



MDN/CS/COMPLIANCE/2024-25

February 11, 2025

To,

BSE Limited,
P.J. Towers Dalal Street,
Mumbai- 400001
Scrip Code: 541195

National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Trading Symbol: MIDHANI

Sub: Transcript of the Analysts and Investors Meet/Conference Call held on February 6, 2025

Dear Sir/Madam,

1. Further to our letter dated February 6, 2025 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q3 – FY25 Results, held on February 6, 2025, please find below the transcript of the aforesaid Conference Call.
2. The transcript of the call is also made available on the Company's website.

This is for your information and record.

Thanking you,

Yours faithfully,
For Mishra Dhatu Nigam Limited

Paul Antony
Company Secretary & Compliance officer
company.secretary@midhani-india.in

Encl: As above

मिश्र धातु निगम लिमिटेड

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय: पी.ओ. कंचनबाग, हैदराबाद, तेलंगाना -500058

फोन Telephone: 040-24184000, फैक्स Fax: 040-24340039

निगमित पहचान सं. CIN: L14292TG1973GOI001660

वेबसाइट Website: www.midhani-india.in

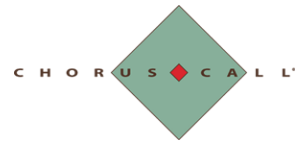
MISHRA DHATU NIGAM LIMITED

(A Govt. of India Enterprise)

Registered Office: P.O. Kanchanbagh, Hyderabad, Telangana-500058



“Mishra Dhatu Nigam Limited
Q3 FY25 Earnings Conference Call”
February 06, 2025



MANAGEMENT: **MR. N. GOWRI SANKARA RAO – DIRECTOR (FINANCE)
AND ADDITIONAL CHARGE OF CHAIRMAN AND
MANAGING DIRECTOR – MISHRA DHATU NIGAM
LIMITED**
**MR. T. MUTHUKUMAR – DIRECTOR P&M – MISHRA
DHATU NIGAM LIMITED**

MODERATOR: **MR. AMIT DIXIT – ICICI SECURITIES**



Moderator: Ladies and gentlemen, good day and welcome to Midhani's Q3 FY25 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you and over to you, sir.

Amit Dixit: Yes, hi. Good afternoon, everyone. On behalf of ICICI Securities, I welcome all the participants for Midhani's Q3 FY25 Conference Call. At the outset, I would like to thank the management for giving us an opportunity to host this call. From the management, we have with us today Mr. N. Gowri Sankara Rao, Director Finance and Additional Charge of Chairman and Managing Director, and Mr. T. Muthukumar, Director P&M. Without much ado, I would hand over the call to Mr. Sankara Rao to take this forward. Over to you, sir.

N. Gowri Sankara Rao: Yes, thank you, Mr. Amit. My dear esteemed investors and representatives of financial institutions, most welcome to today's, our financial highlights presentation. Midhani, you are aware, it is a very huge company, and for the Q3, our results, I would like to mention that as far as the revenue and VOP is concerned, compared to the last year's sales record FY24 and FY25, a little dip is there. However, in the form of EBITDA, PBT, and PAT, there is an improvement.

Last year, we did, for the same quarter, INR251.98 crores revenue. This year, it is 237.97, a dip of 5.56%. Last year, we have done VOP of INR279.28 crores. This year, it is 257.45, a dip of 7.82%. Whereas, when it is coming to EBITDA, last year, for the quarter, Q3, it is 17%, INR42.11 crores. This year, it is INR59.44 crores. It is 25%. That is an increase of 41.15%. I will explain in detail the reasons for the same. Same way, PBT also, there is a growth from INR18.92 crores of last quarter, Q3 of FY24, to Q3 of FY25 is INR36 crores, an increase of 90.27%. Same way, PAT also, last year, it is 5%, INR12.49 crores. This year, it is 11%, INR25.27 crores, an increase of 102.32%. For nine months, if you see, there is, last year, FY24, we did INR667.18 crores. Whereas, this year, cumulatively, we did INR663.54 crores. More or less, at the same level, only 0.55% is the dip. Coming to VOP, it is INR865.77 crores last year. This year, it is INR736.46 crores. Our intention is to reduce the higher inventory, as we have discussed in earlier several meetings. We have concentrated more on revenue than VOP. Coming to EBITDA, last year, it is 20% for nine months.

This year, it is 22%, from INR135.55 crores to INR148.02 crores. The same PBT also has gone from INR66.29 crores to INR78.88 crores. PAT is INR44.88 crores to INR63.92 crores. That means, nearly, we have seen some 2% growth in EBITDA, and 2% growth in PBT also, and 1% in PAT. Mainly, this is because, this year, we have an advantage of price reduction in raw materials, on account of nickel. Where, compared to last year, this year, prices have come down.

In some cases, prices have increased, nickel being used maximum in Midhani. Because, all the raw materials we import from foreign countries, it is usually not available. So, there is a reduction on account of nickel.

