MIDHANI

MDN/CS/COMPLIANCE/2025-26 **August 23, 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 August 18, 2025

Dear Sir/Madam,

1. Further to our letter dated August 18, 2025 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q1 – FY26 Results, held on August 18, 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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Encl: As above

"Mishra Dhatu Nigam Limited Q1 FY 2026 Earnings Conference Call"

August 18, 2025

MANAGEMENT:	**DR. S.V.S. NARAYANA MURTY – CHAIRMAN & MANAGING DIRECTOR, MISHRA DHATU NIGAM LIMITED** **MRS. MADHUBALA KALLURI – DIRECTOR (FINANCE), MISHRA DHATU NIGAM LIMITED** **MR. PADAVITTAN BABU – GENERAL MANAGER (TECHNICAL SERVICES), 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, MISHRA DHATU NIGAM LIMITED**
MODERATOR:	**MR. MOHIT LOHIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Call of MIDHANI, hosted by ICICI Securities Limited.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

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

Mohit Lohia: Hi, all. Thank you, and good afternoon, everyone. Thank you for joining us today for quarter one FY '26 Earnings Call of MIDHANI.

First of all, I would like to thank the Management for providing us with the opportunity to host the call. From the Management side we have Dr. S.V.S. Narayana Murty – Chairman and Managing Director, Mrs. Madhubala Kalluri – Director (Finance).

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: Thank you. Good afternoon to all the participants in the Conference Call. It's my pleasure to welcome all of you to this investor conference call of Mishra Dhatu Nigam Limited.

Present with me today for the Conference Call is Mrs. Madhubala Kalluri – Director of Finance; and Mr. Babu – General Manager of TS; and Mr. Paul Antony, Company Secretary.

The detailed Financial Results for Q1 of FY '25-'26 have already been disclosed, and they are all available with you. However, I would like to take a few minutes to highlight some of the key figures from the results that were achieved during Q1 of FY '25-'26.

To begin with, I am pleased to report that during the quarter ending 30th June 2025, MIDHANI has achieved a turnover of Rs. 170.5 crores marking a growth of 4.31% compared to Rs. 163.45 crores recorded in the corresponding quarter of the previous year. Importantly, the value of production stood at Rs. 241.29 crores, reflecting a healthy growth of 14.47% over Rs. 210.79 crores in Q1 of previous financial year.

In terms of profitability:

The EBITDA for the quarter stood at Rs. 41.28 crores, a growth of 32.86% over the previous year's Rs. 31.07 crores. The profit before tax reached Rs. 19 crores, registering a growth of 112.5% over Rs. 8.96 crores in Q1 of the previous year. Profit after tax was Rs. 12.8 crores, reflecting a growth of 150.49% compared with Rs. 5.11 crores recorded in the same quarter last year. Additionally, our order book position remains robust at Rs. 1,827 crores as on 1st July 2025, and this gives good visibility for FY '25-'26.

To conclude, I reiterate that at MIDHANI, we remain committed to supporting the strategic sectors of the nation while also enhancing shareholder value. I look forward to your questions and hope to addressing them and the queries you may have. So thank you.

With these few opening remarks, I welcome all of you to the further discussions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Hi. Good afternoon, everyone. Thanks for the opportunity. A few questions from my side, sir. The first one is regarding the utilization of your Titanium mill. So, as I understand, we said recently, I think a couple of quarters back, we commissioned 500 tonnes per annum mill. So just wanted to understand the orders that you have currently and the current utilization of this mill? That is the first question.

S.V.S. Narayana Murty: Okay. So just to answer your question, we have a order book of Rs. 450 crores plus. Currently we are fully utilizing our facilities and we are ready to execute orders already in hand, and we are also expecting a few more orders from other customers.

Amit Dixit: So this order book is executable over how much period?

S.V.S. Narayana Murty: It is about one and a half years.

Amit Dixit: Got it, sir. The second question is on essentially, I mean, a wider strategic question, if I look at the Government of India and just taking cue from the Prime Minister's speech on Independence Day wherein, he said that the domestic fighter jet should have domestic engines. So, what kind of opportunity we see for MIDHANI in this respect? Given the fact that we have already been developing a few components for Kaveri and indigenizing the other components also for engines. If you can give a wider strategic framework that how we are collaborating for maybe development of engine for Mark 2, and maybe for AMCA if anything has started. So that would be very helpful, sir.

