InCred Research
And how will the CAPEX be funded for this?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, it is basically, uh, through debt. And, uh, we had- we're going to do some, uh, preferential internal funding, uh, through PREF or QIP.

Dikshi Jain - Analyst, InCred Research
Okay. And, uh, also, we, uh- so this year we are not expecting any income from Marino Shelter, is it?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
We will get- we will get- it's already been launched and, uh, some income will start coming in from Marino. Uh, not a large income because it's only 5 months, but we will get- start getting some income.

Dikshi Jain - Analyst, InCred Research
Okay. And, uh, for the Dammam facility, so we said that we will do about 20- some utilization in FY28. Can you give us a little color on how the coating facility business is there and how are the realizations like for that business?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, so coated is obviously like a compulsory added facility. It's doing extremely well currently. All the other plants are busy which are there in Saudi Arabia. India, and we expect it to be the same. And plus, the orders which we will be getting from Aramco will also be coated in our facility, which

are currently going outside. So I think the coating facility is going to be very busy, and, uh, the margins are quite lucrative and north of around 15% again.

Dikshi Jain - Analyst, InCred Research
Okay. And how much, uh, how, how much revenue are we expecting in FY28 coming from this facility?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
From MPC, we are expecting between $200 to $250 million.

Dikshi Jain - Analyst, InCred Research
MPC, this includes coating? Yes, yes, yes,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yes, includes coating. Yeah.

Dikshi Jain - Analyst, InCred Research
Okay, thank you for taking the question.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah,

Operator
Thank you. The next question comes from the line of Viraj Mahadevia from Moneygrow Asset Private Limited. Please go ahead.

Ganesh Rao - Analyst, Punarvi Capital
Hi Nikhil, congratulations to you and the management team on integration of NPC. Couple of questions. Uh, one is the finance cost of Rs 50 crores in Q2, is that now the full finance cost likely to be, uh, the way forward after baking in the debt taken for NPC?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, yeah, that is.

Ganesh Rao - Analyst, Punarvi Capital
Okay, perfect. Uh, second question is, despite a much higher profitability in first half of this year versus first half last year, your operating cash flows have remained exactly the same. Could you explain to us what's happening on working capital and why that's, uh, sort of blocking up some cash?

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
So actually, as you, as you know, that, uh, there was some, uh, disruption because of geopolitical issues and shipments was delayed. So if you see our balance sheet, the inventory has slightly reduced But the debtors and the sales, so the working capital cycle is little elongated. That is the reason that because of dispatches delayed and some order which we are executing for DDP shipment, that is also, uh, working capital requirement are little higher.

Ganesh Rao - Analyst, Punarvi Capital
Understood. And will that, Mr. Garg, will that likely normalize in the next 1 or 2 quarters?

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
In the next quarter, quarter 4, everything will be normalized.

Ganesh Rao - Analyst, Punarvi Capital
Understood. Uh, Nikhil, could you give us some perspective on the overall order book, uh, bid pipeline? So what is the total value of orders you bid for between India and MPC at a consolidated level?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Currently between 19- 18,000 to 19,500 crores.

Ganesh Rao - Analyst, Punarvi Capital
Okay, typically our win rate is about 20+ percent, right?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, generally between 20 to 35% is our win rate. Depends how aggressive we go and which orders. Yes, but that's a typical range.

Ganesh Rao - Analyst, Punarvi Capital
Are you all going more aggressive in the- out of the Saudi plant, given that you're at 40-45%? Yes,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yes, yes, we are. Yes, we are.

Ganesh Rao - Analyst, Punarvi Capital
Including for water orders and other orders which MPC historically could not do?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yes. Now the plant is already upgraded. We've already done the CapEx of the plant. We got a couple of months after acquisition which was not very busy, in which we managed to upgrade and cater to all the sizes of the water order which NPC was not being able to do before. So very- we are very well placed now to get all those inquiries and orders also. So it's going to be busy. NPC will be very busy coming, you know, here.