Some prices, like titanium, sponge, moly, it has gone up. We could manage, we could save nearly INR29 crores on account of raw material price reduction, and INR19 crores on account of conjunction. Another thing I want to tell, in addition to raw materials, we also consume plant revert 05:07.

We say scrap, but it is a plant revert, client returns. This can also be used there. All these precious raw materials will be there in the composition base, which normally we value at a recoverable basis.

When that conjunction is there also, it will impact on our profitability. Compared to last year, there is an improvement on this also. Last year, our conjunction of materials to scrap is around 66% virgin and 34% plant revert.

Whereas, this time, it has come down to around 55% virgin and 45% is the scrap. Due to which, we could gain in the conjunction also, and also, as I told, raw material prices. As far as the order booking is concerned, 2024-25 is an excellent year for Midhani.

We have already booked nearly INR1,115 crores worth of orders. We are expecting in these two to three months, we will get another INR550 crores. So, we will reach INR1,700 crores worth of orders in this year.

As of today, we have nearly INR1,906 crores executable orders are there. So, we hope quarter 4 of FY25 and all the quarters of FY26, a good picture can be seen in Midhani. Even coming to the capex side also, we have made a major investment in order. Still, we planned around INR60 crores to be invested in this year on capex. Already, INR40 crores we completed. Balanced INR20 crores also we are going to invest now.

Major plans, bigger plans also is there in the company. And Midhani also is developing various new alloys, a requirement for the aerospace, and some requirement of energy side and also some naval side also we are developing. Even whatever earlier Midhani has done, certain products on army side, tank side, certain we are expecting certain barrel, gun barrel also we are expecting to re-enter the market.

And other alloys also, as last time also we discussed like ultra, advanced ultra-supercritical alloys also we want to develop, which will be used by BHEL for electricity generation. Electricity generation, that is also we are expecting. We have already discussed with IGCAR, who is developing that alloy with them.

They have also placed a developmental order. And we have also involved in this further development, which is already established. Once orders come from BHEL, we will be able to execute very sizable figure of this alloy.



In addition to that, so many other materials also we are doing. And we are expecting -- you know earlier, MIDHANI got the order of nearly some INR2,000 crores from ISRO. Now again, though the order is mostly completed, very nominal quantities are pending.

This year -- at the end of the year, we are expecting to get another INR200 crores order we will get. With that also, MIDHANI, because it is already in established for managing state, so we will be capable of supplying the same material within a year, as we have a facility available now, Wide Plate Mill, which can be used and supply the items.

Other one is rings are there. BSS' own facility is there and funded facility. And we also have a facility we are taking up. If that is successful, entire INR200 crores can be executed in one year. This is from my side.

With me, my Director, Production and Marketing, Mr. Muthukumar is there. Also, GM, Marketing, Mr. A. K. Sharma. AGM Finance, Mr. A. P. Rao, also is available here. Now I will request the investors to raise your queries, if any, on MIDHANI. We will try to explain you. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Anil Bagaria from Equicorp.

Anil Bagaria: Congratulations on a good set of numbers. Just a few quick questions. Sir, as you mentioned that you are developing supercritical alloys. Does it refer to the ultra-high megawatt thermal power plant that the government had? And these alloys are regarding to that project?

Management: Yes, yes. You are right.

Anil Bagaria: So, what would be the tentative size of the entire industry as such for this supercritical alloys? And what is the government ambition on all the ultra-high megawatt power plant in terms of megawatts?

N. Gowri Sankara Rao: Megawatts, our DPM will talk about that.

T. Muthukumar: The government is now at the development stage only. That is in the development stage and they have been establishing that. And since it is in the establishment, now there is going to be -- they are thinking about a 5 mega projection. But full detail, it is not known to us.

N. Gowri Sankara Rao: But we have submitted our budget report to BHEL. It will be a big figure. Based on whatever successfulness we got, we have submitted a very big figure. Once that is finalized, we will let you know. But it is a very good turnaround to Midhani.

Anil Bagaria: I believe in this industry, we are the only one, Indian players, we have placed bid for this order. I guess the other bidders would be foreign, right? So, we are looking at some kind of import substitutes in these kind of alloys?

