



MDN/CS/COMPLIANCE/2026-27

June 6, 2026

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 3, 2026

Dear Sir/Madam,

1. Further to our letter dated June 3, 2026 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q4 – FY26 Results, held on June 3, 2026, 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

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(F)

Encl: As above

मिश्र धातु निगम लिमिटेड

(भारत सरकार का उद्यम)

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MISHRA DHATU NIGAM LIMITED

(A Govt. of India Enterprise)

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



“Mishra Dhatu Nigam Limited
Q4 FY '26 Earnings Conference Call”

June 03, 2026



MANAGEMENT: **DR. S.V.S. NARAYANA MURTY – CHAIRMAN AND
MANAGING DIRECTOR – MISHRA DHATU NIGAM
LIMITED**
**MRS. MADHUBALA KALLURI – DIRECTOR FINANCE
AND CHIEF FINANCIAL OFFICER – MISHRA DHATU
NIGAM LIMITED**
**MR. PADAVITTAN BABU – DIRECTOR, PRODUCTION
AND MARKETING – MISHRA DHATU NIGAM LIMITED**

MODERATOR: **MR. VIKAS SINGH – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to MIDHANI Limited Q4 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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. Vikash Singh from ICICI Securities. Thank you, and over to you, sir.

Vikash Singh: Thank you, Steve. Good morning, everyone. A very warm welcome to MIDHANI Q4 FY '26 results con call. We would like to thank the MIDHANI management who gave us the opportunity to host them. From the management side, we have with us Dr. S.V.S. Narayana Murty, Chairman and Managing Director; Mrs. Madhubala Kalluri, Director of Finance; and Mr. Padavittan Babu, Director Production and Marketing. Without taking any much time, I'll hand over to Chairman, sir, for his opening remarks. Over to you, sir.

Dr. S.V.S. Narayana Murty: Thank you. Good morning, everyone. It's a great pleasure to have this investor call -- conference call. As you know, Mishra Dhatu Nigam Limited is Miniratna Defence public sector undertaking. And in the quarter -- FY '25-'26, we have achieved the highest ever quarterly turnover of INR552.7 crores, registering a growth of 34.63% against a turnover of INR410.56 crores recorded in the corresponding quarter in the previous year.

And our value of production during fourth quarter '25-'26 stood at INR392.19 crores, registering a growth of 19.15% against value of production of INR329.19 crores recorded in the corresponding quarter in the previous year. Our PBT during fourth quarter stood at INR107 crores, with a growth of 38.67% against PBT of INR77.16 crores in the previous quarter.

PAT in the fourth quarter stood at INR77.75 crores, with a growth of 38.49% against PAT of INR56.14 crores recorded in the previous quarter of this previous year. The company achieved the highest ever turnover of INR1,208.63 crores, registering a growth of 12.52% against the turnover of INR1,074.1 crores during the previous financial year, '24, '25. So the figures are pretty good.

And the order book position of the company as on April 1, 2026 is INR2,290 crores. And our PAT for FY '25-'26 was INR130.79 crores with a growth of 18.82% against INR110.07 crores recorded in the previous financial year '24-'25. So the figures are there. But I just want to take my time in highlighting major achievements. So apart from the highest turnover in the history of MIDHANI at INR1,207 crores, we have highest ever Titanium production.

So we have produced 700 tons of Titanium, almost doubling from previous years. And another important point for MIDHANI is we have signed an MOU, memorandum of understanding, with major stakeholders for the creation of a metal bank. As all of you know, there are certain supply chain disruptions for procurement of raw materials.

Anticipating certain turbulences, we have established this -- initiated establishment of this metal bank for uninterrupted supply of critical raw materials for all Defence projects. And another important thing is for the presidential dais, we have supplied 90 tons of armor-grade steel, the one that honorable President has used on January 26 this year.

It was delivered by us in a very short time. And on the aero sector, we have received airworthiness certificates for 10 critical Aerospace grade, super alloys and steel from CEMILAC, Centre for Military Airworthiness and Certification, although it's in production of advanced aero engines. So this is a very, very major thing because obtaining this certificate allows us to go ahead with the production. And many of you may be knowing that we have delivered 31 beautiful architectural Titanium windows to Shri Ram Janmabhoomi at Ram Mandir at Ayodhya. This is the first time in India, a company has given Titanium for architectural purpose.