Ganesh Rao - Analyst, Punarvi Capital
Right. And do you see any incremental synergies coming out of NPC, or do you think you've sort of maxed out on them, whether it's procurement, sourcing, uh, from Asia, etc.? No,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
This- see, this benefit is going to come and it will start reflecting in the newer orders as well, uh, because, uh, we are obviously buying almost a large quantity now, almost double what we were doing in India and now put together with NPC. So definitely we are getting those benefits in the raw materials. NPC was buying certain raw materials from certain players only, and once we took over, we are already saving 30-40% cost on some of the raw materials like consumables, fluxes, wires. So it's an ongoing process.

It's just been merely 5 months and we have managed to do a lot according to me, but it's, it's Like I said, it's, it's ongoing. We are ever improving. Even the India operations, we are improving. So yeah, we see to see improvement in both, in fact, India as well as Saudi.

Ganesh Rao - Analyst, Punarvi Capital
Right. When, Mr. Garg, do you think you hit your peak debt levels, given that, uh, you know, we've just completed the acquisition of NPC, we're looking to now commit to the US project, at the same time we have money coming in from Merino? Uh, when is your peak debt and what is the net debt to EBITDA at that level?

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Currently for this year FY27, we are expecting PEAT debt to be around Rs 1,700

Ganesh Rao - Analyst, Punarvi Capital
Gross,

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
And net will be- if you look, our net will be around Rs 200 or Rs 250 crore net.

Ganesh Rao - Analyst, Punarvi Capital
That's it.

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
And for US, still, still we are working out, exploring possibilities of mix of finance, so I will not able to make any comment or commit the figure for that.

Ganesh Rao - Analyst, Punarvi Capital
Understood. So you're saying FY27 net debt should be Rs 250 crores only?

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Yeah.

Ganesh Rao - Analyst, Punarvi Capital
Okay, fantastic. Congratulations, all the best.

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Thank you, thank you,

Operator
Thank you. The next question comes from the line of Raj Seth from Avance BMS. Please go ahead.

Raj Seth - Analyst, Avance BMS
I would like to ask, what are the key reasons for the subdued standalone performance in Q2 FY27?

Bhavin Pandey - Analyst, MK Wealth Management
Yes,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
The main, main reason, uh, Mr. Raj, is because of the shipments.

Raj Seth - Analyst, Avance BMS
Okay, uh, my next question, due to the geopolitical

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
War, uh, you know, Hormuz being shut down and a lot of delays of raw material coming in as well as

the finished goods going out. Is the main reason.

Raj Seth - Analyst, Avance BMS
Okay. Can you give me revenue and margin guidance for H2 FY27 and FY28 for standalone business?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Standalone, I cannot give you right now offhand standalone, but I can give you a console level that-

Bhavin Pandey - Analyst, MK Wealth Management
Hello? Yeah. Can

Raj Seth - Analyst, Avance BMS
You hear

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Us?

Raj Seth - Analyst, Avance BMS
Yeah.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah. At the console level, we would be doing approximately similar to H1. 1, uh, in H2. And next year there would be approximate growth at the consolidated level at between 20 to 25%.

Raj Seth - Analyst, Avance BMS
Okay. And what would be our CAPEX guidance for H2 and FY28?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
FY28, uh, majorly the CAPEX is for the US, approximately $110 million. And, uh, H2 CAPEX is, I think, this

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Is our part of quoting. coating and Jammu purchase

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
So H2 CAPEX is approximately 30 plus 15 million, which is pending. So around 450 crore, 30 million dollars, is for the 25 million pending, which is for the coating mill at Saudi end around 150 crore, your, which is pending for the Jammu, that's

Raj Seth - Analyst, Avance BMS
It Okay thank you that

Operator
Thank you. The next question comes from the line of Prateek Singh from IIFL Capital. Please go ahead.

Prateek Singh - Analyst, IIFL Capital Services
Hi, thanks. Uh, just a clarification on the prior question in terms of the operating cash flows. I think it's not very clear in the, in the results, but the FY26 numbers are for full year, right? And the '27 numbers are for first half. In your report, in your release,

Sandeep Kumar - Chief Financial Officer, Man Industries (India) Limited
Correct?