N. Gowri Sankara Rao: Yes.

- Anil Bagaria:** And what will be the duration if the order materializes for us, I mean 2 years, 3 years, 5 years?
- N. Gowri Sankara Rao:** The alloy has been already developed. Okay. So, we have placed a formal order. Actually, whatever budget report we have given, we are comparing with the import. So the formal approval has to come from the government. So once it is done, there will be a centering process. After centering, MIDHANI will get the order. So, when MIDHANI gets the order, like any other alloy which we do, it depends upon the product size. We will be able to start delivering it within 6 months of time from the date of order. Because the product has already been established and we have the budget report.
- Anil Bagaria:** Okay. Sir, coming down to the SMRs and using our titanium chemistry, titanium alloy chemistry. Sir, what is your thought process given the Finance Minister also emphasized on, I mean, amending the entire act, allowing private participation and a lot of companies have started hunting for technology partners in reactors.
- So what would be your thought process on this entire industry that's panning out because they have given a target of about 100 gigawatts of nuclear by 2047, so your understanding on this particular industry? And I guess we are the only ones in the titanium alloy chemistry would be using -- would be making alloys for a number of components. We've also done some projects in past with respect to the coastal side nuclear plants, if I'm not mistaken.
- N. Gowri Sankara Rao:** Titanium we have not developed. That is super alloys. It is not titanium. So far that we are supplying some alloys for that, not specifically for titanium. But anyway, that requirement comes, we are leaders with respect to titanium production because recently we had commissioned our new titanium plant. So now we are -- there is a tender earlier and we are geared up for whatever the future requirement of the titanium, which will cater not only nuclear, for any other applications.
- So that already we have made and we are also provisioned. Suppose if there is going to be a huge requirement of titanium, then we are also provisioned that we can install further two more walls in the same space, already we are having space. And what are supporting facilities for accommodating, for that we also already installed. So we will be geared up to take up any other challenges with respect to titanium.
- Anil Bagaria:** And is the titanium -- the new titanium furnace operational? I mean, earlier we were doing test runs for orders to find the consistency in quality. So is it commercialized for commercial batches right now?
- N. Gowri Sankara Rao:** Yes. Already. It has become fully operational and we started delivering product from the nuclear finish. All our trial runs are over. Now we started producing from.
- Management:** No, titanium we were already supplying for the strategic projects. For commercial purposes, no issue at all. More stringent specifications we are meeting. So it is not difficult for MIDHANI to produce titanium further. Only thing we have to concentrate more on getting the sponge and master alloys. That also now we are getting -- we are sourcing the more suppliers and indigenization also we are doing.

- Anil Bagaria:** Okay. Sir, if you could also share some more details on the ISRO order that you just mentioned that we had got earlier orders and right now we are expecting to get about INR200 crores order from ISRO.
- N. Gowri Sankara Rao:** No. ISRO already whatever orders they have placed for the future launches also, they have taken material. Now they have some shortfalls which they are taking up. We are expecting that order by this year end. That means FY '25 year end, the month of March something, we have submitted a budget report. We need to finalize. They need to finalize and we will get some orders. That only I told total INR500 crores order we are going to get. Total this year INR1,700 crores order we are getting.
- Anil Bagaria:** So, out of the INR500 crores marginal orders that we are expecting in Q4, the INR200 crores order is from ISRO. The other INR300 crores order we are expecting from which industries?
- N. Gowri Sankara Rao:** Other miscellaneous, maybe defence, defence side, aerospace side. Some it is a miscellaneous, other regular customers. Actually, every year we get a Q4 that you know we are a strategic producer for giving material to defence, aero and energy sector. So, now for the next year requirement normally we get orders in the last quarter of every year.
- So, this year also we are expecting order worth of about INR500 crores in this last quarter. So, that happens from all the sectors including defence, naval, everything. So, that will be delivered in the next year. So, that happens normally.
- Moderator:** Thank you. Mr. Bagadia, we request you to re-join the queue for follow-up questions. We move to the next question. The next question is from Rakesh Roy from Boring Asset Management.
- Rakesh Roy:** Hi, sir. My first question is regarding your alloys, super alloys which you are making for BHEL. Can you highlight the overall market size for this alloy for Mishra Dhatu Nigam?
- N. Gowri Sankara Rao:** This is first time developed in India with Midhani. So, this market, even this technology also I think new. We have not yet cleared. Government of India has to clear. Once it is cleared, the thermal power plant with AESC material, they will plan. Once that is planned, they wanted to know whether alloy can be developed in India. Maybe it can be imported also. They will see. But they asked us to develop.
- We developed. Now we are waiting for the final clearance from the government and inquiry from the BHEL.
- Rakesh Roy:** Right, sir. Thanks, sir. My next question, sir, can you highlight on what is the progress of our JV with NALCO for aluminium plant where we are currently?
- N. Gowri Sankara Rao:** Yes, aluminium plant, it is again, we have made it, that Utkarsha you are talking now, that we are discussing. Whatever data we obtained, it is not so much encouraging. Encouraging or giving that much of investment, NALCO and Midhani does. The benefits, again, the consultant has to firmly give recommendation. It is not some positive recommendation. Still we are studying.



Even ministry level also they are studying the project. We will let you know once the final outcome comes on this. We will inform definitely our investors.

Rakesh Roy: Till date, how much we invested in this JV?

N. Gowri Sankara Rao: Pardon?

Rakesh Roy: Till date, how much we invested in this JV with NALCO?

N. Gowri Sankara Rao: It will be around INR4500 crores. Till date, we have not -- it is only land was procured. Actually, we invested INR20-INR20 crores. Midhani invested INR20 crores in the form of capital and NALCO also invested INR20 crores, INR40 crores. In that, INR10 crores, we spent on land and compound wall. No more, only the -- now whatever we appointed the consultants and environmental clearance, these things we have done, that is in INR1 crores or INR2 crores. But ultimately, major investment was not there.