S.V.S. Narayana Murty: Okay. So thank you for this question. Actually, any fighter jet program or any, in fact, any aero-engine program basically it uses three kinds of strategic materials. So, it uses very high strength steels, ultra-high strength steels, in fact. And it uses extensively super alloys, because the temperatures go into during operation will demand the utilization of super alloys, and of course Titanium alloys because of its superior specific strength to density ratio.

So keeping in view all these three things, these are the three main materials for MIDHANI. We are very strong in all these things. And as you mentioned, in Kaveri engine program also, MIDHANI was closely associated with the GTRE and we have developed a number of grades and successfully qualified time tested, and they have been used.

Now coming to the future on the question regarding AMCA, we are really expecting orders. Already we are having a good number of orders and we expect a significant number of orders for these upcoming projects also.

Amit Dixit: Got it, sir. The third question is, essentially if I look at the margins, they have improved. I mean, at one point in time they went all the way down to 14% odd, but now we are seeing trajectory where margins are between 20% to 22%. The only thing lagging is revenue growth, which remains quite subdued in single digits I would say for this quarter. So just two key points here. One is that, on revenue what kind of growth can we expect this year? And margins, is this 20% to 25% odd range sustainable?

S.V.S. Narayana Murty: Yes. With respect to the margins, we can expect, like in Q1 if you look at it, EBITDA margin is 24.22%. So we are expecting that even for Q2, Q3, the whole year, that the EBITDA margins will be at the same range between 23% to 25%, we can expect. That's what we are looking at it. And with respect to the revenue growth, and as we already mentioned that we are having a good order book. And last year, we have achieved Rs. 1,074 crores turnover, and this year we are planning to achieve around Rs. 1,300 crores in minimum. But however, we have a target of Rs. 1,500 crores, we are aiming for Rs. 1,500 crores but internally, we are confident that we will definitely be crossing Rs. 1,300 crores, and we will be aiming at Rs. 1,500 crores also.

Amit Dixit: That is great, sir. Wonderful. Another question that I had, and this is the last question from my side before I move back in the queue. So, it is on the order book itself. So if you can break this into various segments, how much it is from Defence, how much it is from railways, etc., that would be very helpful. Pace also.

S.V.S. Narayana Murty: Okay. Percentage you are looking for or?

Amit Dixit: Sir, anything will do. I mean, if you go with percentage, I can convert it to a numbers, that's fine.

S.V.S. Narayana Murty: Rs. 1,827 crores is our order book, on that the aero is around Rs. 761 crores, i.e. aero sector. And army is also around Rs. 156 crores. And the next five years naval also we are having around Rs. 420 crores like that.

V. N. S. V. Annapurneswara Rao: So, presently we are having around 80% from Defence only. That's related to all aero, army, naval, everything. Remaining 20% only, now presently actually we already finalized the order with the space that may come maybe in a month or two, so then the space will go up. Otherwise, presently 80% is Defence-related 20% is space, energy and others, including exports.

Amit Dixit: Wonderful, sir. Thank you for very patiently answering my question. Thank you. I will get back in the queue. All the best.

Moderator: Thank you. The next question comes from Sukrit Patil with Eyesight Fintrade Private Limited. Please go ahead.

Sukrit Patil: Good afternoon to the MIDHANI team. I have two questions. First for Mr. Murty and the second is for Mrs. Madhubala. So, good afternoon to Mr. Murty. So my question to you is, as MIDHANI strengthens its role in strategic sectors like Defence and Aerospace, how are you planning the evolution of your product portfolio, especially in terms of proprietary alloys, additive manufacturing, and export grade certifications? Is there any plan of action to transition from a project-based execution to a platform-led innovation that could position the company as a global supplier of these critical materials? Thank you.

S.V.S. Narayana Murty: Okay. So thank you, Mr. Patil. So first of all, your first question is, see, we are a company with maybe about 52 years of existence and more than 40 years of production. And our core strength is our new alloy development. Basically, we have in our portfolio about 500 types of alloys which have been exclusively designed for strategic sectors like Defence, space and nuclear. Out of which, about 100 grades are exclusively for aeronautical grade that is used in aircraft. And regarding proprietary, yes, MIDHANI developed many grades, and we have a number of proprietary grades, either coming from TOTs are internally developed. So our core strength is alloy development.

With respect to your additive manufacturing question, yes, we have idea of entering it. In fact, we wanted to go for powder manufacturing. So already, we are in the process of establishing powder manufacturing facility because the AM is coming up in a big way, and we expect some of the powders, many of the powders are imported, strategic alloy powder. Some powders are available, but still country imports larger quantities of powder because AM within the country is also growing up significantly. So visualizing this, about a year or so back we have already put orders for some of the equipments. And soon, we will be establishing facility for manufacture of strategic powders, that is respect to AM. And the export grades, a large number of our products are getting exported to more than 20 countries we export.