Prateek Singh - Analyst, IIFL Capital Services
Yeah, so because, because then it looks lower, but, uh, on a back-to-back basis, cash flow actually has gone up, it seems. Okay, understood. That, that was my first question. The second is largely on the US data centers. I understand that we have- we are expanding there, but post these midterms and Democrats, anything that you are hearing on the street in terms of a slowdown or curbing of further expansion of pipeline capacity? Uh, or do you think this is something which, uh, which the, the, the pace of capacity additions will continue to be there over the next 3-4 years?

Or are you seeing any kind of a slowdown being talked about, or this risk about Democrats winning the midterm elections? So what are your thoughts on that?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, I think there might be a certain impact, but the growth rate versus the actual pipes and the laydown of the gas availability and the grid availability is very, very low. Because if you see the last 10 years per se, US did not lay down much of the lines, the old as well as the new ones. And even with the US, the Democrats coming in, the important bit is that they want to control the inflation. And if you saw the recent couple of orders of the gas grids being extended and the pipeline orders, It's been directly given by the AI companies to down-the-line gas grids and they are giving it to the pipeline.

So the government is in fact saying, okay, if you need the gas and if you do it, do it yourself, we will support you, but we will not do it to increase the inflation in the country. So the AI companies are actually now completely built to suit, including gas lines and power and everything themselves. So we don't feel that there is going to be a major slowdown. But we do know that for the, for the next 5 years there is enough demand and there is enough lack on supply. And that's why you're seeing competitors getting orders even if they're booked till 2030.

So we have to capitalize on this opportunity.

Prateek Singh - Analyst, IIFL Capital Services
Understood. And, uh, given that we are a new entrant in the US vis-à-vis a plant located in the US itself, Uh, what would be your right to win given that we already have 2 Indian peers and another Turkish player who are kind of quite established there right now? So what would be your right to win there, or do you think the market is big enough for a new entrant to come in and, you know, operate at decent levels?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Currently the market is very big because US, if you see by size itself, is very, very huge. A small order of 100-200 kilometers is 200,000 tons. So which is very small distance for the US. So we feel that definitely there is a lot of opportunity and space there for us right now. And like we said, all the competitors are busy till 2030, right? So it's all about our timing to be there present very, very quickly. And I'm sure that we would get equivalent business. And we are not new to the US. We have done large orders of more than $200 million previously when there was no dumping from India.

But also another reason is because it's a protective market, uh, it makes logical sense for us to be there. So that's the main reason to go there.

Prateek Singh - Analyst, IIFL Capital Services
Thanks. And you mentioned earlier that December 27th or January 28th the plant would be ready, and then it would take some time for the API license. Usually how long is this API licensing process?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
3 months. 3 months.

Prateek Singh - Analyst, IIFL Capital Services
Oh, great, great. And just a clarification on the NPC numbers stated earlier. So when you said 500-odd crores in the second half, that is per quarter, right? Given that- yes, yes, yes. Okay. And are the numbers in NPC kind of lumpy? I mean, so, so what changed that in the first 9 months they did 1,000-odd crores, out of which half came in just one quarter? So were they facing any issues? And why are they still running at 40-50% levels? Is it that the plant cannot go higher than that?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, no, plant can go higher, but the management changeover- before, before 6 months before the management changeover, the existing management was not very keen to take orders because then they have to give liability certificates and responsibility upgrading cost. They were not willing to do it. That's why certain orders they did not grab, and, uh, that's why it was slightly lumpy. But like we said, going forward, I think it's to be quite consistent and hopefully moving upwards only.

Prateek Singh - Analyst, IIFL Capital Services
Understood. And my last question is, um, how would the accounting for this mid-year shelters happen? Would it be like a real estate on a completion basis, or, uh, I mean, just how would the accounting happen if we have to model it? Uh, yeah, it would be

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
On completion percentage basis.

Prateek Singh - Analyst, IIFL Capital Services
Oh, okay, understood, understood. That helps.

Operator
Thanks. Thank you. The next question comes from the line of Ganesh Rao from Punarvi Capital. Please go ahead.