Major investment will be decided based on the outcome and decision of the government on this. As this project appears not that much of encouraging, profitable or viable. So, still discussions are going on because the requirement of defence also very small in this. And other areas like transportation, like railways and logistics, car manufacturers, using the aluminium alloys is not started at fully. So, presently, even other suppliers, competitors also coming into the market. And imported foreign by supplies are cheaper than making in India.

All these aspects, they are studying. We have appointed one consultant. Their recommendation is given. We asked them to further study. Once the further report comes, then it will be discussed at ministry level. Then a decision will be taken on this. Till such time, whatever we invested, it will be in the form of FDRs only there.

Moderator: Thank you. Mr. Roy, we request you to re-join the queue for follow-up questions. We take the next question from Pranav Bastawala, who is an Individual Investor.

Pranav Bastawala: I have one question. Basically, we have titanium dioxide is a raw material for us. And but when we are looking at it since last so many years, Midhani has not tried to buy any ore, mine ore for any captive consumption. Is there a plan for buying any kind of this kind of mines in the future for this kind of titanium dioxide or for anything else?

Because there is a company called PTC, which has already commissioned a war furnace for the production of the aerospace grade titanium ingot in the country. First private sector company. Are we planning something of similar sort?

N. Gowri Sankara Rao: Coming to this titanium, from the ore, we have to produce sponge. Sponge will be used in the lab. From ore to sponge, there is a lot of processes there. It is a huge investment. Midhani's present requirement is around 1,000 to 1,500, which will go to 3,000. If this type of project is to be kept, nearly the capacity should be 20,000 tons like that. Even PTC also, they have to put that facility.

Now, already in Kerala, KMML is there. Their capacity is only 500 tons. That also, they are not able to produce. Normally, in this, they concentrate more on titanium oxide side. So, whatever sponge is required presently, everyone is dependent on the foreign source only, which is competitive and better product you will get.

Presently, we are getting from other. Even PTC also, they are trying from the foreign only. In fact, they also planned. But it is a huge investment side. Huge investment side. So, that investment has to be seen. There are talks that eastern side will be planned like this. It has to materialize. Otherwise, till such time, we have to depend on KMML and also foreign sources only.

Even KMML also, they are planning. It is a state government organization. They are also planning to enhance their capacity. If they enhance also, that can be used. But size-wise, in India, presently only Midhani is producing. Maybe PTC might be added. And if the PTC added also, how much is the input required depends on that. Based on the size, in future, they may decide. And Midhani also, but as far as the requirement, I told you, it is 20,000 tons like that.

That much of requirement Midhani is not having. Even down the line, 4-5 years if you take also. So, investment in making the titanium sponge or buying the titanium ore may not be present condition of MIDHANI, may not be suitable. So, sponge only we will source from outside India by way of import. And also from KMML, which is a government organization.

Pranav Vastavala: Okay. Sir, only the last question. We have this JV with Nalco since several years. But it has not fructified. And in one of the conference calls 2 years back, it was said that the actual, whatever was envisaged and the requirement, what is required, anticipated is absolutely low, the demand. So, what you would like to say today for this JV will go ahead or it will remain as it is on paper?

N. Gowri Sankara Rao: You must have heard from the previous questioner also he asked the same question. I have replied in detail. We have appointed a consultant to study the market, to see the prices of the import prices. What is our prices? Who are all other people are there? So, still it is, as far as I told, it is not an encouraging situation.

That is why we are rethinking and it is discussed in the joint venture board meeting also. But still it is not finalized. We have to take up with the ministry to be done. And the strategic requirement is also very less. Definitely, something will come. Next, by next, another one quarter, something may come. It is in the last stage only. But it is not encouraging. I told now.

Rakesh Roy: Thank you very much. That's it from my side.

Moderator: Thank you. Next question is from Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: Thanks for the opportunity. I just wanted to know the decrease in raw material price, is because of what reasons. If you can highlight and what is the inventory level currently?

N. Gowri Sankara Rao: I didn't catch that. Can you please repeat? Hello.

Parimal Mithani: So, I just wanted to know the raw material price have decreased. What is the reason for that? And if you can tell the inventory which we are carrying since long time. What is the status on that, sir?

N. Gowri Sankara Rao: The first question, raw material prices, it is volatile. As I told you earlier, before this global situation, Russia-Ukraine war, geopolitical situation, certain prices have gone up, certain prices have normalized. So in that way, whatever prices earlier in the standard form, certain prices have increased and subsequently reduced, some prices are going up and down.

In that way, whatever raw materials purchased by Nidhani is not available in India. Number of source also less. Because of the situation, sometimes we may not get the material from the required country. And further, buying from China also, certain restrictions are there.

Even Australia is also interested, but they are not coming forward. So that is the reason, some prices are going up. It is the market condition. And you see, it impacts even the dollar price also. When dollar goes up also, prices go up. This year, what we have seen, nickel has come down, moly, chromium, little bit increased. Titanium sponge also, because of the restrictions, titanium sponge also increased. So other prices is normal only.

