MDN/CS/COMPLIANCE/2025-26

June 10, 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 June 4, 2025

Dear Sir/Madam,

1. Further to our letter dated June 4, 2025 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q4 – FY25 Results, held on June 4, 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

Digitally signed by PAUL ANTONY
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Company Secretary & Compliance officer

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Encl: As above

"Mishra Dhatu Nigam Limited
Q4 FY '25 Earnings Conference Call"
June 04, 2025

MANAGEMENT:	**DR. S.V.S. NARAYANA MURTY – CHAIRMAN AND MANAGING DIRECTOR – MISHRA DHATU NIGAM LIMITED** **MR. T. MUTHUKUMAR –DIRECTOR, PRODUCTION AND MARKETING – MISHRA DHATU NIGAM LIMITED** **MR. ARUN KUMAR SHARMA –GENERAL MANAGER MARKETING – MISHRA DHATU NIGAM LIMITED** **MS. MADHUBALA KALLURI – GENERAL MANAGER FINANCE & ACCOUNTS – MISHRA DHATU NIGAM LIMITED** **MR. V. N. S. V. ANNAPURNESWARA RAO, ADDITIONAL GENERAL MANAGER, FINANCE & ACCOUNTS – MISHRA DHATU NIGAM LIMITED** **MR. PAUL ANTONY – COMPANY SECRETARY AND COMPLIANCE OFFICER – MISHRA DHATU NIGAM LIMITED**
MODERATOR:	**MR. MOHIT LOHIA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the MIDHANI Q4 and FY '25 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 conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Lohia from ICICI Securities Limited. Thank you, and over to you, sir.

Mohit Lohia: Yes, Shruti, thank you, and good afternoon, everyone. Thank you for joining us today for the concluding call of Mishra Dhatu Nigam Limited for the financial year FY '25. First of all, I would like to thank management for providing us the opportunity to host the call. From the management side, we have Dr. S.V.S. Narayana Murty, Chairman and Managing Director; Mr. T. Muthukumar, Director, Production and Marketing.

So without further delay, I would now hand over the call to Dr. Murty for the opening remarks. Thank you, and over to you, sir.

S.V.S. Narayana Murty: Yes. Good evening. Good evening, all of you, all -- to all our respected investors, colleagues from here with me, I'm joined by our Director, Production and Marketing, our General Manager, Marketing, our GM Finance, our AGM Finance and Company Secretary. So we are pleased to welcome you to this investor conference call. The detailed financial results for FY 2024-'25 have already been disclosed, and they are all available with you. So I'll not go into that line by line.

However, I would like to take a few minutes to highlight some of the key operational and strategic milestones that were achieved during the fiscal year, which we believe mark an important step forward for our company, MIDHANI. To begin with, Q4 of FY '24-'25 has been particularly significant. We have achieved our highest ever quarterly turnover of INR410.56 crores, registering a growth of 1.25% over the same quarter last year.

More importantly, the value of production during the quarter stood at INR329.16 crores, reflecting a growth of 16.78%. We are also encouraged by the profitability numbers for Q4. PBT rose by 13.37% to INR77.16 crores, while PAT increased by 21.04% to INR56.14 crores over the corresponding quarter of the previous year.

Coming to the full year performance, FY '24-'25 has been seen MIDHANI achieve its highest ever annual turnover of INR1,074.1 crores, registering a growth of 0.13% over FY '23-'24. While the top line growth appears marginal, it must be seen in the context of shifting product mix and an industry landscape where raw material volatility and global supply chain uncertainties have been a constant challenge.

The EBITDA for the year stood at INR248.97 crores, showing a healthy growth of 11.1% and our PAT for the year rose by 20.61% to INR110.07 crores compared to INR91.26 crores in FY '23-'24. One of the key operational highlights of the year was the improved control over production inventory, which had been on an increasing trend in the previous year as you would have remembered. This year, inventory levels decreased by approximately INR8.5 crores.

Please make a note of it, contributing to more efficient working capital management and a reduction in debt. Another notable development has been our export performance. Exports have grown nearly threefold this year compared to FY '23-'24, excluding deemed exports. This is a clear indicator of our growing global presence.

We have also begun diversifying our alloy offerings, including new grades for our health care, oil and gas and energy sectors. The impact of these efforts will be more visible in the coming years as production scales up and customer relationships mature. On the capital investment side, we have undertaken a capex of INR50 crores this year, which has gone into strengthening manufacturing infrastructure and commissioning new facilities.

Our order book position as on April 1, 2025 stood at INR1,832 crores, providing good visibility for the coming years. So in closing, I want to sincerely thank all our investors and stakeholders and for your continued trust and support.

With these few introductory words, I now open the floor for your questions, and we'll be happy to take all your questions from me and from my colleagues. Thank you.

Moderator: The first question is from the line of Dipen from PhillipCapital.

Dipen: Sir, my first question is to understand a little bit on the business environment that is there. So recently, we have come across some news articles regarding some reduction or other restriction in the supply of some rare earth materials and critical materials from China. So I wanted to understand how -- what are the critical materials that we import from China right now? And how do we plan to manage that considering that especially for the Defence sector, there has been a restriction on the same? That's my first question.