And your question on the project-based to platform-based. See, currently, majority of the products our strategic department of a space, Defence and nuclear, and depending on the project approvals, they give us orders. And platform-based, , it depends on their priorities.,. So, we are ready to work on any mode. We are ready to take up any kind of challenging work. So, we are looking forward whether there's a new platform that is going to be introduced or, I mean, any new projects that get approval, we are ready to work with the stakeholders and develop new grades. Our existing rates we are ready to supply. So, MIDHANI is fully prepared and our core strength will be utilized in satisfying the needs of all our customers.

Sukrit Patil: Okay. Thank you very much. And my second question is to Mrs. Madhubala. So I just want to understand from a finance point of view, how do you internally prioritize capital between capacity expansion, R&D and certification-led market access? Is there any framework that balances the near-term execution with long-term global competitiveness? I just want to understand your point of view on this.

Madhubala Kalluri: Your question is relating to, how to differentiate between CapEx, long term and short term. We have plans. For day-to-day things we are going with our internal resources. In case of long-term related to company goals as well, we have made the projects which we are envisaging with the recent analysis and based on the market potential and demand for the products we are going ahead with cash-to-cash basis after thorough review of projects.

Sukrit Patil: Okay, fine. Thank you for your guidance.

Moderator: Thank you. The next question comes from Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: Thank you for the opportunity, sir. Sir, on looking at our order book, you are saying that we have a current order book of close to around Rs. 1,800 crores. And this year, we are targeting some Rs. 1,300 crores. So, which implies that majority of our order book would be depleted in this year. So, can you give us some thoughts in terms of what are the new orders expected in this year, specifically from the domestic side? And also, if you can throw some light on the demand scenario on the international front also, since we are exporting to more than 20 countries, so what kind of opportunities are we seeing from the export region as well? That is my first question.

S.V.S. Narayana Murty: Yes. Thank you very much. The expected order, what is the order in hand, Rs. 1,827 crores, we are expecting in Q2 orders worth of Rs. 701 crores already where we are under different stages of negotiations and all. So, we are expecting in Q2 about Rs. 700 crores of orders.

Dipen Vakil: Sir, and can you throw some light on the demand scenario, domestic as well as export, as to what are the opportunities that we are seeing? And because almost every countries are now increasing their defense spending, so what kind of opportunities that MIDHANI also plans to target? And what kind of inquiries that they are also witnessing?

S.V.S. Narayana Murty: Yes, there are significant number of orders in pipeline, particularly aerospace, space, energy, missiles, naval, export. I mean, from every sector we are having good number of orders, particularly from space we are expecting a significant order of high value. Aero and missile sector also we are expecting significant orders in this quarter. So hopefully, they will be coming.

And the export scenario also is very good because of the geopolitical seasons elsewhere, people are approaching. So hopefully, we will be able to get some good orders for exports also.

Dipen Vakil: So out of the Rs. 1,800 crores, what would be the quantum of export order?

S.V.S. Narayana Murty: Exports are Rs. 35 crores out of Rs. 1,800 crores.

Dipen Vakil: Got it. And what would be the key geography for your export clientele?

S.V.S. Narayana Murty: Okay. There are around 22 countries are there, European origin mostly.

Dipen Vakil: Got it, sir. Thank you so much for answering my questions. All the best.

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

Moderator: Thank you. The next question comes from Henil Bagadia from Equicorp. Please go ahead.

Henil Bagadia: Thank you for the opportunity, sir. I have one question. Sir, I have got a few questions. So the first is related to the wide plate mill. So the wide plate mill, what is the current utilization and the fixed overheads? And going forward, as you said that as you see the ramp-up in utilization, you will also see better margins. So, I mean, right now we are guiding for 20% to 25% EBITDA margins. And I think after it reaches optimum, it should be between 25% to 30%. So two parts there.

So one, what are the kind of wide plate are we concentrating on? Is it more towards aluminum or is it more towards titanium and what is the competitive scenario there? Because globally, China is the largest in aluminum and is very price competitive there, but titanium is more strategic than as our current titanium capacity is almost fully utilized. So if you ramp up the wide plate mills you would need more titanium. So I mean, where would you go on the CapEx side for titanium and some more clarity out there?

S.V.S. Narayana Murty: Okay. Thank you, Mr. Bagadia. It's a good question. Actually, our current WPM utilization is about 40%, so there is a good spare capacity. We are in discussion with many of our customers to convert some of the products into plates. Because one unique thing about our wide plate mill is, this is one mill having a width of 15.2 meters. And we can roll very hard steel like margin steel. Not only that, we have recently started using it for rolling of super alloys and Titanium alloys. So, certainly it has got some places where it can take more load.