But majority, because MIDHANI is consuming more nickel, the other items are there. This year we have an advantage. Last year we had a disadvantage. We have to see in the future also. But indigenously developing these materials are difficult. Except this titanium sponge, some cobalt recovery also we planned. But otherwise, mostly we have to depend on the foreign sources only.

Parimal Mithani: And sir, in terms of the order book, is it safe to say that we will be having a healthy order book going forward from now because you are close to INR2000 crores? Do we expect a jump in order book from now going forward?

N. Gowri Sankara Rao: Already we have earlier years, it is only INR1000 crores like that order book. Now we have INR2000 crores. We have a very good order book. Going forward, same will be maintained. In MIDHANI also, we will try to achieve that order book, whatever is there, to execute. Once I execute, I will get further orders also.

And another important thing, because of the present situation, even foreign customers are also approaching MIDHANI. Since foreign customers are approaching MIDHANI, foreign customers do not place the entire requirements at one go. They place in small parcels.

Suppose once I execute those parcels at their satisfaction, they will continue to give some more orders. Like that also, if you see this year, we have already touched INR60 crores exports. Ever in the history of MIDHANI, this much of export we have not done.

And going forward, exports also will go up because we have already started with the high-level customers like Boeing, Pratt & Whitney, Airbus, GE. These customers are also approaching MIDHANI now. So the only thing, they should get confidence on MIDHANI.



That confidence will come over a period based on my supplies without any delays and quality. Once I do, a good position will be there. Let us see. Now INR2000 crores order book is a healthy book.

Parimal Mithani: Thank you sir, I'll join in the queue.

Moderator: Thank you. Next question is from Anil Bagaria from Equicorp. Please go ahead.

Anil Bagaria: Thank you for the opportunity again, sir. Sir, just to carry on that you are supplying to most of the large aerospace companies and you have also got a lot of contracts from them. Sir, are those supplies related to critical aero engine components or non-critical aero engine components? Sir, if you could elaborate.

And the way MRO is also being developed, the MRO ecosystem is being developed in India. Sir, how do you see that space going forward?

N. Gowri Sankara Rao: Yes, my DPM will explain.

T. Muthukumar: So we are the major suppliers of whatever raw material it is required for the aero components to HAL. Recently, as has been discussed in the earlier conference also, that one of the major order we assessed for making SUGA engine to HAL.

So that ALA which was being imported, now we are in the way to make components and which will be supplying to HAL. Okay, that is one part. And within the starting, once we are successful in that, that is supposed to be the most critical one.

And we are supposed to get many of special orders. As on today, now our major component, whatever we are supplying, major component is going to aero engine. So some of them are going for the critical applications of the aero, some of them are slightly non-critical.

But however, whatever we make, since it is going for aero, we have to say all are for critical component only. And it is all very stringent quality requirement that we are able to meet it. And this whatever product we are giving it, which we are converting to components, it is being used in various parts of the aircraft. Right from engine up to the shaft, every part it is being used. So this is one. Coming to space, space as you know that we only develop the material for space. And we continue to support for space.

And that will continue. So as we have been deliberated, we are going to get a major order. With respect to this, in another one month and this we will be continuing because whatever the space, they have a programmer and Nizam will continue to support with respect to that. So there is always the space and aero continuity will be there.

Anil Bagaria: Actually, I meant on the MRO side. How do you see the MRO industry and our supplies for such critical, I mean, both critical and non-critical aerospace engine components to, I mean, Boeing, Pratt & Whitney, Rolls Royce, Safran, etcetera I actually was, I meant that entire industry as such. How do you see that panning out?

N. Gowri Sankara Rao: So MRO is a maintenance program. Now, whatever since we have started developing the supply and other things. Now, already we started developing some of the components for HLS. Coming to export. Now, Pratt & Whitney and other company like we already initiated as DFS told. These are all export order. They will not go for the bulk order. Now, GE engines, Pratt & Whitney and all, we started getting orders and we started executing it.

And that's why compared to last year, 23-24, 24-25, our export order has gone up. These are all mostly for the regular equipment as well as for the replacement of the existing. Once it is established, we are very sure some of the party like Pratt & Whitney or GE, Safran, all those things, we will be able to supply in future.

Anil Bagaria: Sir, lastly are we making any material or components or anything got to do with the outer body metal alloys for the upcoming fighter jet programs?

N. Gowri Sankara Rao: Outer body, we don't make.

Anil Bagaria: Okay, we just do the engine part. We don't do the outer body. Thanks a lot.

Moderator: Thank you. Next question is from Rakesh Roy from Boring Asset Management. Please go ahead.

Rakesh Roy: Yes, sir. Sir, can you light on your recent tie-in with Pratt & Whitney to supply components for the engines?

Management: Please repeat.

Rakesh Roy: Hello, sir, can you light on your recent tie-in with Pratt & Whitney engine for component?

N. Gowri Sankara Rao: Pratt & Whitney, as I already told you that we have already taken some order, okay, that we have executed. And we have got the repeat order which we have been executing. And we are having a regular meeting with them. Once we execute the present order which I don't want to reveal what sort of a component, which we executed by the financial year, there is assurance from Pratt & Whitney that we will get double the numbers, what we are executing now.