S.V.S. Narayana Murty: Okay. See, many of the raw materials that undergo -- that go into production of these materials landscape of MIDHANI, particularly the Superalloys and Titanium alloys, some of the master alloys that we use for manufacture, they are imported. But as on today, we are not having any import of any of the raw materials from China. And even if we want to import, there are enough non-Chinese suppliers. So it is not of a concern for us.

Dipen: Got it, sir. That's really encouraging. Sir, second is for going ahead, how do you see the business and the top line panning out? And how do you see the margin expansion? Do you see any margin expansion happening in the following year?

S.V.S. Narayana Murty: Yes. See, basically, it goes like this, the -- if you look at the strategic departments of Aerospace, Defence and atomic energy, more and more programs are coming and more and more orders will be coming in the future. And MIDHANI is the only -- I mean, it is -- with respect to

Superalloys and Titanium alloys, this is the only plant that has more than 40 years of experience in the material, supply of the superalloys and Titanium alloys and high-strength steels.

And we have a very big opportunity in this space being an old-timer and being the store house of more than 500 alloy grades that has been indigenized by MIDHANI. We are the leaders in this area. And I feel there is a significant opportunity for us with respect to the order book position, with respect to the -- in the new orders, our new projects that Government of India is taking. So we don't expect any issue with respect to the potential new customers. And we are sure that we will be able to make a healthy top line as you are suggesting in the coming years.

Dipen: So any headline growth rate or something that you'd like to represent?

S.V.S. Narayana Murty: Headline growth? Would you like to...

T. Muthukumar: We'll be -- we are planning about a 20% growth every year. So now due to this Atmanirbhar and a lot of initiatives taken by the government in indigenization, we are in effort in developing so many alloys and metals for our strategic sector, as CMD has told us. So we are expecting about 20% growth every year.

Moderator: The next question is from the line of Abhishek Kumar from AlfAccurate.

Abhishek Kumar: Sir, my first question on the RM side. So just wanted to understand that what are the key raw materials which are used within your production? And how is impact on -- because of the fluctuation of the price, how it impacts the margins?

S.V.S. Narayana Murty: Okay. This is a -- okay, raw materials, we import few elements to manufacture Super alloys or Titanium alloys. We import a number of raw materials, like, for example, Pure Nickel, Pure Cobalt, Moly, Tungsten, Chromium. So there are a number of alloying elements. Similarly, we also import a number of master alloys in the process of alloy manufacture for example, aluminum, vanadium, master alloy, there are different grades, which needs different kinds of raw materials and master alloys.

How the variation in the prices affect us, yes, there has been volatility. As you know, there have been some geopolitical issues. There has been up and downs in the raw material costs. But now I think it is more or less -- it is becoming uniform. There is no big problem. And we don't anticipate much issue with respect to that. Previous years, there was some issue with the increased raw material costs that has affected our balance sheet. But we are feeling that now it is more or less stabilized, and we are confident that the same trend will continue.

T. Muthukumar: In addition to that, about 23 raw material, which we have been importing it, now we have taken a lot of steps in developing some of the master alloys indigenously, which in 3 master alloys we are successful. So in addition to that, we are taking a lot of steps in salvaging our scrap and getting the part of the raw material through that.

So apart from getting imported this raw material, we are also on the way how to salvage our scrap and how to indigenize some of the raw material. So as such, there is no problem in getting the raw material. And the future also since expecting that some problem would come maybe in another 5 years, 10 years, a lot of steps being taken in MIDHANI to overcome that. So there should not be any problem in supply of raw material and which will cater the requirement of our production need and increase in the sales.

Abhishek Kumar: So are you exploring any plans for the dedicated scrap processing or recycling plant to improve cost efficiency and the sustainability of the margin?

S.V.S. Narayana Murty: See, there are efforts already in place for the last couple of years. We have been in touch with some government agencies as well as some national labs. We are working closely with some of the CSIR labs on how to extract the precious materials, precious elements from the scrap, high-value scrap that we are having. So already that we have in collaboration with the national labs, we have worked out, and it is giving very encouraging results.

So we'll be self-sufficient, if not fully, at least we'll not be having the crisis of not having some of the critical alloying elements that are likely to be -- that are presently being imported. So that way we are taking step by step we have started already in a very positive note. And as our Director of Production and Marketing has told, we are -- already we have indigenized one of the master alloy, and we are in the process of indigenizing some of the other master alloys that are required for making advanced Titanium alloys for aerospace grade.

Abhishek Kumar: Okay. So sir, if we see the EBITDA margin numbers before FY '24, that was in the range of 25% to 30%. But in the recent past, it has come down. So can we achieve the old margin of that 25% to 30% kind of the range in the medium term because of that -- because of this operational efficiencies you are taking efforts.

T. Muthukumar: See, this EBITDA margin does not depend -- it also depends upon the products which we make it. Say, whatever earlier which were there, the product range was different where we have been producing mostly for space. Now the environment slightly got changed. Most of the orders, we are taking on a competition rate with the private parties and imported parties.

So now that is why our EBITDA has come down. But we are looking forward in all the efforts, we are looking all the ways to improve our EBITDA by reducing our raw material costs and other factors. If you see the last year compared to '23-'24, '24-'25, if you see our raw material consumption has come down by INR100 crores.