Many other countries are using this kind of advanced -- I mean, Titanium alloys for architectural purposes. But in India, this is the first time. So this is a great achievement for us. We have supplied about more than 700 ring-rolled rings of superalloys and Titanium alloys for aero engines. And again, for the first time we have developed a cast superalloy single-crystal blade material.

All of you may be knowing that the highest level of competitiveness in metallurgy is ability to produce the single crystal blade material. These are extreme, complex metallurgy with very, very tight compositional tolerances and gas contents, and it has to meet the rigor of the temperatures that a typical aero engines normally encounters. So it's a matter of great pride that we are able -- our material for the first time has passed all the tests by our customers.

Another very, very satisfying thing for MIDHANI is we have obtained at NADCAP certification for heat treatment. This is one of the highest level of certification in the aerospace sector and the Defence sector because directly, OEMs can procure material from the manufacturers using this certification, through this certification.

So this is one more feather in our cap. And recently, we have inaugurated one of the world-class facility for aerospace fastener manufacturing facility worth about INR40 crores, which is capable of manufacturing the so-called bolts for all the aero sector and Defence sectors. These are basically superalloy fastener manufacturing and Titanium alloy manufacturing and special steels that are used in very, very performance-critical applications.

So these are some of the very, very high-end achievements that MIDHANI has made in the year FY '25-'26. And we are very happy with these few introductory words, I think probably we'll spend time on taking questions from our friends. Thank you so much.

Moderator:

Thank you sir. The first question comes from the line of Sucrit Patil with Eyesight Fintrade. Please go ahead.

Sucrit Patil:

I have 2 questions. First question for Mr. Murty is, looking ahead to 2027 financial year, what type of strategic pathways are you planning to position MIDHANI as a global leader in aerospace and Defence alloys, accelerate breakthroughs in superalloys and composites and

future proof against supply chain shocks and evolving Defence procurement models? Just want to understand your view on this. That's my first question. I'll ask my second question after this.

Dr. S.V.S. Narayana Murty: See, regarding supply chain, I've already informed you that we have -- in the near short term, we are establishing a metal bank. Basically, India is not bestowed with the best of raw materials required for superalloy production, okay? We don't have the nickel, cobalt, moly, tungsten, vanadium, chromium, which normally go into manufacture of any of the superalloys, regular-grade superalloys. So we don't have the -- geographically, we are not bestowed with that kind of minerals to manufacture. And it is a long-term process.

So we need to insulate ourselves from the supply chain disruption. So in a short term, we are establishing a metal bank for 6 of these critical raw materials. So that is how we are trying to overcome the recent, whatever, disruptions have been there. Regarding your first question, that -- first part of your question, how we are positioning ourselves, yes, MIDHANI has the capability because we are masters in metallurgy.

So we are looking at the niche markets of Aerospace and Defence for manufacture of these very, very complex alloys. So that is how we position ourselves. We are the suppliers of these materials and we also expect some good overseas sales.

Sucrit Patil: Sorry, my second question, Mrs. Kalluri is, I just want to understand, over the next 2 years, what type of forward-looking capital frameworks are you planning to ensure the company can simultaneously fund advance alloy R&D while maintaining dividend discipline and build buffers against forex swings and raw material volatility in the long-term different cycle contracts?

Madhubala Kalluri: Good morning, sir. We're planning capex of around INR1,000 crores in the coming 3 years, sir.

Moderator: Ma'am, I'm sorry to interrupt. Your voice is not clear.

Madhubala Kalluri: Yes, the capex we are planning around INR1,000 crores in the coming 3 years, projects are in the stage of development, and we are putting DPRs. Most likely by end of this financial year, we will get further clarity on capex projects. And we are preferring to operate through OR and through term loans. That is the preference to capex. And balance items, we are managing through working capital requirements regularly. We are not foreseeing any much major issues in funding projects.

Moderator: The next question comes from the line of Rushabh with RBSA Investment.

Rushabh: Congratulations on a good set of numbers, sir. Sir, firstly, sir, I think previous con calls, you have been mentioning that ultimately, you want to grow the company to around INR2,000 crores top line. And I think in last quarter, you mentioned that this quarter you'll be sharing some ambitious plans that we have. So anything that you would like to share on this?