So, this will continue to be there. So, this is in the form of rod, disc, ring. So, we are getting the same.

Management: These are all raw materials, which will be made component by the sub-suppliers.

N. Gowri Sankara Rao: So, this we are continuing to support and we are very sure that we will be one of the partners for Pratt & Whitney in future because they have done a lot of audit on us and with our quality system, we are very much satisfied. And we are going ahead with the placing of order.

Rakesh Roy: Trying to understand, sir, how much order we are looking every year from this tie up this Pratt & Whitney?

Management: It goes for qualification norm then only...

N. Gowri Sankara Rao: As I have been telling you what order value with respect to Pratt and Whitney it is going to be very crucial. As I told you this is the first year, I will tell you what are the steps are being taken. First year, they have come, they have audited our plan. And since subsequent audit, they have placed order worth of INR10 crores. That way, they executed that. Subsequently, they have placed the order. That way, we are executing it.

On executing this, they may give one more trial order than that we have executed. Subsequently, we will bring a partner to that. Order value can go to the tune of maybe INR250 crores, INR300 crores. Because Pratt & Whitney is a big company and they want all sort of super alloys, which already we have established and proved to Pratt & Whitney that we are capable of making whatever forms they want.

So, it is a question of winning their confidence over the period, which they are establishing by giving different trial orders. That is being executed by me.

Management: As I told earlier, they do not place their entire requirement at one go. They will place in small parcels. Once we establish over a period, then they may go for a rate contract. A lot of conditions will be there. We also have to see whether we can go for rate contract, price volatile and all. All these are there. Maybe some price escalation they give.

Still, we are establishing with them all these foreign suppliers. It is an opportunity that came to Midhani because of the present global situation, which we are able to encash to the extent possible Midhani's capability and we are trying to establish ourselves with foreign buyers. We are doing that. If you want to quantify, we may not be able to quantify that much, but definitely, positive growth will be there.

Rakesh Roy: Thank you, sir.

Moderator: Thank you. The next question is from Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Thanks for the opportunity, sir. I have a few questions. The first one is on the EBITDA margin. It is very encouraging to see that we have returned back to 20 plus. This quarter was 22% EBITDA margin. Now, I just wanted to ask in the light of the orders that we have and the raw material cost, of course, nickel does not seem to go up now. So, is 22% the kind of sustainable margin that we can build in for the next couple of quarters at least?

Parimal Mithani: Yes, we can see. 22% this quarter average we got there. Definitely, we can maintain. It may be a little bit that side or this side. It will happen. It all depends on three factors. One is raw material prices. Another one is my composition of consumption of virgin materials or scrap. If I am able to utilize my plant, I don't say scrap also. It is the plant returns. Scrap means it gives a wrong meaning.

In plant returns, it is having a very high value material. If I am able to use in some of the applications, then I will get the desired yield. Definitely, it is encouraging. You might be seeing earlier that there are days where we got more EBITDA also, 25%, 30% also. So, we wanted to see that also. That is also possible once we improve on yield. Definitely, 22% we can maintain.

- Amit Dixit:** [inaudible 39:54]
- Management:** Your voice is not audible.
- Amit Dixit:** Am I audible now?
- Management:** Yes.
- Amit Dixit:** Yes. I was asking more in the context of the fact that now we are going to get possibly ISRO order again, which generally improves margins we have seen in the past. So, definitely, we can see that margins might go up further from here?
- N. Gowri Sankara Rao:** I should not say because of ISRO, I am getting more margins. If my performance improves, definitely, I will get margins. That performance improves because when I am establishing new grades, initially, I may be getting lesser yield. Over a period, once the grade is established, I will get more yield. Definitely, my margins will go up. And it depends on the market condition also.
- Based on that, improvement will be there. I do not conclude or I do not say that because of ISRO order, I got very good margins.
- N. Gowri Sankara Rao:** As you have seen, if you compare year-wise with the almost same level of sales, we could be able to make more profit compared to last year. One reason, as it has been stated, is the price of raw material. Another reason is also because of our increased efficiency with respect to usage of more results and also our operational efficiency. That is why we could be able to save some efficiencies.
- So, we have established some of the grades. And whatever effort we have made, it will continue. Going to the level of 30%-35%, again, our main motto is, you will see last year, our inventory was to the worth of the same period. It was INR194 crores. Now, it is only INR73 crores. So, our main thing is we do not want to build any further inventory.
- So, by controlling the inventory, at the same time, by operating efficiently, we want to increase the EPICA. So, the EPICA will be definitely at the same level and we will try to improve upon. This again depends upon the product content and our usage of results. So, definitely, there will be improvement in the coming quarters.
- Amit Dixit:** Got it, sir. The second question is on the titanium wire that we actually commissioned last quarter. Just wanted to understand what is the status of that? Have we taken the first ingot out? What is the utilization over there? So, if you can comment on that.
- N. Gowri Sankara Rao:** Yes. Presently, we are utilizing hardware fully as we have titanium sponges available. Earlier utilization, stabilization is there. Now, because of non-availability of master alloys, some production decrease is there last quarter. But now, we have already tied up with master alloys and sponge also. There is no issue of utilization of titanium wire. It will be utilized 100%.
- Amit Dixit:** No issue. Sir, is it possible to give a break up in your order book, sector-wise break up?