With respect to Aluminum, it is not in the main portfolio of MIDHANI, but there have been inquiries from many people who are looking for using our wide plate mill, and we are also keen on taking up because of our spare capacity. So if something works out in the near future, we will also be reporting some rolling of aluminum. But definitely, we are looking at Titanium and super alloy plates, wherever possible we are interested to take up, and we are taking up also currently.

Henil Bagadia: Sir, so on the Titanium parts, since we are I mean at optimum utilization already, so you would have to do more CapEx on the capacity side. So, any clarity there as to when you plan to allocate funds and when the new titanium blast furnace will be operational?

S.V.S. Narayana Murty: Yes. We have already invested in Titanium. We have established a titanium processing facility on the dedicated Titanium Vacuum Arc Remelting facility has been established with Rs. 50 crores investment. And yes, we are already fully utilizing our titanium side. We have orders in hand as well as we are fully utilizing it.

Henil Bagadia: For future orders and further utilization of capacity will lead more Titanium capacity, so would you import it or would you source it in-house?

S.V.S. Narayana Murty: No, no, we do not import. I mean, you mean raw materials or you mean what?

Henil Bagadia: No, the Titanium ingots.

S.V.S. Narayana Murty: No, no, we do not import it. From raw materials we melt the alloys and we supply to two different customers in different formats, plates, sheets and bar product, as well as even up to wire we can make it of different prices. So we do not import it. We have been making and we make these Titan products in-house within MIDHANI.

Henil Bagadia: Okay. Sir, secondly, on the aero engines and the aerospace side. So we developed a new alloy about two quarters back, the 718-nickel alloy. So sir, right now there has been a lot of traction in the aero engine and the aerospace market, I mean, there have been good order buildup of CFM GE, Pratt & Whitney and Rolls-Royce, the four main companies. And we are empaneled on all four companies as a supply chain partner. So what is our rank on their supply because it's about a two or three or four player market in terms of vendor sourcing, so I mean what rank do we have there?

Sir, and how is the orders shaping up from these companies? Also, a connected question is on the MRO side, sir, Safran's Hyderabad MRO is going to get completed by this year-end, so sir, are you panel also with Safran in terms of supply? Because this happens to be for, I mean, the LEAP engine as well as they might extend it to the Rafael aero engine MRO supplies too.

S.V.S. Narayana Murty: **Alloy** 718 is one of the most important super alloy in this kind of category for high-temperature applications. It is used extensively where materials are required to be used up to 650 degrees Celsius, and MIDHANI is a leader in this class of material. So we make the super alloys and we supply to right from ISRO to DRDO, many, many customers we supply this material too. And you mentioned Safran and all, there are many foreign customers who come and ask for audit of our plant, and we work with them closely. And we are expecting exports from these very niche customers because they are in touch with us to give orders. And hopefully, in a quarter or two we will be able to close the deal with some of these customers, foreign customers.

Henil Bagadia: So, are we empaneled with all the four engine makers, the top four engine makers?

S.V.S. Narayana Murty: No, we are in discussion with them. And to some of them we are supplying also.

Henil Bagadia: Sir, this is the last question before I get in the queue. Sir, regarding the ultra-high megawatt power plant, so we had some products for supplies. I mean, right now the government has, I think, so they have released funds and they are pretty active in getting the plants. So are we seeing orders there? Because we have got certain super alloys which is being used for advanced supercritical application. So, if you could just allude, I mean, are the orders slowing in? Or do you see more time for the orders to come in?

S.V.S. Narayana Murty: See, with respect to ultra-high UHC, already we have developed only actually named Indian high temperature alloy. We are already developed in collaboration with NFE, IGCAR, Kalpakkam and NTPC. And we already developed some new products for this particular thing, it is called 740H. So technologically we are ready, we are expecting order any time.

Henil Bagadia: Is it similar to the alloy that IIT-Bombay has recently developed and they are claiming 50% efficiency on the boiler side, is IIT having a different product and we have a different product?

S.V.S. Narayana Murty: No, I do not know the alloy you are talking about, but this we are working with our UHC people. And these are the products that are going to be used. There may be many new developments of improved efficiency and all, but this being a very important thing we already have a discussion with Indira Gandhi Center and Nuclear Fuel Complex for extrusion. So, we have already developed these materials for that which has been frozen in the design, and we hope to get the orders soon from them.

