



MDN/CS/COMPLIANCE/2023-24

March 01, 2024

To,

BSE Limited,
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Dalal Street,
Mumbai- 400001
Scrip Code: 541195

National Stock Exchange of India Limited,
Exchange Plaza, 5thFloor; Plot No. CII, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051
Trading Symbol: MIDHANI

Sub: Transcript of the Analysts and Investors Meet/Conference Call held on February 27, 2024

Dear Sir/Madam,

1. Further to our letter dated February 27, 2024 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q3 – FY24 Results, held on February 27, 2024, please find below the transcript of the aforesaid Conference Call.
2. The transcript of the call is also made available on the [Company's website](#).

This is for your information and record.

Thanking you,

Yours faithfully,
For Mishra Dhatu Nigam Limited

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

Encl: As above

मिश्र धातु निगम लिमिटेड **MISHRA DHATU NIGAM LIMITED**

(भारत सरकार का उद्यम) (A Govt. of India Enterprise)

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“Mishra Dhatu Nigam Limited Q3 FY24 Earnings
Conference Call”

February 27, 2024



**MANAGEMENT: DR. SANJAY K. JHA – CHAIRMAN & MANAGING
DIRECTOR,
MR. T. MUTHUKUMAR – DIRECTOR, (PRODUCTION &
MARKETING) & PAUL ANTONY - COMPANY
SECRETARY**

MODERATOR: MR. AMIT DIXIT – ICICI SECURITIES LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to MIDHANI Limited Q3 FY'24 Earnings Conference Call hosted by ICICI Securities.

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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Amit Dixit: Thanks, Michelle. Good morning, everyone, and thanks for joining the call today. At the outset, I would like to thank the management for giving us an opportunity to host the call.

From the management today, we have Dr. Sanjay Kumar Jha – CMD and Mr. T. Muthukumar – Director, Production & Marketing and Mr. Paul Antony, Company Secretary.

Without much ado, I would invite "Dr. Jha for Opening Remarks," post which we will open the floor for an "Interactive Q&A Session." over to you, sir.

Dr. Sanjay Kumar Jha: Good morning to all the investors who have joined this conference call.

The Q3 Results of MIDHANI is I would say a mixed type of performance.

The first one, I would like to mention about the positive aspect that Value of Production (VoP) and the sales, there is a substantial growth in that side, but at the same time we have had some pressure on PBT and PAT. There are various reasons for that, that we will be talking as we progress in this call.

But the one good thing is that we have many new achievements which Company has achieved during this period, which includes, on the front of, I would say, the product development and export. So many new products we have developed and also we have done the export and, in this point, also I would like to mention here that in aerospace sector, the order book also has improved substantially. And when I talk about the aerospace, it is mainly for the high-end applications which includes the Superalloys, Titanium alloys and some of the very unique special grade steels also and those things have a long-term potential in the business of the Company and not only cater to the requirement of our national fleet of aircraft, but also we will be having a very good potential to enter in the supply chain of leading aerospace companies of the world. So, that is the one part.



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And the second part is to meet these challenges which Company is facing for exports, like having the certification for NABCB and many other parts that some like S400 type of certification, so we are working towards that and also there is a good progress.

Recently, we have commissioned the two unique facilities in our Hyderabad premises which include fluorescent magnetic particle testing. This is all required for testing of finished components. So, this is required mainly for the aerospace components. And earlier also as I mentioned about isothermal facility. So, we have achieved a very good progress in our endeavor to see that how we can improve some of the areas for making the aerospace materials.

And also another very important part is in our development of infrastructure or the equipment side is modernization of our downstream facility where we have done a lot of progress in the bar and wire facility, where the wire drawing, then finishing operations, then heat treatment, that facility also has taken a very good change and a very good growth is there. From that segment, we are now getting very good business; there is substantial increase in our turnover from that facility, and I am seeing that the potential will be almost if we compare it to the last financial year 22-23 and this financial year, I will say it will be multiple times and it may touch even 10 times also when compared with last year. So, these are the changes which we are very hopeful that things will be going in a fast-track mode.

