

# Man Industries

February 14, 2025

CMP: INR 274 | Target Price: INR 409 | Potential Upside: 49.4%

BUY

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

<b>Company Info</b>	
BB Code	MAN IN EQUITY
Face Value (INR)	5.0
52 W High/Low (INR)	513/258
Mkt Cap (Bn)	INR 18.0 / \$0.20
Shares o/s (Mn)	64.7
3M Avg. Daily Volume	2,50,432

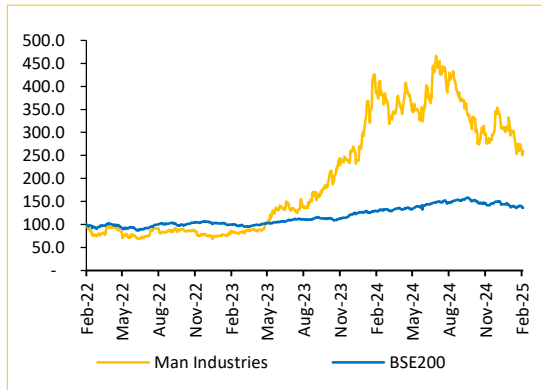
<b>Change in CEBPL Estimates</b>						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	38.3	41.9	(8.7)	44.4	51.5	(13.9)
EBITDA	4.0	3.8	3.8	4.8	4.8	(0.9)
EBITDAM %	10.4	9.2	13.7	10.8	9.4	15.1
PAT	1.7	1.6	6.6	2.2	2.2	(1.4)
EPS	25.6	24.0	6.6	34.1	34.6	(1.4)

<b>Actual vs Consensus</b>			
INR Bn	Q3FY25A	Consensus Est..	Dev.%
Revenue	7.3	10.4	(29.5)
EBITDA	0.8	0.8	4.8
EBITDAM %	10.8	7.8	295.8
PAT	0.3	0.4	(12.2)

<b>Key Financials</b>					
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22,313	31,422	32,993	38,272	44,395
YoY (%)	4%	41%	5%	16%	16%
EBITDA	1,370	2,412	3,095	3,998	4,799
EBITDAM %	6%	8%	9%	10%	11%
Adj PAT	670	1,051	1,200	1,657	2,208
EPS	11.2	16.2	18.5	25.6	34.1
ROE %	5.9	7.5	7.9	8.9	10.6
ROCE %	6.4	10.5	8.6	9.7	11.3
PE(x)	24.6	16.9	14.8	10.7	8.0
EV/EBITDA	12.9	7.6	7.2	5.8	4.9

<b>Shareholding Pattern (%)</b>			
	Dec-24	Sep-24	Jun-24
Promoters	46.15	46.15	46.12
FIs	2.16	2.52	1.84
DIs	2.64	3.27	3.31
Public	49.05	48.05	48.72

<b>Relative Performance (%)</b>			
YTD	3Y	2Y	1Y
BSE 200	40.6	39.9	7.8
MAN IN	170.2	210.3	-30.8



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Revenue below street expectations, while EBITDA improved backed by better product mix.

- Q3FY25 consolidated revenues came at INR 7,319 Mn, (vs CEBPL est. INR 10,384 Mn), down 12.1/9.2% YoY/QoQ.
- Consolidated EBITDA for Q3FY25 was reported at INR 787 mn, (vs CEBPL est. INR 751 Mn), up 21.6/23.5% YoY/QoQ and EBITDA margins improved by 299bps to 10.8%.
- PAT for Q3FY25 reported at INR 341 Mn, (vs CEBPL est. INR 389 Mn), up 11.5/7.1% YoY/QoQ. EPS for the Q3FY25 came in at INR5.3.

**Guides 20% Revenue growth for FY26** : Management aims for a 20% YoY revenue growth to INR 40,000 Mn for FY26 supported by strong order book of INR 29,000 Mn as on Feb 25 and healthy volume growth of 20 to 25%. For FY25 targeted revenue of INR 33,000 Mn, appears achievable. The company has achieved a revenue CAGR of 15% over FY21-24.

**Capex on completion stage:** The company is making two major investments to expand production capacity, with a total capex of INR 4,500 Mn for the Jammu project (20,000MT capacity) and INR 7,000 Mn for the Saudi project (300,000MT capacity). These additions will increase the total production capacity by 171% to 3,20,000MT by Q3 FY26. Management expects these new facilities to contribute approximately INR 15,000 Mn in revenue during the second half of FY26, with the full impact materializing in FY27. Production at both plants is set to commence in Q3FY26. The Jammu plant will focus on high-demand products such as stainless steel (SS) pipes and ERW pipes, strengthening the company's market position while also driving a margin improvement of 100-150 bps over the next two years.