Dr. S.V.S. Narayana Murty: One is, as we told, one of the questions that I think probably we had in the last Q3 con call was we were not able to really -- I mean, there was some deficiency in converting into sales. So

that question that we can now say that whatever we have made, not only that we have had the highest turnover, we could convert everything into sales. That is one point. Second thing is capex, okay? So wherever -- just now our Director of Finance also has mentioned, we are at a very advanced stage of DPR where we want to put money in our capital equipment.

And that probably in a month or 2, we'll be able to get approval from Board. So that is what is the major thing. So we are going to replace some of our aging equipment with state-of-the-art facilities in the downstream operations. So that is what we can share at this point in time.

Rushabh: Sir, whatever incremental capex that you are planning, you mentioned INR1,000 crores capex and also now I think you're doing some debottlenecking, is this toward high-value products only? Or what is the kind of new products that you're targeting with this capex?

Dr. S.V.S. Narayana Murty: No, the capex is basically intended for two major equipment on the downstream operations. So these are not specific to anything because the process goes like melt -- after melting, it goes to downstream like forging and bar rolling or it is wire drawing, all these things. So basically, for majority of the products, these equipments are used, not specific for any single product.

Rushabh: Okay. And secondly, sir, you mentioned about this -- you doubled the production of Titanium from last year. So what is the trajectory going forward? Can you increase further production? And how does it impact our margins?

Dr. S.V.S. Narayana Murty: We have the capacity for Titanium production. I mean, we have installed a new vacuum arc remelting furnace and sufficient capacity is there. As I told last year, we had almost 700 tons of Titanium. We are having capacity to produce much more than that. So currently, we have about more than INR660 crores worth of Titanium orders and we are likely to get more. So we are fully geared up for a good amount of Titanium production.

Rushabh: And sir, you mentioned about this INR2,000 crores revenue target, would that be possible from existing capex only, whatever you are doing so far?

Dr. S.V.S. Narayana Murty: No, we can do. It is not the question of -- I mean existing, also we can do. INR2,000 crores, okay, probably we would have told in maybe another 3 years kind of thing. But the idea is to improve our efficiency. The capex is -- some of the equipments, whatever we are having, they're installed somewhere around '80, '85 time.

So the efficiency of the latest equipment with Industry 4.0 and all this digitalization, we want to replace that, manually operated ones with the automated machines. So it will improve the efficiency and yield of the product. So idea is that once we install, our productivity will improve. So that is the basic idea, even with the existing thing also we can do.

Rushabh: Okay. And sir, you mentioned that we received NADCAP certification for heat treatment. So how does this change the things for us? Can we get some new customer orders? Or how does this develop?

Dr. S.V.S. Narayana Murty: Yes, that is the thing. Certainly, looking normally, once the plant is NADCAP certified, that means that end user can directly -- I mean, OEMs can directly procure materials from the

manufacturers. That is the certification. So definitely, we are looking forward for many aero and Defence customers who can procure directly with these certificates. It will help us.

Rushabh: Okay. And just the last question. I think last 1 year, we have mentioned that we are also talking with the engine majors. I mean, I think they were targeting -- they were auditing a facility. So what is the status on that? And when can we start commercial supplies to them?

Dr. S.V.S. Narayana Murty: Because you know this auditing of the facilities is a little long-term drawn process, we need to supply material. They come multiple times, okay, then they'll see our facilities, suggest some improvement, then again, they will visit. So we are expecting -- okay, recently also, we had some visits. So we are -- maybe towards the end of '26, '27, we should be able to expect something.

Moderator: The next question comes from the line of Arya Shah with Whitestone PMS.

Arya Shah: I just wondered, sir, now can we expect a 20% revenue top line growth and 23% EBITDA margins from this year?

Dr. S.V.S. Narayana Murty: One thing is we had this year, maybe 12%, we have exceeded the top line growth, 12% to 15%, we should be able to maintain. Our target will be 20%. But it all depends on the supply chain constraints of raw materials. Now you have some issues related to LPG, energy. So once these things are stabilized and we are assured of the raw materials and the energy, it should be possible.

Arya Shah: And sir, margins, on the margin front, 23% or around 20%?