And also, we have in this quarter I think a good amount of supply, the first time we have done for a consortium for making the launch vehicle, the PSLV outside the domain of ISRO. So, that from that consortium we recently got the order and that we are supplying in a very short time, in fact, earlier supply period used to be over a span of maybe one year, one and a half year or two years, but this we are completing in three to four months. So, that shows our capability in the area of our production because of the addition of certain facilities. These things are giving a lot of momentum in our servicing these type of requirements in an effective way.

I think this much only I can tell you and many others as we progress, we can reply, and I will ask people also to participate in that.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Khush Nahar from Electrum portfolio Managers. Please go ahead.

Khush Nahar: So, my first question was on the raw material pricing. So, we have seen Nickel prices coming up and down. So, since our order book execution is around two years, so what is the lag time that we keep, so like when can we see the benefit of the following RM in our numbers in terms of EBITDA margins?

Dr. Sanjay Kumar Jha: This is a very valid point. First of all, all orders are not very long-term for MIDHANI. Many orders we have to service within three to four months only, so either in a single quarter only or in upcoming quarter we will be supplying the material. So, that impact definitely we are going



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to get the benefit in Q4, but it will not affect all the supplies because many things already we have committed and whatever we have got probably it can make up, I will say that whatever we have lost because of one I have taken the other Nickel alloys or something, in between it has increased. So, we cannot say that we will not supply that means required quantity, required order say that I cannot service the order. There will be a mixed benefit because of this, but definitely it is going to have the impact and may something in the fourth quarter, but the effective way it will start coming from the Q1 of next financial year, because this financial year many melting, and all we have already completed, so impact will be mainly felt in the first quarter of next financial year due to lower prices of the Nickel.

Khush Nahar: So, from Q1 of FY'25, we can see our EBITDA margins going back to the normal rate?

Dr. Sanjay Kumar Jha: Yes, yes, definitely it will have.

Khush Nahar: So, one of our competitors, so they haven't seen such a big impact on their EBITDA margins in the last three quarters like we have seen. So, is there any particular reason or how is it?

Dr. Sanjay Kumar Jha: First of all, you have to see what is the product profile because just like that competitor we cannot say, but what is the product profile. I am talking about is my case. If you see that my total volume of production the super alloy production has gone up substantially. Earlier, if you see it was 8% of our total volume, this time it is 20%. So, this is almost two to three times jump is there in the super alloy production. Probably my competitor may not be having so much volume of super alloy. So, that can be the reason for that.

Khush Nahar: In the order book, what will be the split between fixed contract price and the variable? So, we have majorly fixed prices only whenever we are booking -

Dr. Sanjay Kumar Jha: No, we are having the fixed price only. Variable price, I think nobody is giving as of now. Except earlier we had some orders from the space, but that space order already exhausted as we have almost completed it.

Moderator: The next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: A few questions from my side. The first one is, if you can break the revenue that we achieved this quarter between super alloy, Titanium, and specialty steel?

Dr. Sanjay Kumar Jha: We had almost if you see 20% from Superalloys, 9% from Titanium alloys and 34% from maraging steel, 27% from special steel and 10% from others. In this case I am talking about the total period ended up to December 2023. And coming to that, if you see compared to same period last financial year for December 2022, Superalloys was 8%, Titanium alloys was 13%, then we had hardened steel 55%, special steel 18% and 6% others.



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Amit Dixit: A more strategic level question. So, recently the government has come up with the increased FDI in the space sector. Just wanted to understand the implications for us whether there will be increased competition in the space that might impact us or this also means that the endeavor of the government is to increase the ventures in space and therefore the market potential for us would also get significantly increased, how do you see it, just wanted to get your thoughts on this?

Dr. Sanjay Kumar Jha: FDI in space is definitely going to give lot of advantages for the space industry per se. And in space, MIDHANI is I think one of the major suppliers of raw materials. Because the raw materials supply for space goes from MIDHANI, which is already established. But then in fact, many other players are also developing the materials, they are also seeing the potential. So, it will not only because of FDI, even due to other investment in the space sector, there is going to be a good market, but also at the same time we will have the challenge also so that there will be competition in the market. So, we also have to take part in that competition and be prepared to take the challenge and get the orders. But definitely it is going to benefit the industry. But the margin which we expect from the space sector, pressure on the margin will be there because the moment you are going for the competitive bidding and all, whatever margin we operate today probably that margin we have to cut down and see that we can grab the order.