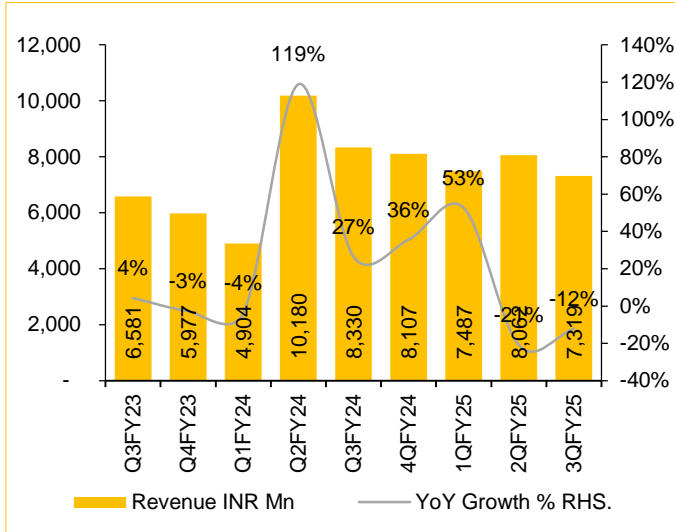
**View and Valuation:** We revise our FY25/26/27 EPS estimates downwards by -11.6%/6.6%/-1.4%, whereas outlook remains strong due to higher revenue growth and margin guidance. We maintain our 'BUY' rating with revised target price of INR 409, valuing the company at 12x (vs 15x) FY27 EPS. We expect volume growth of 20 to 25%, driven by healthy order book. Additionally, the revenue contribution from the Jammu and Saudi plant is expected to further drive the company's growth.

<b>MAN Ltd</b>	<b>Q3FY25</b>	<b>Q3FY24</b>	<b>YoY (%)</b>	<b>Q2FY25</b>	<b>QoQ (%)</b>
<b>Net Sales (incl OOI)</b>	7,319	8,330	(12.1)	8,062	(9.2)
Material Exp	5,224	6,313	(17.2)	6,154	(15.1)
<b>Gross Profit</b>	2,095	2,018	3.8	1,908	9.8
Employee Exp	164	168	(2.6)	197	(16.7)
Other Exp	1,144	1,202	(4.8)	1,074	6.5
<b>EBITDA</b>	787	647	21.6	637	23.5
Depreciation	112	155	(27.6)	108	4.4
<b>EBIT</b>	675	492	37.2	530	27.4
Other Income	55	144	(61.4)	107	(48.4)
Interest Cost	262	203	28.8	209	25.3
<b>PBT</b>	469	432	8.4	428	9.5
Share in profit/ (loss) after tax of joint venture	-	-	-	-	-
Tax	127	126	1.0	110	16.3
<b>RPAT</b>	341	306	11.5	319	7.1
<b>APAT</b>	341	306	11.5	319	7.1
<b>Adj EPS (Rs)</b>	5.4	5.1	5.3	4.9	8.9
<b>Margin Analysis</b>	<b>Q3FY25</b>	<b>Q3FY24</b>	<b>YoY (bps)</b>	<b>Q2FY25</b>	<b>QoQ (bps)</b>
Gross Margin (%)	28.6	24.2	440.5	23.7	495.7
Employee Exp. % of Sales	2.2	2.0	21.9	2.4	(20.1)
Other Op. Exp. % of Sales	15.6	14.4	119.9	13.3	230.6
EBITDA Margin (%)	10.8	7.8	298.7	7.9	285.2
Tax Rate (%)	27.1	29.2	(201.2)	25.5	160.9
APAT Margin (%)	4.7	3.7	98.8	4.0	71.0