That is also partly because of the raw material price and partly because of our operational efficiency also. So same effort we'll continue in coming years also. so that EBITDA will grow up. But seeing the business environment where a lot of competition is there so our EBITDA will be ranging around 20% to 25%.

Abhishek Kumar: 20% to 25%.

T. Muthukumar: 20% to 25% we'll be ranging around, depends on the product and depends upon the imported cost at that point of time. So it will be around 20% to 25%.

Abhishek Kumar: Okay, sir. And sir, what is the production capacity of the newly commissioned Titanium plant and which key sectors or clients you are targeting towards?

T. Muthukumar: See, Titanium plant recently has been commissioned. It has been put into full-fledged operation. The capacity, it will be about 250 to 300 tons per month.

Abhishek Kumar: Okay. And how much revenue potential is that plant, sir?

T. Muthukumar: It has -- Abhi, Titanium has got a huge potential. We are having a lot of orders in both the aero sector and the Defence sector. So there has been a lot of this thing, but there have been some disturbances in the supply of raw material, especially on the master alloy. So last year, we could not be able to make as CMD has told that we could be able to indigenize some of the master alloy. So coming year, there will not be any problem in feeding. So we'll be able to cater all the requirement of Titanium because order is huge and our production also is coming in a full way, and we'll be able to meet the requirement.

Abhishek Kumar: Okay, sir. And my last question on the export side. As you mentioned that this year, the export growth was 3x. So what is -- what's sort of the potential we are looking for the export side in the near to medium term? If you are targeting around 20% plus growth of the next 3, 4 years every year, CAGR growth, how would be the mix in export versus domestic?

T. Muthukumar: See, as CMD has already told in the open market, last year, we had done INR94 crores, which is a threefold improvement over the previous year. Now we are in the process of getting certification by some of the overseas customers. So when a major customer like Safran, GE, there so many fellows, will be coming and they started certifying inspecting our plant.

So we also -- because of this geopolitical situation and the overseas also, there is a lot of time taken for supplying the material. Because of that, all these overseas customers, they are looking to MIDHANI for the supply of the material. And we also improved our turnover time drastically.

So we also look -- a lot of growth will be there in the export in coming years, sir. So those are right now, the order position is about INR35 crores to INR40 crores. But further growth will be there in this year also, we'll be booking. And there could be a possibility that definitely, we will be crossing about INR100 crores to INR120 crores in the coming years.

Abhishek Kumar: In FY '26?

T. Muthukumar: Yes, yes. '25-'26.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: Sir, my first question regarding, sir, your order book is nearby INR1,800 crores. So can you give me the breakup between Defence, space, energy and others?

S.V.S. Narayana Murty: Yes. So this is the breakup of INR1,800 crores. So we have the percentage-wise, Defence is about 84%, Space is about 8%, Energy 2% and rest of the things about 3%. And exports, we have about 2%. That is the breakup of total as on today, but it will go up, yes. So we are expecting more orders so it may be going up and we are anticipating good number of orders from Aero, Navy, Missile, Space and Power.

Rakesh Roy: Okay. And sir, my second question is, sir, how much order inflow we get for this FY '25, total order inflow in FY '25 and from where...?

S.V.S. Narayana Murty: Yes, we are expecting -- approximately around INR1,500 crores we are anticipating as on today. So there are orders that are already in pipeline. We are -- there are in different stages of procurement process. Basically, we are expecting big orders in Aero, okay, Aero and Space. So -- and Defence, Navy, we are expecting a big order. So they are all in pipeline about INR1,500 crores, we can -- we are expecting.

Rakesh Roy: Okay. And sir, how much order inflow we get in FY '25? Total order inflow in FY '25?

S.V.S. Narayana Murty: Yes. We have already booked about INR1,400 crores.

Rakesh Roy: INR1,400 crores, sir.

S.V.S. Narayana Murty: Yes.

Rakesh Roy: Right, sir. And sir, last question, sir, regarding your Rohtak plant, how much is the order because last time we -- as you mentioned, we have nearby left the INR100 crores order book in Rohtak plant. How much left as on now for Rohtak?

S.V.S. Narayana Murty: About INR10 crores.

T. Muthukumar: The order booking at Rohtak, it is about INR10 crores only. But there are orders on the way. We have been trying to take some of the ToTs from the reputed institutes. Through that, we are trying to book more orders. We may -- during the course of the year, we may get another INR30 crores, INR40 crore order. We may end up with an INR50 crores order booking in the financial year '25-'26.

Rakesh Roy: So we are looking at nearby INR50 crores for FY '26 from Rohtak plant new order inflow?

T. Muthukumar: We're aiming it. But sales maybe -- we may end up with maybe INR30 crores.

Rakesh Roy: Okay. And sir, Rohtak plant is only for bulletproof this one or we make other things also there?

T. Muthukumar: No. Rohtak plant work is for both body armoring as well as the vehicle armoring.

Rakesh Roy: Okay. Only for body armoring and vehicle armoring, no other things there?

T. Muthukumar: Yes, yes, it is only for that, yes.

Rakesh Roy: Okay. And any other new -- like any plan to add any new product in Rohtak plant because the order book is very less and we have the -- if order not come, then it is agitated results, plant is not running?