Amit Dixit: Tagging along with the earlier participant's question, if we look at our EBITDA margin, it has gone down quarter-by-quarter, I mean in Q4, we had this margin of 29% and now it is down to 14.2%. While some of it might be attributable to your higher proportion of Superalloys and lower proportion of Titanium, just wanted to understand that for going ahead FY'25 let us say when things would be a little bit normalized, what kind of margin and what kind of revenue growth can we build in?

Dr. Sanjay Kumar Jha: You have rightly pointed out we have seen in Q2 also, in Q3 also, there is a pressure because of the raw material price. Sometimes the price of Nickel will affect, sometimes prices of molly will be affecting, sometimes cobalt. So, these things are going to be there in the market as we progress. Today, if the Nickel is down, it may go up again because do not know what is the geopolitical situation it is governed by that only. There is a chance that again there may be some spike, some further downward trend I am not expecting for the raw material, there will be increase in volume as we progress. This is one aspect. Second part for the MIDHANI because this year we have totally transformed our product profile and this transformation is the transition year for MIDHANI. And next year, when we are entering in that, further, our proportion of Superalloys is going to increase in our supply chain. There is no doubt. But we are going to stabilize it now. I think this year is some sort of a transition. Next year we definitely will come back to our original one, but original one, whatever we had earlier margin of more than 25% that sort I am not expecting. I will be saying that if we are able to reach 20, 20+, within 20 it will be very good for the Company. And I also think that we should also operate on that level because if you are aiming for 25, 30, then you will be losing lot of orders coming from the international



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market or domestic market. That is not good for the Company having installed so much capacity, so much production, volume, and all. We should try to increase our volume and that way in absolute terms, your profit will increase, but the percentage terms it may remain on the lower side. So, that part we have to balance and I am seeing that possibility is there in the next year, because many things are lined up where I see these things will be coming in that way. Even for the domestic requirement also today, everybody is aware what is the international price. So, while we go for the domestic negotiation and price also, they will compare and then based on that only they will give you the orders. So, it is that type of situation, unlike earlier which was something not known, and now because of a lot of private companies also are coming, and as somebody was saying that FDI, so the investment is coming in a big way because people see the Defence industry and space sector is going to pick up two times, three times in the next five years. So, definitely people are going for increasing their capacity, they are going to acquire the technology, they are going to get the investment. Now, in the next four, five years I think a lot of capacity addition will come in India. So, that is for the Indian market and for international market also, the sector where we are operating, that's my perception.

Amit Dixit: And what kind of revenue growth can we pencil in, sir?

Dr. Sanjay Kumar Jha: We are targeting (+20).

Moderator: We will take the next question from the line of Prabir from Ratnabali. Please go ahead.

Prabir: Sir my question is regarding CAPEX and the customer advances. Like in the last five years, the accumulated CAPEX was roughly around say 800 crores. So, is there any link that you use your customer advances for the CAPEX?

Dr. Sanjay Kumar Jha: Advances from customer is not coming now. It comes in a few cases and it will be based on the project only, a very miniscule number. It is not like earlier times where we used to get .

Prabir: My question is, have you used your customer advances to build CAPEX?

Dr. Sanjay Kumar Jha: Not now. Earlier, we have done this. I think you wanted to know that in 800 crores of commissioning how much customer has given the money?

Prabir: Yes.

Dr. Sanjay Kumar Jha: Only one I will mention here, we have got around 400 plus crores from the customer. That is only for the Wide Plate Mill which already we have commissioned. But for all other CAPEX, it is from our own resources only. Again, the CAPEX loan, we have also done from our internal source of fund generation from there only.



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Prabir: Sir, my next question is related to the competitive landscape. In terms of capability, how do you see you are there right now in India compared to others, as FDI is also coming so this competition is expected to grow rapidly. So, I just want to understand the capability of the companies that are there which is in the same domain that you are now?