## Management Call - Highlights

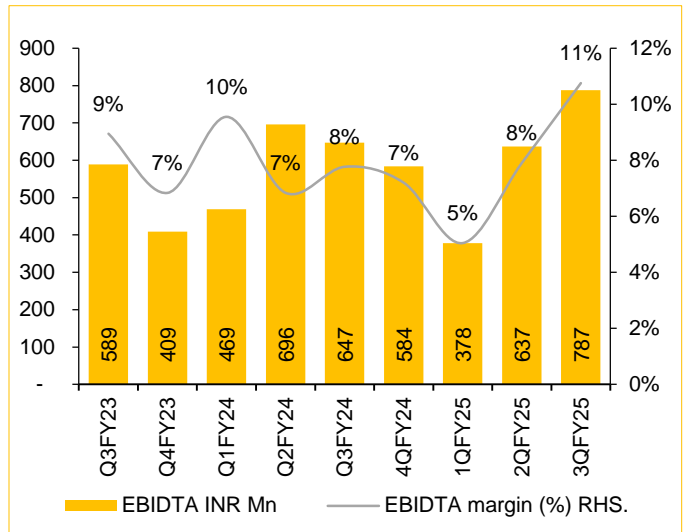
- FY26, the company anticipates achieving a turnover of around INR40,000Mn, with a consolidated revenue target of INR55,000Mn.
  - The company anticipates volume growth of around 20-25% in FY26.
- **Order Pipeline:** The company has a strong order pipeline of INR29,000Mn, which is expected to be executed within the next 6 to 12 months.
- **FY25 and FY26 Revenue Guidance:** The company is confident in meeting its FY25 revenue guidance of INR33,000Mn. and for FY26, the company anticipates achieving a turnover of around INR40,000Mn, with a consolidated revenue target of INR55,000Mn.
- **New Projects:** The company's Saudi and Jammu projects are progressing and are on track to start production in the 3QFY26. The Jammu plant will focus on stainless steel (SS) pipes, ERW pipes.
- **Volume Growth:** The company's volume growth has been higher than the previous year. The company anticipates volume growth of around 20-25% in FY26.
- **Capacity and Production:** The new facilities in Jammu and Saudi are expected to contribute significantly to revenue in FY26, with ₹1,500 crore expected in the 2HFY26. The full effect of these plants is expected to be realized in FY27.
- **EBITDA Margins:** The company's EBITDA margins have improved, primarily due to a change in product mix. The company is aiming to maintain an average of 12% EBITDA margins
- **Capex:** The total capex for the Jammu project is approximately INR4,500Mn, and INR7,000Mn for the Saudi project. The company has spent around INR1,500Mn.
- **Tariffs:** The recent US tariffs are not expected to have a significant impact on the company as most of its export business is in the Middle East. The US accounts 5 to 6% of revenue.