T. Muthukumar: No, we are exploring -- this itself there is a scope for improving a lot. We are exploring more orders, and we try to establish better technology so that more orders can be taken under Rohtak.

Rakesh Roy: Okay. And sir, one thing is, sir, when -- on HAL call, they have mentioned you are working with HAL for some product?

T. Muthukumar: Yes.

Rakesh Roy: HAL. Yes, sir. And how much is the market size you're looking from that product in near future? And how is there?

T. Muthukumar: HAL, they are in the process of indigenization of some engines. We are associated with HAL. Right now, we are having order about INR650 crores. So -- but that order, again, another INR300 crores to INR350 crores is in the process. And year-on-year, on the same product, there is a possibility that we'll get more orders from HAL.

Rakesh Roy: Okay. More order from -- and sir, as you mentioned is your new Titanium plant facing some raw material issue. So major raw material is...

T. Muthukumar: Yes, it was.

Rakesh Roy: Okay, it was. The plant capacity, as you mentioned, it has 250 to 300 tons per month?

T. Muthukumar: Yes, yes.

Rakesh Roy: Okay. They will make only Titanium, sir. So generally, we are importing...

T. Muthukumar: Yes. They'll make only Titanium.

Rakesh Roy: Didn't we taking raw material for import or just from India only?

T. Muthukumar: Sponge, main sponge, it is being imported that alloy, that is master alloy we -- it is now we are indigenization in the last year that will be taken from India, indigenization.

Rakesh Roy: Okay. Okay. And sir, any chance to -- because the PTC Industries has also started their this one Titanium thing. So any chance to you take raw material from PTC or any other thing, sir?

T. Muthukumar: No, no, we have established our source of raw material. And we have developed other parties also. So we are self-sustained and we need not depend on PTC.

Moderator: The next question is from the line of Raj Rishi from DCPL.

Raj Rishi: What is -- like supposedly, the Prime Minister also talked about massive growth in Aerospace MRO over the next few years. So how will that impact MIDHANI?

S.V.S. Narayana Murty: See, one of the prime products of MIDHANI is one of the lines is Super alloys. And Super alloys are the essence of any Aero engine. And if more number of MROs or MRO units are established, more business for MIDHANI. So we look at it like that.

Raj Rishi: Okay. Okay. And sir, this -- if U.S. and India go for RDP, reciprocal Defence procurement, what's going to be the impact on MIDHANI? Hello? Hello, can you hear me? Hello?

T. Muthukumar: Yes, yes, we are able to hear. Just a moment there.

Raj Rishi: Yes.

T. Muthukumar: We are still under discussion that still we are not really assessed what would be the impact on it. So maybe in the course of time, we'll be able to tell you what will be the impact on it.

Raj Rishi: But sir, prima facie, at least my perception is it's going to open up a huge market for MIDHANI. Am I -- is the perception correct?

T. Muthukumar: Yes, yes, your perception is correct. Again, we have to take it up with the concern, and we have to work out what would be the real impact on us.

Raj Rishi: And sir, this Europe -- rearmament of Europe is going to be like -- it's supposed to be a very big amount over the next few years. So how will MIDHANI be affected? Should it benefit MIDHANI?

S.V.S. Narayana Murty: With respect to export orders?

T. Muthukumar: You're telling with respect to export order?

Raj Rishi: Yes, like...

T. Muthukumar: Yes, yes, that anyway it will -- yes.

S.V.S. Narayana Murty: So probably we look at it like this. See, this year, we have about INR95 crores of exports. And we are getting these orders in open tendering process. So we are already competitive in international market. And elsewhere in Europe, there are difficulties because of the supply chain constraints. So we have a very good opportunity. We have increased almost threefold in the current -- I mean '24-'25, we have got -- we have increased the exports.

So we expect to continue the same trend because we are competitive and people are looking at us as a reliable supply partner. So already we have, I mean, people from international Aerospace makers like General Electric, yes, OEMs have already -- they have come and they are in discussion with us. They are listing our plants, and we are in discussion with them. So we hope that the -- our order book position from exports also will be proportionately higher in this financial year.

Raj Rishi: Something like 3x this year also compared to last year?

S.V.S. Narayana Murty: 3x maybe a little more ambitious, but certainly, it will be a better figure. That is maybe INR120 crores to INR150 crores, we -- that is what is our target.

Raj Rishi: Okay. And sir, MIDHANI is also involved in this Kaveri engine, right, the development?

S.V.S. Narayana Murty: Yes. Yes. Yes.

Raj Rishi: And what sort of -- can you give a perception as to how it will benefit MIDHANI? The engine, if there is a force to develop the engine as some people are talking about?

T. Muthukumar: See, we are the sole supplier of the metals and alloys for coverage. Once it comes through, then what was the requirement of metals and alloys, it will go through MIDHANI only. So MIDHANI will be benefited a lot because we already have developed a type test that -- those metals and alloys for coverage.