Dr. Sanjay Kumar Jha: Yes, this is a very good question. I will try to make it very brief. See, first of all, you have told about the other players in this area where MIDHANI is working. It's true that we are getting competition within the country and not only within country, earlier also we used to get from the outside also. Today, I will say many places, not only India, but we are also getting competition from the outside. In fact, if you see many supplies are coming from abroad today also where we are operating. So, it is not only the India and from abroad also it is there. So, competition will not come today only I will say, it is coming from the beginning. Now the only thing is that you are getting some other players so that quantity and volume level for us will be distributed. That problem is coming now. Otherwise, the competition was earlier also. Now, because of this type of competition, naturally you cannot get the orders with a bigger margin. It has to be on some optimum level. So, based on that only we are getting. But capability wise, MIDHANI is having excellent capability. Our technology, our domain of working, so much diversity, so much product profile, no other Company is having, probably you can compare in the world also if you see the type of product profile we are having by a single Company, you will not find maybe one and two companies will be there across the world. So, that way we are very much equipped and if something is down, something will be up, if nothing is down, so we have many things where we can take our Company growth based on the market potential. So, we are not having any dearth of that type of capability wise. But yes, in industry where we are operating and any industry per se, R&D, innovation and then developing the new product is the order of the day. So, that part also we are very much in line with a lot of product development. If you see this year itself, I was just saying that four, five alloys we have developed, we have exported and I am expecting that there will be a regular supply for that, and similarly for indigenization also. Two grades I have developed for our nuclear program, which already we have given to the BARC for evaluation. These things are very good potential for the Company for the future. MIDHANI is not working from today. If you see my development I will make the development for three years, four years after. So, probably whatever today I am developing I will get the advantage of four, five years. This is the culture, the way the Company has functioned. We never shy away that okay, today only if I am investing, next month only I should get the results. Many cases we are getting also. But my development is not focused only on the immediate revenue. This type of work Company is putting in good prospects. So, you'll find that will be going on same practice.

Prabir: So, my next question is related to Nickel and Titanium. As most of these are imported materials, it's very volatile in nature. So, is there anything that is going on to supply these materials from domestic sources? I am asking this because India has a good reserve in Titanium. So, is there anything that is going on?



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Dr. Sanjay Kumar Jha: In Titanium, India is having the good results, but we are not able to make the response because of the lack of investment or technology and the economy of scale, there are number of factors. But now considering the global scenario, it has been decided that we should enhance our Titanium production capability. So, there is some work going on, MIDHANI also is part of that team. And recently you also might have seen that in March they announced that they are going to invest some 26,000 crores in Titanium and all. I am not getting those things. They will be doing some activity there. But whatever facility today we are already making the sponge in country, we are going to enhance it. Right now, the capacity is very less. Hardly, we are meeting almost 10% to 15% of our requirement. So, if we can increase the capacity by four to five times, we can get the entire from there only. And regarding Nickel, Nickel resource is there in the country. But someone has to acquire some mines, some facility elsewhere. This work is not in our domain because this is being done by, I think, the Ministry of Mines. They are trying to do something on the Nickel mining and Nickel production. So, that will come maybe afterwards. But Titanium, we are trying to take some action on that, so is the case for other raw materials also for a strategic in nature, for the Defence requirement, there also some activity has started, and at the appropriate time, we will inform you that what is the outcome of that type of activity.

Prabir: Can you please help us by saying your three to five years potential order pipeline?

Dr. Sanjay Kumar Jha: I can talk about today's condition, and I am not forecasting for the next three years, five years. But just to give you the overall, the way the Defence is operating or space, Defence, we have one thing that for LCA has picked up, LCA is going to be the good numbers, missile requirements has gone up, missile export is just ticking up, we have the LCA also. So, we will have that type of potential in the future. But currently we are operating with around Rs. 1,750 Cr. order book and so, but many orders are there in the pipeline. So, once it gets materialized, we will inform you. Indigenization is the major thrust now by the ministry also. So, a lot of things are planned accordingly.