Ganesh Rao - Analyst, Punarvi Capital
Thank you for the opportunity. Uh, so the first question is on the 320 crores thing. You mentioned that approximately, uh, you know, with 320 crores being deferred from Q2 because of the state of farmouts issues, uh, How much of these shipments have already been dispatched, or have you started recognizing in Q3? Uh, have the alternate routes resulted in higher costs for us, be it insurance premiums or any additional expenses? And will our original EBITDA margins be impacted because of this?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, Ganesh, uh, good question. Yes, Rs 320 crores, uh, part of it has already started shipment to newer ports. Yes, the cost has gone up due to the war and the force majeure conditions, and, uh, short-term impacts will obviously be there because, uh, the project- the government is already- the project is for ADNOC, suppose, or any other government authority. They have already given us a

letter that they- we will be compensated, but we have to complete the project first. So once the project is completed, we would be compensated the differential amount of all the excess freight which we are paying.

But yeah, but it's a temporary or interim impact. It's not permanent because they've already given confirmation letters to us.

Ganesh Rao - Analyst, Punarvi Capital
Oh, that's great to hear. Uh, thank you for the clarification on that. Uh, I just, uh, kind of double-clicking on that right now with the transition from FOB to RCIF to the GDP, right? Uh, the freight revenue is now included in our top line. Uh, and the freight costs are also getting recorded under the other expenses, which we see that, you know, it's increasing year on year. Now, uh, for us, right- sorry, yeah,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, go on. Yeah,

Ganesh Rao - Analyst, Punarvi Capital
Yeah, uh, like, is it, is it possible for you to approximately kind of quantify the freight component as a percentage of sales and the incremental EBITDA contribution from these orders? Because, uh, you know, if we have to make or compare how our margins are growing along with the revenue growth Uh, based on historical FOB or CIF model, right? It kind of gives a better picture for us. Uh, right now we are not able to do that, so it would be helpful.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, but the problem is the orders are not going to one country, uh, they're going to different countries under different conditions, different payment plans, different payment terms. And to be honest, all the, all the logistic cost is all passed through, right? It's all a part of our sheet when we bid. So suppose somewhere it's a 90-day delivery time period, even if it's a CIF, or it somewhere is a 120-day because the DDP, because we have to deliver. So it's not that easy to give you a percentage breakup.

Also, the problem

Operator
Ladies and gentlemen, management's line is disconnected. Please hold on while we reconnect them.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Last [Foreign Speech] 11 ladies

Operator
And gentlemen, thank you for patiently holding. The management's line is been reconnected. Please go ahead, sir.

Ganesh Rao - Analyst, Punarvi Capital
Hello.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah.

Ganesh Rao - Analyst, Punarvi Capital
Hey, so I think so.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Is that Mr. Rao?

Ganesh Rao - Analyst, Punarvi Capital
Yeah, yeah, this is Ganesh. Yes.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, so Mr. Ganesh, last year suppose the freight cost was approximately 11% for the company. Uh, this year per se it would go up to 20-25%. And, uh, yeah, but it's not necessary every year it is at the similar percentage. It depends on order to order, location to location.

Ganesh Rao - Analyst, Punarvi Capital
Got you, got you. Uh, so if, if that's the case, right, uh, probably on the, on the current order book of say Rs 3,500 crores, how much of them are roughly still fixed price versus how many of them have the capability for us to pass on the freight expenses? Because I think in one of the quarters,

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Everything is fixed price. So the problem is the almost So everything is- all the contracts are fixed price, there's no variation. But under force majeure, we have obviously asked our clients and our vendors have asked us. So it's, again, we are trying for a pass-through so that the company is least impacted.

Ganesh Rao - Analyst, Punarvi Capital
Fair enough. And the last question I have is, uh, in your opening remarks, you kind of alluded to the bid pipeline being now Rs 19,000 crores, and I think from the previous quarter You had referred to it being around roughly Rs 24,000 crores. Given that our consolidated order book now is Rs 3,500 crores, how much visibility do you have over the next, you know, 6 to 9 months, given that we also have a rough guidance of Rs 5,000 crores for the FY27 year-end? I just want to gauge, like, are we seeing some slowdown in conversion of these bids, and do we expect any big kind of lumpy order inflow probably in the next 6 months or so?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Um, not really. The, the only things were certain bids were open-ended, uh, because, uh, they were at closure level, but because of Hormoz they've got delayed and certain have got withdrawn for the time being. Uh, but a lot of bids in pipeline currently, and, uh, we are looking to achieve, uh, what we said, uh, you know, that we this year we would close around Rs 5,000 crore top line and next year would be approximately 20% to 25% growth. What we see is obviously NPC driving a lot of the growth as well because this year they did around Rs 1,500 crores.