Henil Bagadia: Just a clarification with respect to what sir said. So sir, regarding the clarification, is these products just using the advanced super high critical boilers? Or is it also used in the other boilers that goes into it? Because, I mean, the overall boiler as a portfolio is about 30% to 35% of the power project cost. So I was just trying to estimate the kind of bill of material we will supply to the BHEL and other vendors, which internally supply it to the power projects?

S.V.S. Narayana Murty: Yes. These are exclusively for ultra-high temperature, ultra -supercritical projects. And these are very niche, I mean, niche products, okay, demanding very high specifications. And these specifically go into this, whatever I mentioned.

Moderator: Thank you. The next question comes from the line of Abhishek Jain from AlfAccurate. Please go ahead.

Abhishek Jain: Thanks for the opportunity. Congrats for a strong set of numbers, Sir. So Sir, as you mentioned that you are considering of around Rs. 1,300 crores in this year, and you are targeting of Rs. 1,500 crores kind of the number. That means in the coming quarters, run rate will be Rs. 370 crores to Rs. 380 crores. So just wanted to understand how would be the quarterly progress in the turnover and the order book? Or most of the orders will be executed in the second half only?

S.V.S. Narayana Murty: Yes. So see, already we are having Rs. 1,827 crores worth of orders. We are expecting around Rs. 701 crores of orders in Q2. So, put together, we are having enough orders in hand. So, we are having all the facilities running, we should be able to make it. So, we are confident as on today we have no other issues with respect to meeting the demands of the customers with respect to time schedule.

Abhishek Jain: So, how would be the execution? So most of the execution will be in the second half only? Or it will start to ramp up from the second quarter onwards?

S.V.S. Narayana Murty: No, it will be stagnant. I mean, alloy making is a time-taking thing. Depending on the product, we have to melt and do the downstream operations. So, sometimes it takes longer time, like for example, you have sheet products, tube products, pipe products, it will take longer time compared to bar products. So, it depends on the product shape basically, how long it will take, and it will be staggered up to Q4.

Abhishek Jain: And in this quarter, the gross margin expansion was significant, is it because of the change in the margin of composition or fall in the raw material prices?

V. N. S. V. Annapurneswara Rao: Yes. There are multiple bases. Definitely, there is efficiency in the raw material cost. The raw material cost has reduced. And also, as we discussed, the production has increased. See, when the production has increased, obviously, the overhead burden per tonne or the burden per unit will come down, right? So that is one factor. And the second is that raw material utilization, even the prices also when compared with last year's Q1, the prices have come down, raw material prices.

So last year, actually it's at very high rate. So that is also second component. And also, on top of it, yes, as we are already mentioning always that we are now using virgin margin and the scrap mix wherever there is a possibility and, of course, with the confirmation from the customer. So that is also giving us some savings with respect to the raw material cost. So, these are the things which are contributing for the good margins when compared to the previous Q1.

Abhishek Jain: Sir, my question was on high scrap inventory. So, I just wanted to understand, are we exploring any plans for dedicated scrap processing or recycling plant to improve cost efficiency?

V. N. S. V. Annapurneswara Rao: No. Presently, the returns generated in-house, those things we have a method of segregating, means, again, alloy grade wise and be able to make use it. So, there is not any separate scrap processing like any maybe separate only people who is dealing scrap they may need such type of take. Here, whenever we are manufacturing batch where we are taking upon alloy, we will be continuing with that. And separately, we are keeping it and tracking. And again, we are using it wherever required cleaning part that we are taking care. There is no separate craft processing unit is required.

Abhishek Jain: Okay. And my last question on your orders with the HAL, can you throw some more light on the size and the duration and the potential for the repeat order?

S.V.S. Narayana Murty: Okay. So we are currently having our orders with HAL for super alloys, basically steel and super alloys and titanium alloys. So we are in the cost of executing. And once the orders are completed, there is a possibility. So depending on the orders they get from their inventors, whenever they are getting for more aircraft or anything, similarly, they will put orders with us because these are all the regular grades of MIDHANI they come back to us. So it depends on how many orders they get basically.

Abhishek Jain: And what is the size of the current orders with the HAL?

S.V.S. Narayana Murty: Total, it will be around Rs. 750 crores.

Abhishek Jain: Okay, sir. Thank you, sir. That's all from my side, sir.

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

Moderator: Thank you. The next question comes from Venkatesh from LogicTree Consultant. Please go ahead.