Moderator: We will take the next question from the line of Dipen Vakil from In Cred Equities. Please go ahead.

Dipen Vakil: Earlier, you mentioned that you are currently in the transformation of the product profile for your Company. So, can you talk us a little bit more about your upcoming products and their use case as to where you are targeting the use case to come from?

Dr. Sanjay Kumar Jha: Some background noise is there. I will request you to repeat your question.

Dipen Vakil: So, basically what I was asking is that you mentioned that currently your product profile is in a transformational stage. So, can you tell us about your new upcoming products in the near future like say next one year or so? And your targeted use case as to where do you see this product being utilized, whether in the space division, aircraft division, engine manufacturing division, where do you see the thrust coming from?



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Dr. Sanjay Kumar Jha: This is also a very important one. What I am saying is that today, MIDHANI's potential and where there is a scarcity of raw material is in the aerospace. And when I say in the aerospace, I say mainly about the aero engines. And aero engines not only for our aerospace requirement, even for the energy sector also for making some turbines, for energy power sector, and also in the high-end of the oil and gas. So, these two areas, the requirement of Superalloys that is for Nickel-based alloys, extensive requirement is there. And there only I see the potential where the Nickel-based alloys, Titanium alloys and also the cobalt-based Superalloys, then some of the special steels also like maraging steels and we have some precipitation hardened steel because steel is a very wide range. But when I am talking about steel, we are all talking about the high-end steel only. And some of those Superalloys we have, iron is prominent. So, in that area I see there's a lot of potential. Many discussions and all we have done, and we are also trying to see that how we can enter in the domestic aerospace because if you see today many aerospace manufacturing companies like Tata Advanced Systems and other companies, Safran and also the Pratt & Whitney, the raw material is coming from the outside, then they process here and then they will export it or use in our domestic requirement. So, I think that area is a very potential one. They are also interested but now they are getting difficulty in getting the raw material from the outside. So, we are trying to fill that gap and to the best of our ability that quantity wise. So, that area we are working extensively. I think this will be the future for MIDHANI and you will see in our next financial year also that type of supplies will be more and more.

Dipen Vakil: Any CAPEX plans or like where are we in the CAPEX plans with Defence corridors, are we setting up new facilities and how do you see it going ahead?

Dr. Sanjay Kumar Jha: Defence corridor, people are there, but my vision for my Company is to serve the material requirement in Defence corridor. See, normally, MIDHANI type of Company to multiply it in the Defence corridor. Gestation time is very high, like a lot of money you have to invest and then you require for the next four, five years. So, that much CAPEX getting blocked for so much years may not be an advantage for the Company. But other than that, in this complex itself we can enhance our capacity in a very short time. So, we are doing regularly here. This year also we are investing around 80 crores in the CAPEX and similar things planned for the next year also, and maybe it can get increased also depending for some of the equipment's which we are planning to buy. So, that is one area which we have many things like earlier also have told we have the plan for additive manufacturing for metal powder, it's a very unique business but that equipment we are now allowed to get because of certain restrictions coming from the European countries. And another part is that we are also trying to have 8,000-ton compacting press. There also again it has to come from the European countries only. So, these are the challenges we are facing now. So, the CAPEX is in that level. But in small CAPEX also, we have many things like our bar and wire drawing facility we have modernized fully and still a lot of equipment's are yet to come. So, that will be one area where our business is going to increase drastically. We have a lot of requirement. We also have one bar and rod, a very old plant, so that we are trying to see that we can set up a new one for that. In fact our cold rolling facility also is very old. So, many



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things are there for the modernization, then some of the revamping for the additional facility. So, these things are in the form of CAPEX. How much we can take it, how much we can invest, that depends on our resource generations and all. But it is a regular affair, we have to use CAPEX to enhance our productivity.

Moderator: The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: I wanted to clarify your clarification that you guided for 20% growth going forward with improved margins. What makes you so confident about it, sir, if you can let us know?

Dr. Sanjay Kumar Jha: Good morning. You are telling me about the confidence level?

Parimal Mithani: That is for 20% growth going forward, what gives you that optimism so like going ahead?