Next year we are looking at around Rs 2,500 crores from NPC as well. So I think we will achieve those numbers and in the near future hopefully we will have some announcements as well for the new orders.

Ganesh Rao - Analyst, Punarvi Capital
Perfect, thank you. And sir, one last question. This is just a clarification because I think a couple of analysts before me had already asked and you answered it. Uh, you- the question that I had was,

you know, concerning NPC acquisition, then the, the Man Facility, the Jammu project, and now the US investment of $110 million. Like, what was the expected peak debt, uh, over the next 2 years, right? And I heard you, uh, or Mr. Garg saying that the peak would be Rs 1,700 crores. And the net debt by the year-end would be approximately Rs 250 crores.

Uh, this doesn't include US in it. Is that the right, uh, summary?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Correct, correct, correct. This does not include US in it.

Ganesh Rao - Analyst, Punarvi Capital
Okay. And to fund the US investment, you are planning to think about preferential issues or QIP funding?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, partly, partly debt, partly, uh, some equity valuation.

Ganesh Rao - Analyst, Punarvi Capital
Okay, and what is the targeted leverage that you are planning to, uh, you know, aspire towards?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
That it's too, uh, I can't, I can't yet disclose it. You will come to know soon once everything is closed out.

Ganesh Rao - Analyst, Punarvi Capital
Okay, fair enough. Thank you so much for patiently answering all my questions. Thank

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
You, Mr. Ganesh. Thank you.

Operator
Thank you. The next question comes from the line of Vishal Jain from Divitai Investments. Please go ahead.

Ganesh Rao - Analyst, Punarvi Capital
Hi, uh, am I audible?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, we can hear you.

Ganesh Rao - Analyst, Punarvi Capital
Hi, thank you for taking my question. Uh, just had a couple of questions regarding the U.S. Facility. Uh, so you said the facility will be commissioned sometime, uh, late 2028, early 2029, right?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, no, late 2027, early 2028.

Ganesh Rao - Analyst, Punarvi Capital
Okay, so the revenues will be from financial '29 if I'm not

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Correct, correct.

Ganesh Rao - Analyst, Punarvi Capital
Yes, can you just give a ballpark figure, like how much are you expecting the US facility to generate and contribute to the top line?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
On the, on the capacity utilization at 75%, I think we can do approximately between Rs 4,500 to Rs 5,000 crores of top line.

Ganesh Rao - Analyst, Punarvi Capital
Oh, okay, wow, okay. And what, uh, other margins are we looking at for this one?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Uh, USA margin are tentatively between 10 to 15% PAT level.

Ganesh Rao - Analyst, Punarvi Capital
Okay, perfect. Uh, and, uh, another question, I know a couple of analysts already asked about the debt, uh, but you have said that you'll be funding the US projects partly through equity dilution and debt. Uh, so what, what kind of interest costs are we looking for the new debt that we'll be taking?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
The US dollar interest rate is between 5.5 to 6.5%.

Ganesh Rao - Analyst, Punarvi Capital
5.5 to 6.5%. Uh, okay, perfect. Uh, that answers my question. Thank you so much.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Thank you. Thank

Ganesh Rao - Analyst, Punarvi Capital
You. Thank

Operator
You. The next question comes from the line of Nikhil Nyati from Investec. Please go ahead.

Nikhil Nyati - Analyst, Investec
Uh, hello, sir. Uh, sir, on the US facility, uh, can you explain why the CAPEX per kg of capacity is lower than that of competitors' brownfield expansions? Despite our project being greenfield. Any particular reason for the lower CAPEX intensity?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
I think we put our projects at a good cost and we have good controls in the system. But this is also purely also because of some equipments we have in-house, uh, and some we need to buy new. So that's also one of the main reasons why, uh, our CAPEX cost is slightly lower. Than our competitors.