S.V.S. Narayana Murty: Probably I can add to whatever Director, Production and Marketing told, there are nearly 100 alloys of Aerospace grades that were type tested. Alloys for Aerospace have to be type tested for repeatability and reproducibility. So MIDHANI over the last maybe two decades has established more than 100 type-tested alloys, which are useful, like, for example, for Kaveri engine program. So the technology is available with us. It is only a matter of time that they have to place order with us.

Raj Rishi: Okay. And sir, how competitive you are compared to your peers in the Western world, like price-wise and otherwise?

S.V.S. Narayana Murty: Yes, we are competitive in Superalloys. Yes, and our -- see, this is a specialized business, okay, both Superalloys and Titanium alloys is a specialized business, which is practiced by a very handful of people around the world. And making the alloys to the requirement of Aerospace grade is an art. So that we have mastered that and we are quite competitive. Otherwise, we would not have got that nearly INR100 crores export orders this year.

Moderator: The next question is from the line of Aman from ProfitGate.

Aman: Sir, I have three questions. Firstly, as you report in your annual report, can you give you a breakup of FY '25 revenue segment-wise? Defence, Space, Energy and others? Maybe percentage or absolute number, both works?

S.V.S. Narayana Murty: Yes. So revenue-wise, we have sector-wise space, we have -- contribution from space is 11%. From Defence, it is 37%; PSUs, another 37%. Energy is 1%, exports are 9% and all miscellaneous is about 5%. So the major share is from PSUs.

Aman: Okay. And sir -- right, as you highlighted in the call earlier, EBITDA margins from the Space sector are higher than other segments. So as the revenue from aerospace segment is decreasing and the order book also has lower share of Aerospace, keeping the -- keeping raw material prices as constant, can we improve the margin from here on or the margins would be at FY '25 levels or it will decline?

T. Muthukumar: So as I told that now our EBITDA will be to the range of EBITDA will be to the range of 25%. EBITDA will be to the range of 25%. So since we are going to improve on the sales volume, revenue turnover, then our profit on that percentage will go up. So in that process, the PAT PBT also will go up. But our EBITDA will be to the range of 20%, 25%.

Aman: Okay. Sir, can you highlight the differential gross profit margin in space and other segments that you have? A rough idea.

T. Muthukumar: Space, we have a -- earlier we had a higher margin. But in the Defence, so much of margin is not there is not there because now whatever it is getting earlier imported, they are trying to cut the cost comparing to the imported because they are also indigenized.

And in the cost part of it our Defence sector is trying to do, our Aero sector is trying to do that we have to match with the imported cost. In the process, our margin is not so high compared to space. But still, we are trying to optimize our process and reducing the raw material consumption. We are trying to improve upon the margin. That is what we are doing. But as such, order booking margin is not so high as it was there in the space.

Aman: Sir, can you highlight the differential margins between space and other segments, maybe Defence? sir, quantify that.

T. Muthukumar: Figures, we have not -- one-to-one, we have not worked out. But as I told you that in this Defence or Aero, margin is slightly less compared to the Space.

Aman: Okay, sir. Yes. That's all sir.

S.V.S. Narayana Murty: Thank you.

Moderator: The next question is from the line of Abhishek Kumar from AlfAccurate.

Abhishek Kumar: Sir, can you give more details on the new alloy development, particularly those aligned to the Aerospace application and the ultra- megawatt power plant for the plants like BHEL?

S.V.S. Narayana Murty: Yes. Okay. There are, for example, ultra-high supercritical thermal power plant, we have developed one of the alloys in association with one of the government agencies. So that is -- which is capable of withstanding very high temperatures and pressures in tubular form. So multiple agencies are involved in this particular developmental project, and we have successfully made in the raw material form that is required and product form that is required, meeting all the requirements, and we have supplied also.

So that is with respect to the ultra-high supercritical boiler. And with respect to Aero, there are multiple grades. Actually, the Aerospace, there are multiple grades of materials that we have indigenized and supplied to -- yes, for the -- yes, so we have supplied to HAL as previous speaker asked, good amount of order is there in that. And we are developing many more alloys, new alloys because our core strength is alloy development. So that is what we are doing.

Abhishek Kumar: Okay. And sir, how much Nickel, Cobalt and Titanium accounts for your RM? How is the sensitivity with the price change of these materials?

T. Muthukumar: See, this is a -- price, there is a sensitivity okay? But about 10% to 15%, there is always change over the price, okay, from the previous purchase and the present purchase.

Abhishek Kumar: Okay. And so just wanted to understand that how is the concentration of the RMs, especially nickel is the major part or the Titanium?

T. Muthukumar: There are -- both are 2 different.

S.V.S. Narayana Murty: Yes. Both are two -- I mean, for example, Titanium is used for making the Titanium sponge for the -- used for the manufacture of Titanium alloys. Nickel is used for the manufacture of Super alloys. So both are two different verticals altogether. And of course, both are critical raw materials. And MIDHANI has portfolio of both the products, both nickel-based super alloys as well as Titanium alloys.

Abhishek Kumar: Sir, as you mentioned that you are targeting an EBITDA margin of around 25% in the coming year. So just wanted to understand what would be the key driver for the margin? Is it because of the better uses of your scrap and reduction of the inventory or the better mix -- business mix?

T. Muthukumar: One, as I have been told that business make -- more than the business make that we are also trying to utilize more of scrap. And we are also optimizing our facility and which will have an impact on the yield. We are also looking for some sort of capital investment, which we have a better ability.