- N. Gowri Sankara Rao:** Sector-wise?
- Amit Dixit:** Yes, INR19 crores, INR16 crores?
- N. Gowri Sankara Rao:** One second. If you see my order books, aerospace is more. Today, I have INR1907 crores. In that, INR800 crores and odd is aero. Naval is INR500 crores. Army space INR150 crores, INR150 crores like that. Missile also is there. Missile also you can say it is a defense. Exports, we have a pending order of INR50 crores. Energy, another INR30 crores. And others around INR40 crores. Like this, major is now aerospace.
- Amit Dixit:** Okay. And railways, we have something or no?
- N. Gowri Sankara Rao:** It is around, I can say it is around 45% aerospace. Naval is next level is around 30%. And army space is only below 10%. As we told, we have already executed ISRO's order. New order comes, again it will build up. Missile and other things are same. Exports also, we already executed INR60 crores. Another INR50 crores order is there. And if this is executed, we are expecting some more orders. Like this, we have, okay. Majority-wise, aero only. Aero and naval. Balance are, it is around 20%-30%.
- Amit Dixit:** Okay. Got it, sir. I will just get back in the queue. And maybe come up for some follow-up questions.
- Moderator:** Thank you. Next question is for Viraj Mithani from Jupiter Financial. Please go ahead.
- Viraj Mithani:** Yes. Good afternoon, sir. And congratulations also. Sir, my question is, what will be your guidance for this year? In terms of top-line growth and the bottom-line? What guidance will you give for this year and next year?
- N. Gowri Sankara Rao:** Next year? Guidance means we have very good orders. We have to try to execute these orders. One is aerospace. Another one is naval. If these orders are executed, as you know, the government is sanctioning so many LCAs, cages and all. Once that is happening, we are going to get some more orders in aerospace. Either HAL and others side, exports also. Exports, if I complete, I will get some more orders. And another important area is titanium. Titanium being used in aerospace. In naval also, some other area.
- Now, since I have established my hardware, I am planning, I will get material availability also increased. I may be able to do more titanium. And other facilities, whatever is there, in Rohtak or WPM also, we are concentrating how to get more business. As some tenders were there of defense, army and aero, if that is successful, we will get load to the Rohtak plant also.
- Viraj Mithani:** Okay. So it will be 20% growth?
- N. Gowri Sankara Rao:** Your voice seems something not audible. Can you please...
- Moderator:** Mr. Mithani, if you are on a hands-free request, request you to use the handset and maybe speak a little further. Your voice is not very clear.



- Viraj Mithani:** Is it clear now?
- Moderator:** Yes.
- Viraj Mithani:** Yes. So is it fair to assume that the sales will grow by 20% at least?
- Management:** By 20%, definitely. Because I have an order book of INR2,000 crores.
- Viraj Mithani:** Okay.
- N. Gowri Sankara Rao:** Definitely it will grow. Almost all facilities being established, grades also established. 20% is not a difficult target.
- Viraj Mithani:** Thank you, sir.
- Moderator:** Thank you. Next question is from Anil Bagaria. Please go ahead.
- Anil Bagaria:** Sir, just a clarification. Sir, when you said naval orders of INR500 crores, does it pertain to the armour plate contract that we got from Navy? For naval vessels?
- N. Gowri Sankara Rao:** No, there is no such --this one is different, a strategic project. Certain things are there. It is a Conventional projects are there. There, the MIDHANI is going on. Okay. We are supplying those things.
- Anil Bagaria:** Do you see the application of armour plate in a lot of naval vessels?
- N. Gowri Sankara Rao:** The armour plate will not be used in the naval. Armour plate will be used in the vehicles or aircrafts and all. Certain armour will be done. That is different. Naval application is something else.
- Anil Bagaria:** Okay. Thanks a lot for the clarification.
- Moderator:** Thank you. Next question is from Amit Dixit from ICICI Securities. Please go ahead.
- Amit Dixit:** Yes, sir. Thanks for taking my questions again. Just a couple of more questions. So, the order inflow that we had this quarter, I mean, your order inflow, if I compare it with other defense companies, it has been relatively better. So, just wanted to understand some of the key programs for which the inflow was there and whether this inflow also included something in exports?
- N. Gowri Sankara Rao:** Exports is very nominal outcome, but the key measure we are expecting from the programs only. And as I explained, VSSC, ISRO order. But exports will be how much?
- Management:** Very nominal. We are not expecting anything in the fourth quarter.
- N. Gowri Sankara Rao:** We have to complete this INR50 crores order.
- Management:** We have been discussing that export, whatever order we got, we are planning to execute and finish by this quarter. Then the further order will flow from the next year only. But as far as for

strategic program, we continue to get the order and we will get in the fourth quarter also. From mostly defense and space, that fourth quarter. And some air also. So, this year we will continue and once we execute, then further more order will come.