Padavittan Babu: It will be slightly up by 23% to 25% we can expect. When the revenue goes up by 20%, obviously, the margins will increase, maybe around we can expect 23% to 25% between EBITDA.

Arya Shah: Okay. And also about the powder facility, are the orders coming? Or what is the...

Dr. S.V.S. Narayana Murty: Regarding powder manufacturing facility, we had some issues with getting license. But now I think we should be in a position because recently, we had some reasonably positive news. So maybe by next quarter, we'll be able to get little clarity on that, okay? So it is yet to come. I mean, the facility is not yet installed. Purchase order was put long back, but there were clearance issue because this is a little dual-use equipment. So we'll be able to give better clarity in the next con call.

Arya Shah: Okay. And what kind of order book we should expect in the next coming -- this year, basically, end of this year?

Dr. S.V.S. Narayana Murty: Yes. So currently, our open order book is INR2,249 crores, maybe INR2,250 crores. So our expectation will be, we are in discussion with different parties. So maybe we will be able to book about INR1,500 crores worth of orders in this financial year, FY '26-'27.

Arya Shah: Okay. And my last question is on the export. What kind of order book can we expect this year?

- Padavittan Babu:** This year, INR'25-'26, we have done INR85 crores, and we are expecting at least INR100 crores we'll be doing in this financial year.
- Moderator:** The next question comes from the line of Aditya Deorah with Divisha Investments.
- Aditya Deorah:** Sir, how much would be the product business as a part of our full year turnover?
- Dr. S.V.S. Narayana Murty:** Full year turnover, see, we are expecting -- our target is at least -- 15% growth, that is what is our target, okay? So based on this, you can see how much we are targeting.
- Aditya Deorah:** Sir, I would like to rephrase the question maybe. Sir, like we mentioned about the new products that we have started like maybe a Titanium alloy discs head for naval application or the Titanium and superalloy rings for aero engines. So if we consider this as the product business, so how much would this be as a portion of our full turnover, the entire turnover that we do, how much would be these businesses?
- Dr. S.V.S. Narayana Murty:** No, separately, you are asking individually?
- Aditya Deorah:** Yes. Individually as a whole, the product business.
- Dr. S.V.S. Narayana Murty:** It all depends on the orders that the customers are placing on us. Like, for example, now we have executed one order. Like for example, I told you the blade blanks, okay, the blade -- input for superalloy blades. So the customer has to give, so we mean -- cannot say that we can execute dispatch order. So it all depends on how they place order on us.
- Padavittan Babu:** Presently, the existing order, whatever we are having and the anticipated order whatever we are going to book, apart from all these things, there is an element of the raw material availability. Of course, fasteners all those -- we have to see that every month and which can be able to make, accordingly the decision will be made.
- Exactly whatever today, even if we decide, I don't think it is going to happen. So means while going, it will be changing. So that is the reason, as of now, we will not be able to tell exactly which product or which sector we'll be -- we are exactly going to attempt. So as and when it is going, based on the availability, the decision will be taken, we'll do it.
- Aditya Deorah:** Okay. And sir, just segment-wise order booking for the order book that we have in terms of Defence, Aerospace, Energy and others, can you give the segment-wise for the turnover as well for the last financial year?
- Dr. S.V.S. Narayana Murty:** So we already given in that presentation.
- Aditya Deorah:** The revenue differentiation? [inaudible 0:22:40]
- Dr. S.V.S. Narayana Murty:** The question was on the open order for different sectors. The Defence is about 79% of the total order book.
- Aditya Deorah:** Sir, I am asking about the turnover. The order book is already given in the presentation. If you can provide it for the turnover for the revenue that we have generated, that would be helpful?