So in this process, our yield and other parameters also will get improved because of combination of all other factors. One is that product and the other optimization of our process with respect to the new investment, with respect to the usage of scrap, with respect to optimization of parameter, all will lead to this achieving the EBITDA of about 25%.

Abhishek Kumar: And how would be the capex in FY '26-'27?

T. Muthukumar: Capex last year, we invested about INR45 crores -- okay, INR50 crores. Now this coming year, this -- we are planning to invest about INR75 crores to INR100 crores every year. That is what internal is planned. But at the same time, we are in discussion with other partners for having a long-term project to have a -- which get invested in the period of 4 to 5 years. So this also it is under discussion. Maybe next quarter, we may have some idea how we'll go about it.

Abhishek Kumar: Okay. And my last question on that outlook. How do you change the outlook of the business post this -- the recent war, Operation Sindoor. So what kind of the visibility has come and how the order book has opened for your business? How did it change the entire perspective?

S.V.S. Narayana Murty: Okay. See -- yes, we see some materials that were used in the recent operations have been supplied. MIDHANI is part of those materials. And one of the good things that has happened is it has been demonstrated, live tested. So that shows immense confidence to people. And after seeing the performance of our products, we are expecting many more orders from the Defence.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC.

Rakesh Roy: My question regarding, sir, again for order book, sir. As you mentioned, you have total order book of INR1,800 crores and out of nearby 84% is from Defence. In Defence, sir, how much is -- can you give me the breakup between the Air force, Army, Navy, how much is there for Army, Navy and Air force?

S.V.S. Narayana Murty: No, I think we are -- individually, we have -- I can give you -- I mean, put together, but I think individually, I think...

Rakesh Roy: 50% from Army and 50% from Air force?

S.V.S. Narayana Murty: No, no, no.

T. Muthukumar: No, no, it's not Army is from a Naval sector and Air sector. Air force it can go to HAL and HAL we get the order. And that's what this order is being booked.

Rakesh Roy: Okay. Right. Agree, sir. Sir, regarding, sir, as you mentioned, sir, out of total revenue, 34% is -- nearby 37% for Defence and 37% of PSU. Can you give the basic idea, how much is for Defence only, only for Defence, including PSU?

S.V.S. Narayana Murty: Yes. Some of the PSU units are Defence PSU. Yes, so total -- yes, probably if I look at the data, around 70% to 75% will be Defence.

Rakesh Roy: Sir, as you said if you are taking your last 5 year, 7 year history, whenever Defence revenue is increasing because from FY '19, your Defence revenue is there by 30%, now it is 70%. So margin will come down. If you see your order backlog is nearby 84% again for Defence. So not a bit tough to sustain this margin or to maintain this margin or margins will come down in the future also because?

Management: See, in the 2 years back and all when we are having the Space sector, more sales from the Space sector, then we were having that 35%, what you witnessed is 35%, 40% EBITDA margin, 35% EBITDA margins also.

Rakesh Roy: Agree, sir.

Management: Now, currently the Defence and PSUs are contributing around 70%, 70% more. And the Space is definitely currently compared to the 3 years before figures, then definitely it is less than compared to that. Definitely, the margins, we are having more margins on the space sector compared to Defence sector. So that is why we said that the EBITDA margins, we are expecting around 25%. But when we increase the volumes, it may go up slightly. Marginally, it may go up also.

Rakesh Roy: Okay. And sir...

Management: EBITDA margin we are expecting, yes.

Rakesh Roy: Sir, any specific reason why our Space revenue is coming down due to any new program or anything else?

T. Muthukumar: Yes, nothing like that. Actually, if you look at the orders are not placed -- I mean they are placed cyclically. Like, for example, typically, the orders are given or the programs are approved for Department of Space once.

So they calculated for next 2 years, they may give once order or next so many launch vehicles, they may be giving orders. So it doesn't -- it is not that it is going down. It is cyclical. So probably this year, '24-'25 would have been low. Maybe next year, it may be more again. And we are also expecting order from Space. It is in pipeline in the final levels of order negotiations are done. So we are also expecting from them.

Rakesh Roy: Okay. Okay, sir. And sir, are we supplying any material for missile technology also any material for missile like a Pinaka or anything BrahMos type missile?

S.V.S. Narayana Murty: Absolutely, we are supplying. In fact, we are the lead suppliers for them.

Rakesh Roy: Okay. And -- because demand is very high for the export market, especially for BrahMos and Pinaka, so do you see any hype in -- for demand for this one?

S.V.S. Narayana Murty: Yes. The moment they get order, we also get order from them.

Rakesh Roy: Okay. And what about -- how much is sir, nearby for one BrahMos, how much of the value of material we supply, for example?

S.V.S. Narayana Murty: That is difficult to tell you.

T. Muthukumar: Say, they are for the total numbers. We cannot say how much is the value.

Rakesh Roy: Okay. Agree, sir. And sir, last time we have been speaking, as you say you are again starting this one making barrel because earlier you're making for barrel for -- artillery barrel. So are we started or we are looking to start again for barrel making?