Venkatesh Subramanian: Good afternoon, sir. Thank you for the opportunity. I have two questions. Question one is you indicated the present order book and the possible orders you will get in Q2. But mine is a slightly long-term vision. Sir, considering the big opportunity across sectors, both on the domestic and export side, to take a three to five-year view on MIDHANI, what is the kind of internal vision that you have? Sir, what is the broad number that we can look at as a company, if you want to stay invested for three to five years?

S.V.S. Narayana Murty: Thank you for your question. Actually, okay, this internally we usually discuss. So, we are having both short-term targets as well as long-term targets, both with respect to CapEx as well as the production. So, we are expecting in a time period of about five years our targets will be around Rs. 2,000 crores. That is a target we are looking at from the current Rs. 1,100 crores approximately, we want to go to Rs. 2,000 crores in five years.

Venkatesh Subramanian: Rs. 2,000 crores top line five years, is that not considering the kind of opportunity you have? Is that not a very ambitious number, it is a very less low number, isn't it sir?

S.V.S. Narayana Murty: See, with the existing facilities, see, it's a different kind of market altogether,So exclusively these are strategic materials. And with the available facilities, including some of the new facilities that we are going to augment in three to five years' time, I am giving these figures. I mean, see, in strategic factor what happens is the quantities are small and the numbers are large. See, it is a different thing. It is not that we are producing like a steel plant, a regular steel plant. Here, a number of grades will be like in an aircraft, number of grades will be too many and quantities are small. And the required quality is very, very high. So, these things put us in this bracket. I think Rs. 2,000 crores is what we are looking for. If it is more, I do not know, I mean this is the current achievable target that is what we feel.

Venkatesh Subramanian: Okay, sir. Great. Second question, sir, in your annual report of last year as well as this year, one of the key words that you use is global supply chain linkages, which is both required for bringing in as well as taking it out. Is that your greatest challenge, which is getting the global supply chain linkages? Can you elaborate on that, please?

S.V.S. Narayana Murty: Yes. This is one important challenge because many of the raw materials that we use for making the alloys are imported. And because of the global chain disruption, sometimes it happens that some of these raw materials that go into production of materials, alloys are not available in time. So it will put stress on us sometimes. Suppose say, for example, some materials or some strains are not available or some pure elements which we use in the manufacturing of these nickel-based super alloys, even if one element is not there, like typically a super alloy consists of six to seven elements. Absence of any one of the elements is going to be a critical thing.

And one of our objectives is also to develop some domestic market, but it takes time. It will not happen immediately because these are all long, I mean, very heavy investments are required for making these elements, okay, whatever we import, if you want to make within the country, it takes time. So short term, yes, we want to meet the targets. And long term, we want to have some collaborations and all, how to recover, maybe some of these alloy elements if they are possible to recycle and use, that also we are looking. So supply chain is a very, very important thing in our type of production, where we depend on external countries for resources.

Venkatesh Subramanian: Okay, sir. And the current order book of Rs. 1,800 crores plus what you are indicating in terms of orders coming in this and next quarter, what would be the execution timeline for this, if I stay for the Rs. 1,800 crores plus Rs. 600 crores that you are projecting?

S.V.S. Narayana Murty: Yes, something like one and a half years, it will take one and a half years is the execution time.

Venkatesh Subramanian: Sir, which means, I am trying to collaborate my study, which is Rs. 1,800 crores plus Rs. 700 crores if you are able to execute it even in two years, maybe we will reach our ambition faster, isn't it, sir?

S.V.S. Narayana Murty: Yes, it is possible, but it all depends on, see, one problem is, we should have smooth supply from materials. So, if we are able to get, it should be possible, as you told. Good number of orders in hand, so your statement will be correct, provided there will not be any hindrance. Because sometimes we are finding it difficult to import certain critical raw materials, that's why we have told like that.

Venkatesh Subramanian: Got it, sir. One last question. Sir, the previous MD, Mr. Jha, had pointed out in one of the con calls saying that the potential for MIDHANI's role in our country is so huge across so many programs that India needs five MIDHANI, that's the kind of capacity that was needed. Can you take it forward, sir, do you think that is the kind of potential that we foresee for the next five, 10 years, sir?

S.V.S. Narayana Murty: My predecessor was 100% true, his words are absolute. See, the thing is, even today if you look at the EXIM data, there are steel super alloys and titanium alloys are imported by around Rs. 8,000 crores worth of these steels which are in the portfolio of MIDHANI are being imported every year. So just when he told this, I think probably this is what was in his mind. If you keep it five MIDHANI's means 5 into maybe Rs. 1,100 crores, it is even less than, even we cannot meet. So there are a large number of these grades are getting imported because due to multiple reasons. So, absolutely it's correct. Yes, we need to strengthen. We need to expand. We need to become big. We need to cater. And all the Government of India's idea is to have everything done within the country under Aatmanirbhar.