**Total Revenue down by 12.1/9.2% YoY/QoQ**



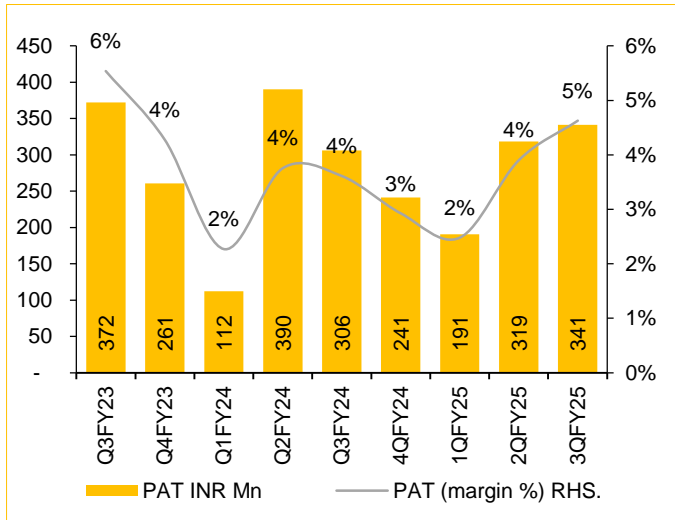
Source: Company, CEBPL

**EBITDA up by 21.6/23.5% YoY/QoQ**



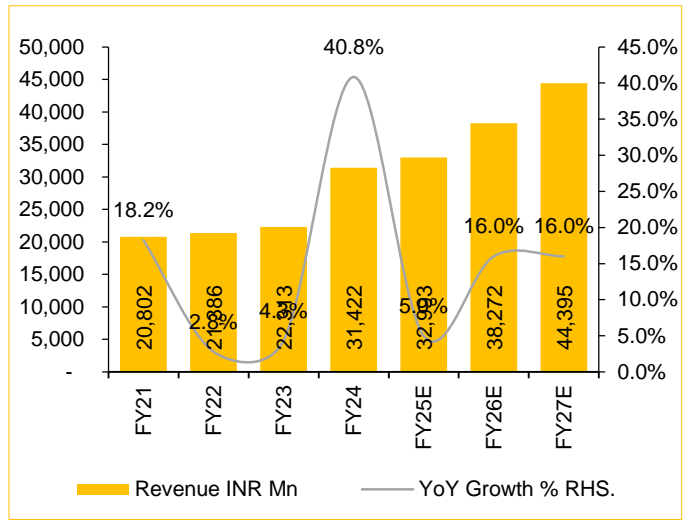
Source: Company, CEBPL

**PAT up by 21.6/23.5% YoY/QoQ**



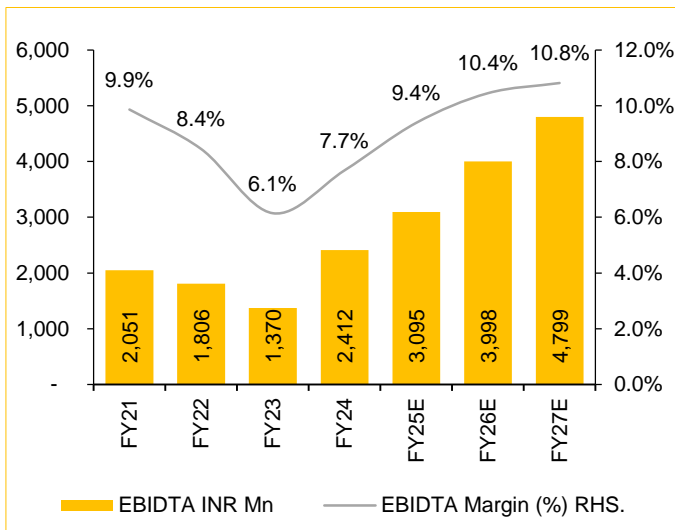
Source: Company, CEBPL

**Revenue to grow by 12% CAGR over FY24-FY27E**



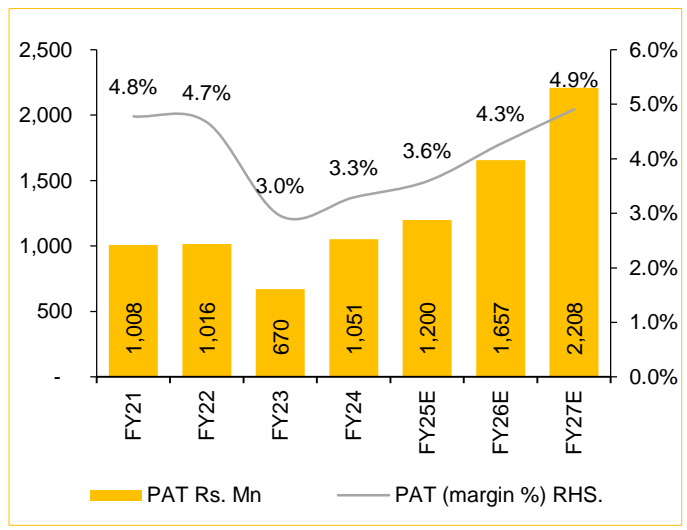
Source: Company, CEBPL

**EBITDA to grow by 26% CAGR over FY24-FY27E**



Source: Company, CEBPL

**PAT to grow by 28% CAGR over FY24-FY27E**



Source: Company, CEBPL

\*All figures are in INR Million

## Income Statement

Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22,313	31,422	32,993	38,272	44,395
Gross profit	7,750	6,547	8,245	9,581	11,099
EBITDA	1,370	2,412	3,095	3,998	4,799
Depreciation	455	611	1,097	1,422	1,617
EBIT	915	1,801	1,998	2,576	3,182
Interest expense	410	878	800	800	750
Other Income	390	521	450	500	600
Reported PAT	670	1,051	1,200	1,657	2,208
Minority Interest					
Adjusted PAT	670	1,051	1,200	1,657	2,208
EPS	11.2	16.2	18.5	25.6	34.1