T. Muthukumar: We are also in discussion in supply of that gun barrel. So still we are not finalized that order. So shortly, maybe in the next quarter, we'll be able to tell what is the portion of that order.

Rakesh Roy: Right, sir. This is helpful, sir.

S.V.S. Narayana Murty: Thank you.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investment.

Pritesh Chheda: Sir, I wanted to know about the Capex that we have done in the last 5, 7 years where your gross block has added by about INR700 crores, INR800 crores. So let's say, in the Nickel-based alloys and the Titanium-based alloys, which are your two product line segment, how much capital have gone there?

And if you can tell us the capacity utilizations of both of these areas so that we can understand what kind of revenue potential is yet to be captured because since the last 5, 7 years, we haven't seen any movement in your EBITDA line and hardly any movement in your revenue line.

T. Muthukumar: See, if you see that what our Capex is put there, because of that only, in the year '23-'24, we could be able to have a growth of about 20%. In '24-'25, we were able to sustain the same set of growth. So now we started giving and we started stabilizing those units and we started giving results. And now year-on-year, there is a possibility that there will be a growth of about 20% year-on-year. So now those got whatever investment we have done over the 4, 5 years, now only it has started giving results. So we'll be able to do it.

Pritesh Chheda: So the last leg, whatever you have spent this INR600 crores, that all has gone in Titanium alloys?

T. Muthukumar: No, no. Actually, out of INR800 crores, whatever we have spent in 5 years, the major Capex we have spent on Wide Plate Mill, which is about INR600 crores. That is WPM, we have put as a strategic facility to meet substitution, import substitution. Because of that only, we could able to do most of the Titanium plates, which have been otherwise imported, we could be able to do it.

So that we cannot expect so much of revenue growth from that WPM unit immediately. Now we started stabilizing that WPM unit to develop most of the imported product. Recently, we rolled Aluminum, which for aero sector, which otherwise it was getting imported. And worldwide also, it is not available with some more products.

S.V.S. Narayana Murty: Yes. So if you look at what our Director, Production and Marketing was telling, all Aluminum alloys -- or hard Aluminum alloys used in Aerospace industry are imported currently. There is no Indian manufacturer who can manufacture 2,000, 6,000 and 7,000 series alloys of width more than 1 meter.

Now using the WPM, we have initiated some experimental trials, okay, of one of the aero-grade alloys, and we could successfully process the plate. So what I'm saying is basically, it -- there is a lot of opportunity in wide plate rolling mill, which has taken about INR400 crores to INR500 crores investment. And we are trying to see how we can -- how best we can use the mill for newer product.

Pritesh Chheda: Okay. So basically, out of INR800 crores, INR600 crores has gone in Wide Plate Mill and INR200 crores has gone in?

T. Muthukumar: Other facilities like melt, more on wire, other downstream facilities.

Pritesh Chheda: Okay. So when you mentioned this 200 to 250 tons per month of Titanium, even that's the wide metal. So do you -- what do you refer to that? Do you refer to base Titanium sponge? Or do you -- what do you refer to when you say this capacity?

T. Muthukumar: No, no, this capacity is basically to produce Titanium alloy of various forms, various grades.

S.V.S. Narayana Murty: Yes, probably one line of -- yes, one line I think probably I would like to add. Titanium sponge is different. That is the raw material that goes into the melting of Titanium alloy. That is indigenously is available at a plant in Chavara in Kerala, okay, which manufactures about 500 tons per annum of Titanium sponge. We are importing Titanium sponge. And sponge is not in the product line of MIDHANI. MIDHANI makes Titanium alloys from sponge.

Pritesh Chheda: And from alloy, the plates are made or then alloy sold as alloy?

S.V.S. Narayana Murty: MIDHANI is capable of making both bar and plate product.

Pritesh Chheda: Okay. Okay. So basically, can you tell the capacity utilization there in plate mill and the Titanium alloy? And what's your capacity utilization in nickel in FY '25?

T. Muthukumar: The plate mill, as I told that the capacity utilization is not full because it has been made for the strategic purpose. Now it is in the process of development, as it has been explained. Maybe coming years, it will come to the full-fledged production, okay, full fledged production.

With respect to the Titanium shop, as I told, last year, we had some problem in supplying of the master alloy. We took about 6 months in development of the master alloy because of the geopolitical situation. So this year, this financial year '25-'26, we'll be able to use 100% of this capacity.

Pritesh Chheda: Okay. And nickel?

T. Muthukumar: Nickel already we added, now whatever requirement nickel alloy, superalloy, that we are doing 100% whatever order process is there [inaudible 0:47:18].

Pritesh Chheda: So the plate mill and the Titanium alloy is fair to assume that capacity utilization will be extremely low at 15%, 20%?

T. Muthukumar: No. Actually, in the year -- this year, it will become a Titanium shop of '25-'26, it will become 100%. And plate mill take some more time to have achieved 100%.

Pritesh Chheda: No, it was 15%, 20% in FY '24, sir. That what I was referring to?

T. Muthukumar: You are telling '24-'25?

Pritesh Chheda: Reported year in...