Amit Dixit:

Sir, another one on utilization of Wide plate mill and Rohtak Plant. What was the revenue contribution from both of these in 9 months of this years?

Management:

Wide plate mill that we have told, that because of Wide plate mill only, we could able to execute orders for this space in the shortest possible time. That is why we could able to execute whatever pending orders were there about two years back. We could able to execute and now we are not having almost any order.

But further order for the future program, if anything comes on the plate, that we will be executing in quickest possible time. Coming to Rohtak, Rohtak is a different type of district. There we do both body armour and vehicle armour. Recently we executed one big order for air force. Okay. That is work of about INR42 crores order. We had executed it.

So, we have got lot of confidence in executing that. So, now we are expecting that such a body armour order will come from other people also. So, we are also discussing with army so that we are going to do some trial jackets and once it is approved, there is going to be a huge number of jackets which is going to come. So, we are working on that. Other sector which is done in Rohtak is the vehicle armour.

Vehicle armour, initially we had separated about 62 number of vehicles to Jammu and Kashmir Lumpur Police. Then subsequently we got another 20 numbers. In the 20 numbers, we had almost executed 90% of the order. Remaining executed in this order. And again, we have got some more order from the J&K Police.

See the performance, what we have done at the J&K Police. From other Police also, they started giving order like Bihar Police, Punjab Police, Odisha Police. All of them started giving order. So, this is, it was in a budding stage. Slowly it is growing. So, once it grows, then definitely after 1 years or 2 years, then this unit will become fully vibrated. We will be getting more and more order in this sector.

Especially on body armour and vehicle armour. Apart from that, we are also working with air force for armouring their helicopters. That one order that executed and we are expecting a repeat order on that. Indian Army, one tender also. Indian Army, this vehicle. That is CPR. CPR also.

So, that is also, it is in the discussion stage. So, we are discussing. There are some issues in executing that we are discussing on the technical specification. So, all this, after 2 years, I cannot say definitely it will happen next year. Maybe after 1 year, definitely there will be a lot of improvement in the Rohtak Plant.

N. Gowri Sankara Rao:

For armour, Rohtak side, huge potential is there. Even a consultant was appointed. We have studied the requirement of the country. Huge requirement is there. Even competitors also is there.

Only Rohtak has to, by supplying to the state police level, they have to improve. And automatically, once we go on supplying, we will get some more orders.

That we are expecting. WPM also, whatever load, surplus load is there, we are talking to the people. Either buying flaps and rolling it and give it, or on conversion basis, something may materialize either this quarter or next year. Q1 of FY '26. We'll do something.

Otherwise, WPM facility, for our internal supplies of plates, wherever required for the strategic projects, or for the energy projects, we are using and we are supplying in time. Delay, suppose in the same route, if we apply HRM, CRM, it will be, process will be delayed. In WPM route, it is becoming faster.

Amit Dixit: Okay. Sir, just a follow up on this army jacket. So what is this army jacket's order that we are expecting? Which level it is? What material will be there?

N. Gowri Sankara Rao: Tender is more than a lakh. Remember, 1,35,000 something. They are yet to finalize. Whether they give it to 1 party, 2 parties, 3 parties, we have to see. MIDHANI also pursuing that. Whatever samples they are asking also, we are discussing and giving. Once the tender is finalized, even we get a number of, say 25% or 30% also, it is a huge value.

Amit Dixit: Okay. Got it, sir. Thank you so much.

Moderator: Thank you very much. Due to time constraints, we'll have to take that as the last question. I would now like to hand the conference back to the management team for closing comments.

N. Gowri Sankara Rao: Thank you. Now I request my DPM to give the closing remarks.

T. Muthukumar: As we have discussed, now MIDHANI is in the correct quarter. And we are improved compared to whatever we were in the last year with respect to profit, EBITDA, and reduction in the inventory. Our order position is also very good. And coming years also, we are expecting full order because of this government's initiative on implementation.

And there will not be any dearth of order. And we have also added new facilities. And we are planning to invest further INR100 crores in the next year. So these all will help further augmenting the facility, which in turn will cater the requirement of all the strategic programs.

Now if you see our delayed order, whatever it was, drastically it has come down. It used to be about 2 years back. It used to be about INR1000 crores. Now it has come less than INR200 crores. So that shows that we have improved our efficiency in executing the order. So this will further come down. And the next year, if you see, at the end of the next year, there will not be any delayed order.

So this all will create a lot of confidence on our customer. And our sales also, since a lot of this internal also, definitely there will be improvement by 20%. Because we added new equipment, which recently has been commissioned in the third quarter and coming to operation from the fourth quarter. So this will come hand in hand in the next year. So we'll have a great future in the next year. That's what I wanted to say. Thank you.



*Mishra Dhatu Nigam Limited
February 06, 2025*

Moderator:

Thank you very much. On behalf of ICICI Securities, that concludes the conference. Thank you for joining us, and ladies and gentlemen, you may now disconnect your lines.