- Padavittan Babu:** Yes. So the turnover, the '25-'26, space is about INR93 crores. About INR301 crores from defense. PSUs are INR603 crores, public sector enterprises. Energy is about INR2 crores and others are INR129 crores. Exports are INR78 crores.
- Moderator:** The next question comes from the line of Divam Ketan Doshi from 9to3 Capital.
- Divam Ketan Doshi:** Congrats on a good set of numbers. I just wanted to know, can we get the alloy wise gross margins because it is very difficult to -- differentiate because it has very different economics. So I want Titanium, super alloys, maraging steel and UHSS?
- Dr. S.V.S. Narayana Murty:** Margins for each of the alloy?
- Divam Ketan Doshi:** Yes, yes, sir.
- Dr. S.V.S. Narayana Murty:** No. Normally, we don't provide such data. It is a little confidential. I'm sorry.
- Divam Ketan Doshi:** Okay. And one last question. At what revenue scale, will we begin actually exponentially leveraging from operating margins -- operating leverage, sorry.
- Dr. S.V.S. Narayana Murty:** Can you repeat it, please?
- Divam Ketan Doshi:** At what revenue scale can we benefit from the operating leverage?
- Padavittan Babu:** See, basically, these types -- in general, Titanium and maraging steel have a little higher margin compared to superalloys and all. So if we can increase those sales and all if we can get such orders, then probably the margins will improve. That is a mix we can talk about. It all depends on that order books and plant availability, machine, resources availability and other factors.
- Moderator:** The next question comes from the line of Shashi Ranjan with Anandan Capital.
- Shashi Ranjan:** Congratulations to the entire team and as well to the director as well for getting the NADCAP accreditation. My first question is, with the NADCAP in hand, where do we stand in a field of like investment casting to precision machining ecosystem and where we aspire to be in future in the next 1 year?
- Dr. S.V.S. Narayana Murty:** MIDHANI produces investment castings of both Titanium and superalloys, okay? The NADCAP certification is currently for heat treatment, okay? So we are also having idea to go for NDT in -- NADCAP certification in NDT. So currently, our investment cast business is about INR10 crores. So we are expecting orders after this. So we should be able to increase our business in that area.
- Shashi Ranjan:** Any acquisition that you're planning in field of maybe precision machining and casting -- precision components?
- Dr. S.V.S. Narayana Murty:** There are many outsourcing agencies in and around Hyderabad. So actually, acquisition may not be required because these precision manufacturers, many new companies have come up who work on, I mean, order basis. So we are not having any idea of acquisition of any company.

Shashi Ranjan: So among those players, anyone who is the largest who is helping -- who's the largest supplier for MIDHANI among those players in Hyderabad you said, right?

Dr. S.V.S. Narayana Murty: There are very many -- I mean, there are companies who are doing extremely good for even satellite applications, launch vehicle applications. They're supplying engine parts, which are very complex. There are many reputed companies around this area. So machining of the parts per se is not a big, tough task. Making the material is where rejections are possible.

And during machining of the material, rejections normally will not be there, it will be almost zero, because the machines are so precision precise. So you don't expect any rejections. And many 5-axis CNC machines and all are there plenty in number around us. So that issue doesn't arise.

Shashi Ranjan: If you may allow, may I squeeze in one last question. As for the data, global OEMs have tripled India sourcing compared to what it was in 2019 to reach \$1.5 billion. Where do we stand here as MIDHANI, and where we aspire to go when it comes to OEM sourcing from India, global OEM from India?

Padavittan Babu: Yes, global OEM, whatever the increase is there, the procurement in the country, before that, whatever period you -- now you mentioned, MIDHANI also was not doing much of export. So last 3, 4 years, you see we have gone a long way. So already whatever OEM audit and the product audit and customer -- means company audit is, I mean, in the advanced stage, we expect in the coming years, the export also will go, means, higher.

Shashi Ranjan: I firmly believe that under your ages, MIDHANI will soon catch up with the metal powder and further precision technology because your expertise is highly valued, and thank you so much for enlightening on MIDHANI.

Padavittan Babu: Thank you.

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

Moderator: The next question comes from the line of Viraj Yatish with Jupiter Financial.

Viraj Yatish: Congratulations on outstanding number, sir. My question is with metal bank and other things in place, how will the next 2 years be shaping in terms of top line and bottom line? If you can give some color on that?

Dr. S.V.S. Narayana Murty: Yes. Metal bank, maybe we are expecting within another 4 months, we'll be able to establish because now some civil works and all are going on. So for material to receive and all, it will take another 3, 4 months' time. Barring that one, that is the status of metal bank. The top and bottom line, we are expecting around 15% increase in the top line year-on-year and corresponding increase in the bottom line to maybe around 20%.

Viraj Yatish: Sir, net margins will be maintained while increasing the top line. Is it correct assumption?

Dr. S.V.S. Narayana Murty: Yes. Top line growth is expected. 15% is our target.