Dr. Sanjay Kumar Jha: If you are following MIDHANI, then you might have seen a lot of additional new facilities have come. So, definitely we are going to get the output coming from that. We are focused on more Titanium, Superalloys on that side. That that will come from there. Our melting and downstream facilities, lot of things are there.

Moderator: The next question is from the line of Malay Sameer from Breakthroughs in Stock Markets. Please go ahead.

Malay Sameer: I just heard you say that MIDHANI is a unique Company with a large size and amongst the best in the world. Can you quantify two areas where you feel that your competitive advantage is way, way ahead of the competition including the world competition?

Dr. Sanjay Kumar Jha: You want only the two areas, so, we have a very strong R&D and technological base. This is the one part we are having. And the second part is that we have a very committed workforce. So, I think these two factors only are responsible for this.

Malay Sameer: Sir, this R&D is Indigenous, or have you sourced it from somewhere or is it an area which does not allow others to progress quickly?

Dr. Sanjay Kumar Jha: I cannot tell you about other sources, but I will say about whatever in house R&D capabilities we are having that I can tell you. Our R&D is based on the very longstanding. We have not started today. The foundation of MIDHANI only if you see in 1973 when the Company was established, it came out from the DMRL i.e., Defence Metallurgical Research Laboratory, located next to MIDHANI. Our boundary wall itself is what we are sharing with the DMRL is DRDO lab. In addition to that, MIDHANI also is having very good support from ISRO because ISRO, when they started developing the materials in their initial phase, their entire R&D team has worked here and based on that so many developments took place. In addition to that, nuclear



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side I would say. Nuclear side also, if you see today PFBR, i.e., Prototype Fast Breeder Reactor in Kalpakkam, the entire material development program was carried out in MIDHANI, and it was supplied to them. So, like that, we have history. Like the missile DRDO cluster, we are in the missile cluster. Missile cluster if you see Agni, Prithvi then Astra, then Nag, Helina, RUDRAM, all missiles development started with the MIDHANI material only. So, when the volume is increasing for those types of requirements, definitely, we have our share, and our business potential is also increasing. So, it is not based on only one day. It is almost over a period of time. So, I will say one of our biggest strengths. So, while working we are also getting the support from these labs which I have mentioned, but the core team is MIDHANI, equipment from MIDHANI, our team is innovative, we have the equipment development facility, we can make the equipment as per the customer requirement. So, there are many things which the Company is inherent in other things, which probably are different from the other competitors which they have started now only. Probably they will also build up.

Management:

MIDHANI has developed over the period more than a thousand types of alloys for various applications. So, that is the base. Now whatever the new alloys which is required from that base people are so confident and knowledgeable and they can develop any alloy for any application. So, that is the biggest strength of MIDHANI which no other will have. They will have only over the period, but this is the base which we have started as the R&D institution and that is the major strength of MIDHANI.

Dr. Sanjay Kumar Jha:

That's what I told in one of my presentations at the laboratory that our turnaround time means getting success rate of MIDHANI alloy development is almost 100%. Give us any composition, any alloys, MIDHANI can manufacture in one go only. This is the strength which MIDHANI is having.

Malay Sameer:

My last question is that for further technological development, are you getting continued support for any new inventions in R&D that they may have which will speed up the process of your developments. Two, are you just self-dependent in progress in technology from here on.

Dr. Sanjay Kumar Jha:

Today, we are developing material for AMCA. AMCA is a new program in Defence it has come. So, AMCA is planned out by DRDO. We are with the DRDO, GTRE, DRML. We are working with the requirements for Adour in this canal and some of the strategic programs for Indian Navy, all the things are going on. Now also, I am trying to see some of the technological developments. We are getting some ToT also is coming. So, we have a very wide, wide range and many things are almost like a strategic in nature. Strategic one, we are having that part is totally different.

Moderator:

We will take the next question from the line of Amit Dixit from ICICI Securities. Please go ahead.