Nikhil Nyati - Analyst, Investec
Okay, thank you, thank you, sir. Yeah,

Operator
Thank you. The next question comes from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Ganesh Rao - Analyst, Punarvi Capital
Yeah, thanks for the opportunity, sir. Uh, so people have already asked you this question but still want to get your views. Um, don't you think that when you are planning to put up the plant it's already sort of mid-cycle or mid to late cycle in the pipeline build-out phase in, in the US. If I, if I remember correctly, sir, um, I think in 2007 or '08 also you had intended to set up a plant in the US, which eventually I think you didn't go ahead, and your counterpart who did had some really fallow years after that.

To get some views on how you're seeing the cycle and that kind of risk playing out. What gives you the confidence that, you know, that should not happen, uh, this time onwards? That's-

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Mr. Nirvana, 3 very important things. Uh, at 2007-08, we did go and we did not put it over there because of this whole thing of the upcycle and the downcycle. Uh, today's time period is very different. US is a closed economy. I think we all are seeing that, uh, If you are there, you are getting the orders. If you're not there, you're not getting the orders. So for us being a global company now, and we are very clear that that is how we are going to move forward for the growth of the company, we have to be there.

The good part is that, yes, we are, we are not going during the peak or, you know, so that we only get the downfall. I think it's still moving upwards and the next 2-3 years are quite prime in the US still. Because you've seen whatever the US announcements have come, it's come in the last 1 year. So it cannot be the peak, right? So I think by getting up the factory up and running very quickly is our first target. And if we are able and capable to do that, I think we should have good 2-3 years. And then, you know, obviously in such a business and looking in the US, I feel there is a large scope of pipelines.

And being limited players, I think we have to be there. So I think we, we also discussed this internally a bit in the company, and I think it's the right time we have to be there.

Ganesh Rao - Analyst, Punarvi Capital
Sure, sure, appreciate that. And would you also be restricted in buying RM from U.S. Mills, or can you buy RM from outside? And, uh, what about tie-up discussions and, and the likes? Are you already having those discussions?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah. So principally the problem of sourcing steel of the US is less of an issue unless everyone's busy, all the US steel mills are busy, then obviously you have the waiver to import from Japan or Korea. On the other side of tie-ups, you are aware that Nippon Steel is now owner of US Steel and they make 11 million tonnes of HRC and that's our biggest raw material. And we are already dealing with Nippon Steel since many, many years. And we buy a lot of steel from them for India to export as well for the pipes.

So we already have the synergy and we have relationships there. It's just once we are there, we have to build more on it. And I think that's the core aspect of our business, which we will do. And so I don't find that any difficulty in that sense.

Ganesh Rao - Analyst, Punarvi Capital
Understood, sir. And finally, on Section 232, uh, Uh, you, you don't think there's any scope of a sudden reversal which can obviously, you know, impact local, local plants?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
232 did not go away even when Obama was there. So 232 isn't going away anywhere. It was the dumping which was again there at 500% for India even during Obama, and even during Trump it is there. So we don't feel any of that is being touched. And so I think, and if that be the case, it's not for me alone. So it will be for everyone who's there. So we do, we see it very, very, very difficult for those tariffs to go away.

Ganesh Rao - Analyst, Punarvi Capital
Understood, sir. Thank you so much and wish you all the best.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Thank you.

Operator
Thank you. The next question comes from the line of Akhilesh Rawat from Vedanta Vision Private Limited. Please go ahead.

Ganesh Rao - Analyst, Punarvi Capital
Hi, am I audible?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Yeah, we can hear you.

Ganesh Rao - Analyst, Punarvi Capital
Uh, so sir, most of my questions are answered. I just wanted to ask you regarding like, do we have any plan, uh, to expanding in any other geographies like in terms of manufacturing footprint? Like we are in currently in India, Saudi, and, uh, we are planning a USA next. So do we have any such plans for any other geographies where we will set up the manufacturing plant?

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
No, not now.

Raj Seth - Analyst, Avance BMS
Okay, thank you.

Nikhil Mansukhani - Managing Director, Man Industries (India) Limited
Okay, thank you.

Operator
Thank you. Ladies and gentlemen, we will take this as the last question for today. On behalf of Man Industries Limited, That concludes this conference. Thank you for joining us, and you may now disconnect your lines.