So, we are sure that we are going to expand in due course of time. And that is why we gave in about five years we are going to do at least Rs. 2,000 crores. We should be able to make it. And the materials, whatever we are supplying, these strategic materials are required more and more in numbers because you know the kind of things, many orders are there from defense. So it is expanding, overall. The kind of products that MIDHANI is making is expanding and country needs more such companies, yes.

Venkatesh Subramanian: Excellent sir. Thank you so much. In fact, me and my friends went through some parliamentary notes also, and your company is being mentioned as the company of strategic national importance. There's a lot of people talking about it. I wish you the best.

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

Moderator: Thank you. The next question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Thank you for the opportunity. Just a quick follow-up from my side. The first one is on the Rohtak armor factory, if you can mention the capacity utilization there and what kind of revenue can we expect from this facility in the next couple of years? Also, a related one on this is that now LCH order has been given to HAL.

S.V.S. Narayana Murty: Okay. So with respect to the Rohtak, yes, we are having two products from Rohtak, basically vehicle armoring and body armoring. So with respect to vehicle armoring, we are having a good number of orders, okay? We are having bulletproofing of vehicles. We are having good orders from respective police departments, state police departments as well as central police forces. And with respect to body armoring, yes, some of the orders we are already, yes, so we are having a TOT, technology transfer from Bhabha Kavach, that is one. And we are also looking at ABHED, another TOT. So, orders are expected.

Recently we got an order for bulletproof jackets from one of the state police departments. So, we have to expand. Still it is not up to the mark, but still we are looking for some expansion in that and getting orders to execute. And with respect to LCH order to HAL, so we are to get some good orders in this area.

Amit Dixit: If you can let us know your imported content in that value of production, and what kind of steps are we taking to bring it down? So this imported products. I know there are a lot of things not within your control because some of these materials are not produced in India.

S.V.S. Narayana Murty: Yes. It all depends on, I mean, the end user has to give us the opportunity to work on that because many of these products that are imported are all in the portfolio of MIDHANI, whether it is steel, super alloy or titanium alloy. So it depends on their timelines and what are their promises to their customers. So accordingly, we are expecting some orders. We are yet to get any feedback from them.

Amit Dixit: Okay, sir. Thank you so much and all the best.

Moderator: Thank you. The next question comes from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: Thank you for the follow-up opportunity. Sir, my question is on the lines of your supply chain. So, what would be the raw materials that you are currently importing? And also, the raw materials which are easily available from the domestic region, so can you throw some light on that?

S.V.S. Narayana Murty: Yes, something like 75% to 80% of the raw materials we import, because these raw materials, India is not having the mineral resources to produce the kind of materials that we are using for making super alloys, like, for example, nickel, cobalt, molly, tungsten, these things we import. So, maybe 75% to 80%. But there are alloys, I mean, there are materials which we use domestically also, but significant part of it is coming from imported pure elements.

Dipen Vakil: Got it, sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Gopi Krishnan, an individual investor. Please go ahead.

Gopi Krishnan: Yes. I have only one question. The revenue sales is Rs. 168 crores, so I would like to know what is the production charge against these sales? Value of production charge against the sale of Rs. 168 crores?

S.V.S. Narayana Murty: VOP?

V. N. S. V. Annapurneswara Rao: POP is Rs. 250 crores.

Gopi Krishnan: The value --

S.V.S. Narayana Murty: The value of revenues for – sorry, please go ahead.

Gopi Krishnan: Actually, I understand what is the total value of production for the quarter, but what is the value of production charged against Rs. 168 crores, just to approximate figure?

V. N. S. V. Annapurneswara Rao: Okay. So that is around Rs. 110 crores.

Gopi Krishnan: So Rs. 110 crores of production has generated for you Rs. 168 crores?

V. N. S. V. Annapurneswara Rao: Rs. 110 crores is raw materials that have been used and this Rs. 110 crores consists of, yes, virgin raw materials which we have used. And also some scrap we use it, right, so this is the working raw materials of Rs. 110 crores.

Gopi Krishnan: No, my question is specific, not regarding material. I am talking about you mentioned that Rs. 241 crores is your value of production. So what is the value of production charge against Rs. 168 crores? When you invoice Rs. 168 crores to the client, how much is the value of production against that?

V. N. S. V. Annapurneswara Rao: Where the 168 crores has come? Are you talking about revenue?

Gopi Krishnan: Revenue, yes.