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- Amit Dixit:** The first one is that there was a very impressive order inflow in this quarter of Rs.513 crores. Is it possible to break it up into different sub-segments like firms, etc.?
- Dr. Sanjay Kumar Jha:** Last quarter, I think the main one was aerospace, that is from HAL, we have got around 370 crores of order. And other one is we have also got from the DRDO, that is from the GTRE. Then also we have received from the DAE. So, some of this mixed order is there, but they are all very unique ones, highly a special one I will say. Many orders are the first of its kind. And if we are able to deliver it on time, we will have a recurring requirement not only for MIDHANI, it is flight for the nation because aerospace order, which we received from HAL is very much required for our indigenization of some of the fleets of air force.
- Amit Dixit:** Sir, what is this order regarding, I mean, if you can explain a bit about it?
- Dr. Sanjay Kumar Jha:** This is for the aerospace requirement.
- Amit Dixit:** I know there is just one month left, but how much order we have booked so far in Q4 and what do we expect until March?
- Dr. Sanjay Kumar Jha:** In Q4 Rs.250 crores so far. But there is a potential that we will get maybe coming from the spill over for the next year.
- Amit Dixit:** Coming to the Rohtak armor factory and wide plate mill, so how much revenue we have booked from these two facilities in the last quarter or even if you mention the nine months, I mean, that would be fine?
- Dr. Sanjay Kumar Jha:** In case of wide plate mill, order booking for the plates which we have in fact backlog was there for ISRO so that we have completed extensively for this year from our plate mill, plates we have supplied Rs. 200 - 250 crores.
- Amit Dixit:** And Armour factory, sir?
- Dr. Sanjay Kumar Jha:** Armour, we have the backlog of orders that only we are executing. Fresh orders in this financial year so far, we have got very few, maybe around 10 crores. But we have the backlog of the orders that is now, and one order is there which is already for negotiation it is there, so that has not come so far, it will come maybe in a couple of months.
- Amit Dixit:** At one point in time, sir, you mentioned that the revenue booking can be almost 500 crores annually from both of these facilities individually. So, where we are, I mean, in terms of run rate and do you expect it -?
- Dr. Sanjay Kumar Jha:** Which I already have told that that this part almost we have done around Rs.200 on wide plate mill. And for Armour order booking, we have not taken any orders in fact, there are some orders



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were pending, but since we are not having that capability to execute those things, we have not taken, but this current financial year we will be almost coming with that domain only.

Amit Dixit: Sir, you hinted at it in the last answer, but just would like to extend it a bit more. In naval platforms in particular, we are seeing a lot of frigates, I mean, being built in submarines. So, naval platform at least the execution part is going on significantly well and there are few other orders on anvil. So, what kind of share we see from naval platforms and how is it going to increase in future?

Dr. Sanjay Kumar Jha: . Submarine order quantity and all, we are not supposed to put in the public domain. I will say a good potential is there and they are also cyclic in nature. Once this one fleet is over, maybe go for the second one. But that program also has picked up. And that is the reason why in our revenue, once we are talking about the Defence, covering a very good percentage coming from the strategic platform.

Amit Dixit: Sir, the next question is, there was a thought about and when we visited the factory, we saw that you had good plans to increase Titanium capacity. Just wanted to understand where we are there and what kind of capacity increment, we can expect over the next two years?

Dr. Sanjay Kumar Jha: In Titanium, our order book has gone up substantially. The only thing is that there is a problem in the sponge supply. And that plant which you have seen that also initial trial already we have conducted with the steel. And now with the Titanium also, we have taken a few melts. We are waiting for the sponge supply which we have to import from Kyrgyzstan. So, once the sponge comes, we will start the melting also from that furnace. But furnace is almost ready for taking the melting. And once the furnace starts, it will have the advantage of processing the Titanium and we can process up to 1,000 tons, MIDHANI can go to that level.

Amit Dixit: This is contingent on of course on the orders and everything else?

Dr. Sanjay Kumar Jha: Today, orders in Titanium is not the issue. We are not able to execute the order because of the constraint in the supply of the sponge. So, I see that the market will have a good potential in the future. Next year, we will get the good advantage of this.

Amit Dixit: I have is the data keeping question mainly. If you could just let us know the contract assets and customer advances as on December-end?