S.V.S. Narayana Murty: No, no, one minute. Let us separate the Titanium, Superalloy and Wide Plate Mill. Superalloy currently, we are having full utilization. Titanium alloy full utilization. Only Wide Plate Mill because it is meant for strategic applications of rolling wide plates of margin steel and other critical Aerospace grade materials, the load to that is not to that extent. So -- but that is why we are diversifying our portfolio to make it as usage as possible.

Pritesh Chheda: Okay. Titanium alloy, how much utilization you said? That number was inaudible.

S.V.S. Narayana Murty: Full utilization.

Pritesh Chheda: Full? Okay. Okay. Okay. Understood. And this INR600 crores capex of Wide Plate Mill, what is the asset turn on this? Can be the asset turn?

Management: Sorry?

S.V.S. Narayana Murty: Asset?

Management: Asset? Can you please come back?

Pritesh Chheda: Asset turnover. So INR600 crores investment that you do...

Management: Yes, that's what we are talking about. Currently, the supply occurring from the Wide Plate Mill is less, very less. INR600 crores, the investment, and the returns will take some time. Currently, we don't have the returns right from -- as expected. So maybe over a period down the line in 2 years, we can definitely expect some good amount of that. That will also -- on the overall business of the company because we are having more hopes on that. It will take some time but.

Pritesh Chheda: Okay. And last question, 25% margin number that you referred to, that you refer to the coming year or that you refer as a number which will come over years as and when the plate mill gets utilized?

Management: No, see, without the plate mill at a higher capacity, we are expecting minimum around 24%, 25% EBITDA margins without the Wide Plate Mill. When the Wide Plate Mill would be to a full swing, then definitely our margins will go up drastically.

Pritesh Chheda: Okay. Okay. So 20% growth and 25% margins. Okay.

Management: Yes, without considering the full plate mill...

Pritesh Chheda: Yes, yes, without, without. Yes.

S.V.S. Narayana Murty: Thank you.

Moderator: The next question is from the line of Mohit Lohia.

Mohit Lohia: Sir, I just want to know one thing. Recently, CCS has approved space-based surveillance satellite, SBS 3 program. How large this opportunity can be for MIDHANI over the years?

T. Muthukumar: Okay. See, with respect to -- okay, you are talking about new satellite. The satellite has been launched by a launch vehicle, and we are the suppliers of the launch vehicle materials. And whatever launch has been announced, certainly, our products will be there in the launch vehicle.

Mohit Lohia: Right. So the overall program cost is about, I guess, if I'm not wrong, it's about USD 3 billion. So roughly it translates about INR24,000 crores, INR25,000 crores. How large this opportunity can be for us?

S.V.S. Narayana Murty: See, with respect to if it is a -- see, order normally is placed by ISRO or MIDHANI. So it depends on not one launch vehicle, it is multiple launch vehicles. With respect to the satellite, you are talking about, we do not know which launch vehicle they are using. So we have to see how much order they will put on us. And we are the sole supplier of margin steel plates to ISRO. So we expect correspondingly, whatever they have planned, we are expecting the orders from them.

Mohit Lohia: Yes. Sure, sir. That's it from my side.

Moderator: The next question is from the line of Aman from ProfitGate.

Aman: Seeking clarification on the question of previous participant. So you highlighted that the capacity in Titanium alloy and Superalloy is operating at 100% already in FY '25 and the EBITDA margins will improve from current 20% to 25% without any scale up in Wide Plate Mill. So wanted to understand triggers of the EBITDA margin improving despite share of Defence going higher, which is a low- margin product for us?

Management: Currently, even in FY '24 also, we are at 23%, 23% plus EBITDA margin. So 25% is expected for FY '26, what we talked about if -- because definitely the volumes, operational efficiencies as detail the Director Production has already explained, we are more exploring that using the scrap like recovering the elements, raw materials from the scrap and using it rather than the virgin product, which will definitely have a positive impact on our raw material consumption cost, raw material cost, which is the major contributor in the total cost.

So these all will definitely contribute to take that 2% margins, which we are talking about without considering the Wide Plate Mill and all, which we may take us some time. But once the Wide Plate Mill comes, then definitely the margins will be around 30%, definitely not at 25%, it will definitely be more. But that will take some time. We are not expecting that to happen in FY '26.

Aman: Okay. And just to clarify, Titanium alloy and Superalloy capacities are already working at almost 100% in FY '25, right?

T. Muthukumar: Our booking is there for 100%. So, we'll be able to utilize all our equipment in the financial year '25-'26 to meet the because we are having a high-end order in both the Titanium and Superalloy.

Aman: So for FY '25, how much was the utilization?

Moderator: Sorry to interrupt Mr. Aman. May we request you to join the question queue again?

Aman: Sure.

Moderator: Due to time constraints, that was the last question. I would now like to hand the conference over to Dr. Murty for the closing comments. Thank you, and over to you, sir.

S.V.S. Narayana Murty: Thank you. Thank you once again to all our investors for joining today's conference call and for all your continuous trust and support on MIDHANI. We are proud of what MIDHANI has accomplished in FY '24-'25. As we move into '25-'26 with our strong order book, expanding export footprint and investment in next-generation newer alloys that we are developing as well as for sustained growth. If you have any further questions, you please feel free to contact our Company Secretary. We wish you from MIDHANI side a pleasant day. Thank you.

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