V. N. S. V. Annapurneswara Rao: Rs. 170 crores, okay.

Gopi Krishnan: Yes, Rs. 170 crores is okay.

V. N. S. V. Annapurneswara Rao: Okay, fine. Around that we contribute around 60%.

Gopi Krishnan: 60% is the value of production?

V. N. S. V. Annapurneswara Rao: Yes.

Gopi Krishnan: So that means 40% you are making that means --

V. N. S. V. Annapurneswara Rao: Value addition, yes.

S.V.S. Narayana Murty: Other things will be there, other overheads will be there, cost will be there, consumables will be there.

Gopi Krishnan: So approximately you are telling 60% of Rs. 170 crores is charged against this?

V. N. S. V. Annapurneswara Rao: Yes.

Gopi Krishnan: As value of production?

V. N. S. V. Annapurneswara Rao: Yes. Because on top of our raw materials, that is only the raw material consumption I talked about, right? On top of it, there will be a scrap consumption, there will be the expenditures like employee expenses, other overheads like consumables, power, repairs, so many things will be there. All those things, finance costs will be there, depreciation, so many things.

Gopi Krishnan: Yes. Okay. And also one more question, is there any seasonality in production from MIDHANI? Always its Q1 is lower and Q4 is higher, is there something like that? I am talking about production.

V. N. S. V. Annapurneswara Rao: Yes, there may be last quarter may be a little more aggressive compared to other three quarters. Maybe if you look at the previous quarter results also you can find that.

Gopi Krishnan: Yes, always it's like that. But is there anything like that seasonality, for production, not sales, I am talking. No, nothing like that, okay, maybe more running in the last quarter to achieve the targets.

Gopi Krishnan: Okay. That's all from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Henil Bagadia with Equicorp. Please go ahead.

Henil Bagadia: Thank you for the opportunity, again. I just got two quick questions. Sir one is, since the raw material prices have come down compared to last year, so is there any upward revision on the gross margin and EBITDA margin guidance you plan to make?

V. N. S. V. Annapurneswara Rao: That's what is already reflected. If we look at it, last year the EBITDA margins were only 19%, Q1, if you look at it, because Rs. 31 crores EBITDA and Rs. 163 crores, the EBITDA margin is

19%. So Rs. 24 crores is Q1 of the current financial year, right? And also, it has the same impact, cash carry impact on the PBT. Last year it was 5.48% and it is 11.14% of the revenue, same is the case of the PAT. So that is what has resulted the savings, yes, it has contributed.

Henil Bagadia: On the RM side are we fairly diversified in terms of procurement? Because I mean on cobalt, I think DRC has still extended their export ban, so are we fairly comfortable in terms of supplies of raw materials?

Madhubala Kalluri: Raw material procurement, we are going as per the orders available. That is a continuous process, we have to keep on procuring raw material as per the requirement and considering the market trends also, procurement in a continuous process, sir.

Henil Bagadia: Okay. And then the last question, sir, if you could also explain, so we have got a product for bullet proof jackets called Kavach. Sir, how different is it from technical textile product which is manufactured by a few textile players, which is also a bullet proof jacked that is used? Because there was a large opportunity in terms of getting orders from state and central police departments, but I think so the ramp-up of the number of orders that you received has not been in line with our expectations.

S.V.S. Narayana Murty: Yes. Probably your statement will be true. See, the normal textile and this thing is different because bulletproof jackets have different layers of materials consisting of some polymeric materials and ceramic materials, which will be resistant to firing bullets, so it's a technology. And you have to get it in the right form, the interfaces has to be good interface between the polymer and the ceramic. So the technology is available, it is called Kavach, what you are referring is called Bhabha Kavach. We have taken a TOT from BARC and we are working on that. We are also in the process of taking TOT from IIT Delhi, it is called ABHED, and we are working with them and we are doing the initial processing of some of the jackets. And these are for higher levels. That is more intense bullets also can be stopped. So, as you told, yes, once these things are established, we will be going, and we should be getting orders in next few quarters once these are established.

Henil Bagadia: Thank you very much. All the best to the team.

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

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

S.V.S. Narayana Murty: So thank you. It's been a wonderful experience. Thank you once again for all our investors for joining today's conference call and for the all your continuous trust and support on MIDHANI. We are proud of what MIDHANI has accomplished in Q1 of FY '25-'26. And as we move to the next quarter, I am confident that with our strong order book, particularly the expected Rs. 701

crores from Q2, I think we can have a sustained growth. If you have any further questions, you can please call our Company Secretary. We wish you from MIDHANI side a pleasant day.

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