Dr. Sanjay Kumar Jha: Our orders are not like a contract. We are getting the purchase order and that order we are getting regularly, many numbers will be there will be in our book, some order maybe 5 crore, some order maybe for 1 crore, some order maybe from 20 crores. So, only the bulk one I am informing as per the SEBI guidelines which is for HAL order, we have already communicated to you. And earlier to that we got from L&T, that also we have communicated for ISRO requirement. But the



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other things are coming and also some of the Defence order like more than 100 crores that we are communicating but we get the many split orders.

Amit Dixit: When we visited your factory, there was a thing that there are lot of components within the engine that we can indigenize and looking at the order and potential inflow for HAL particularly for LCA Mark 1A, let us say the engine cost is X, so how much is our share in that at this point in time and how much we are targeting let us say in the next four to five years?

Dr. Sanjay Kumar Jha: And that's why I told in the opening remark also, transformation of MIDHANI is there this year. Why I have told because many alloys which we are developing are for targeting the aero engine only. And in the case of aero engines, there will be extensive certification, extensive testing, extensive evaluation. So, we are passing through that phase. In that process, many of the art equipment's already we have commissioned and doing a lot of testing and all. In addition to that for aerospace requirements, as you talked about the HAL, HAL is not making the aero engine today, only they are doing the overhauling. In overhauling of the aero engine already they are doing overhauling only for the Adour that is for the Jaguar aircraft. So, for that, we have a regular supply now. For all Adour engine requirements, MIDHANI is supplying critical components going to Adour engines which we are giving. And also, for LCA now it is coming from GE. GE engine once after this MoU, if the GE starts setting up the manufacturing in India, we are trying to see that how maximum alloys we can make within the country only. So, far, the commitment has not come from them that they are going to take the alloys from India depending on the indigenization content. But there is a move from our side that before they come here, whatever alloys they are using, we are supplying to their own like GE US we are giving some alloys now. And they are also trying to getting certification by certain S400 laboratories and all. So, we are in this process. So, that when they come to India, they should not say that, okay Indian alloys or Indian industry is not available. On that side, we are working extensively. It will be useful in the future. But on the Indian side for LCA India, still we have to wait for some time till the GE starts working. But for our own indigenization program of dry engine, already we have supplied a lot of materials, MIDHANI material has been used. Now those engines have been tested, they are working well. So, that side is moving well, no problem.

Moderator: I would now like to hand the conference over to Mr. Amit Dixit for his closing comments. Over to you, sir.

Amit Dixit: Yes. Thanks everyone for attending the call this morning. And I would also like to thank the management for very patiently explaining to us the outlook and the prospects. I would like to invite Dr. Jha for closing remarks. Over to you, sir.

Dr. Sanjay Kumar Jha: First of all, thank you all for giving support to MIDHANI. You know that we are a very multi-product type of a Company. So, many ups and downs will come in between when we start taking the new step forward. But you might have seen that our turnaround time also is very less, because of that potential only we are able to survive. So, many alloys which we have developed and



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exported to the different companies this year, and also our indigenization of our Indian requirement has come in a very short time. So, I really compliment my entire MIDHANI team, my Director Production & Marketing also is sitting in front of me, all my marketing persons, finance persons and Company Secretary and the entire MIDHANI team. A wonderful job people are doing here. The only thing is that there is a fear always in the mind of the people that how we will be able to survive in the future, what will the fate of the Company, somewhat it is required also. Without pressure, if you become complacent, then you cannot perform. So, I see in the positive aspects that whatever we have the competition and once people like you give the input and you ask the challenging questions and then once we try to answer, we will see that from which place we are having the weakness, and we will try to see that how we can solve those types of things. But overall, we are moving towards a better future not only for the Company, and the country as a whole, and we should feel proud. In fact, this is the one area which MIDHANI is there for materials. If India takes the lead in that material side, then only we can say that if ISRO's growth is growth for developed country. So, material is the core I will say. And we are addressing the core issue for the country. So, that type of feeling we are having once we are working today. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference. We thank you for joining us and you may now disconnect your lines.

Note: Rephrasing is done in order to bring clarity wherever required.