Source: Company, CEBPL

## Balance Sheet

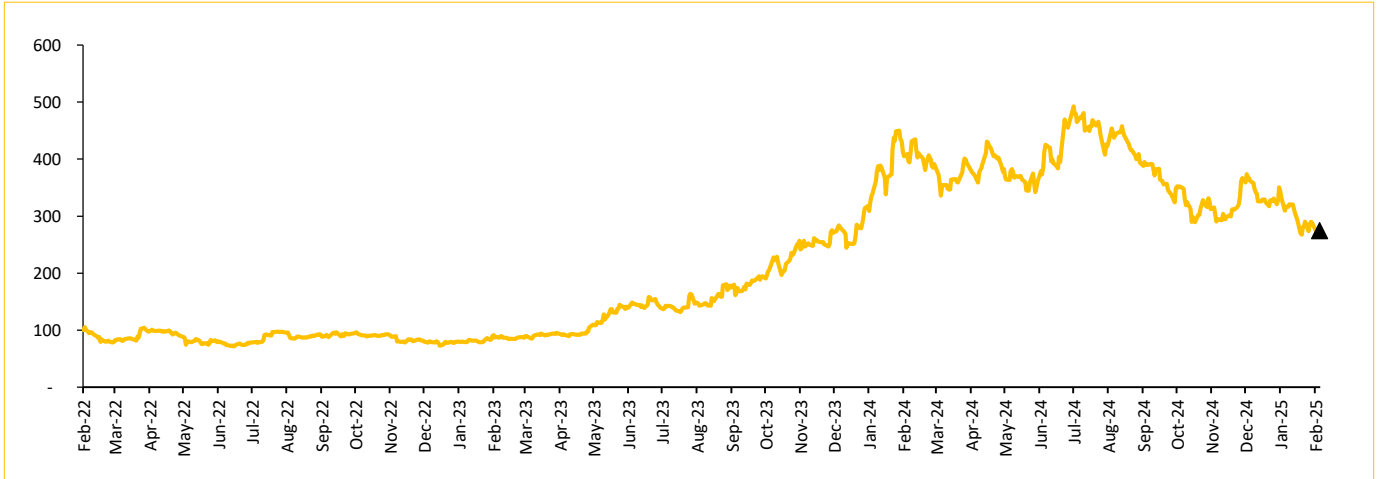
Particular (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Worth	11,323	14,049	15,184	18,590	20,733
Deferred Tax	256	398	398	398	398
Total Debt	2,953	3,085	8,000	8,000	7,500
Other Liabilities & Provisions	60	42	42	42	42
<b>Total Net Worth &amp; Liabilities</b>	<b>14,591</b>	<b>17,573</b>	<b>23,624</b>	<b>27,031</b>	<b>28,673</b>
Net Fixed Assets	4,890	5,397	11,800	15,378	16,761
Capital Work in Progress	144	305	300	200	100
Investments	20	2,294	1,068	1,068	1,068
Cash & Bank balance	1,702	2,548	3,323	2,438	1,854
Loans & Advances & Other assets	860	1,139	1,139	1,139	1,139
Net Working Capital	6,974	5,889	5,994	6,807	7,751
<b>Total Assets</b>	<b>14,591</b>	<b>17,573</b>	<b>23,624</b>	<b>27,031</b>	<b>28,673</b>
Capital Employed	14,276	17,133	23,184	26,590	28,233
Invested Capital	12,429	14,279	19,561	23,952	26,279
Net Debt	1,251	536	4,677	5,562	5,646

Source: Company, CEBPL

Cash Flows (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
CFO	(1,203)	2,575	2,992	3,065	3,631
Capex	(2,072)	(1,204)	(7,495)	(4,900)	(2,900)
FCF	(3,275)	1,370	(4,502)	(1,835)	731
CFI	(1,355)	(2,637)	(6,269)	(4,900)	(2,900)
CFF	2,108	1,579	4,051	950	(1,315)
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth Ratios (%)</b>					
Revenue	4.3	40.8	5.0	16.0	16.0
EBITDA	(24.2)	76.1	28.3	29.2	20.1
PAT	(34.0)	56.8	14.1	38.1	33.3
<b>Margin Ratios (%)</b>					
EBITDA	6.1	7.7	9.4	10.4	10.8
PAT	3.0	3.3	3.6	4.3	5.0
Gross	34.7	20.8	25.0	25.0	25.0
EBIT	4.1	5.7	6.1	6.7	7.2
<b>Performance ratios</b>					
OCF/EBITDA	(0.9)	1.1	1.0	0.8	0.8
OCF/IC	(9.7)	18.0	15.3	12.8	13.8
ROE	5.9	7.5	7.9	8.9	10.6
ROCE	6.4	10.5	8.6	9.7	11.3
<b>Financial Stability Ratios</b>					
Net Debt to Equity	0.1	0.0	0.3	0.3	0.3
Net Debt to EBITDA	0.9	0.2	1.5	1.4	1.2
Interest Cover	2.2	2.1	2.5	3.2	4.2
<b>Valuation metrics</b>					
Fully diluted shares (Mn)	60	65	65	65	65
Price (INR)	274.0	274.0	274.0	274.0	274.0
Market Cap(INR. Mn)	16,468	17,737	17,737	17,737	17,737
PE(x)	25	16.9	14.8	10.7	8.0
P/OCF	17,719	18,273	22,414	23,299	23,383
EV (INR Mn)	13	8	7	6	5
Book Value	188	217	235	287	320
P/B (x)	1.5	1.3	1.2	1.0	0.9
EV/OCF (x)	-15	7	7	8	6

Source: Company, CEBPL

## Historical Price Chart: Man Industries



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