- Viraj Yatish:** Sir, net profit margins would be maintained with the top line growth?
- Padavittan Babu:** It will be around 24% to 25% EBITDA margins we can expect, bottom line.
- Viraj Yatish:** Okay. And sir, any update on the old inventory, which was there, which we were supposed to discard it?
- Dr. S.V.S. Narayana Murty:** No, we are working on that. You might have seen, there is no much increase actually. We are able to restrict it, and we'll be working on this year also to bring down and there will not be any increase in coming years.
- Viraj Yatish:** Would you like to give some number to that, sir?
- Dr. S.V.S. Narayana Murty:** Anything we mentioned here from inventory? Not there.
- Padavittan Babu:** We are expecting at least 10% -- I mean, from the opening revenue -- opening inventories maybe around 10% to 15% reduction also, so that the liquidation can be possible. That is what we are expecting. That is our target for this month, both WIP as well as scrap.
- Moderator:** The next question comes from the line of Rushabh with RBSA Investment.
- Rushabh:** If I take a slightly long-term view of MIDHANI for, say, next 5 to 7 years, because given the top-notch capabilities that we have, the only thing what we are lacking is the raw material availability, and now that is also thing solved. So if MIDHANI, say, wants to achieve INR5,000 crores top line, what additional certifications would be required or what additional things that will need to be done from our end?
- Dr. S.V.S. Narayana Murty:** Okay. If you look at very long-term growth of 5 to 7 years, one is the availability of raw material, that is we are indirectly taking care with metal bank. We are also into this capex plan about INR1,000 crores worth of it through establishment of downstream forging facilities. If we look at the exit data, about INR8,000 crores worth of materials of Titanium alloys, superalloys and steels are getting imported into the country. That means there are people who are importing materials, which are very well within the catalog of MIDHANI.
- There MIDHANI capability exists within the country. So definitely, there is a good scope. If you are able to get those orders where people are able -- I mean people are importing, this thing is quite possible, reaching the higher revenue at a rate of 15% to 20% growth year-on-year is not far from reality.
- Rushabh:** Understood, sir. And sir, currently, we're not facing any challenges, right, supply chain? Production is going on full swing currently?
- Dr. S.V.S. Narayana Murty:** No, that is what. I mean some energy issues are there because of this Middle East crisis and that European crisis, we are having some issues. But still, we are trying to identify alternate vendors we are trying to establish and we are trying to overcome, okay? That may lead to little delays in orders. But overall, we are trying to manage, and that is how we managed the last year. So now we are in a better position. So with metal bank plus support from government on LPG, we'll be able to cross, that is what is our expectation.

- Rushabh:** Okay. In terms of the MIDHANI's product basket offering, is there any major white space that is still pending to cater to the major customers? Or we are now at least -- product wise, we are done with. We have all the major products in hand that we have to offer.
- Dr. S.V.S. Narayana Murty:** We are having -- we are not anticipating many big problems, except for this energy and raw materials. I think we have -- capability wise, there is no issue at all. We are 100% confident of executing all the orders.
- Moderator:** Next question comes from the line of Arya Shah with Whitestone PMS.
- Arya Shah:** Any update on ABHED bullet proof jacket or any order book expected this year?
- Dr. S.V.S. Narayana Murty:** Yes. So MIDHANI is having 2 types of technologies. One is Bhabha Kavach, that is taken from Bhabha Atomic Research Center, that's TOT. Another is having, last year, we have taken ABHED technology from DRDO, okay? DRDO in association with IIT Delhi have developed this technology.
- So we have acquired the TOT from IIT Delhi DRDO cell, and we are currently in the process of manufacturing these jackets and supplying to our customers, okay, so that people -- these are one of the lightest targets for this range of that category. So we are anticipating good orders for ABHED jackets, okay? So soon, we should be able to book some good orders.
- Arya Shah:** So currently, what kind of order book do we have because we are supplying to the customers already?
- Dr. S.V.S. Narayana Murty:** We have given to OCTOPUS, one order is there with OCTOPUS. So that is what we have executed. And we are...
- Arya Shah:** What was the worth?
- Dr. S.V.S. Narayana Murty:** It was about INR1 crore.
- Moderator:** The next question comes from the line of Anik Mitra with Finnomics Solution.
- Anik Mitra:** Sir, my question is, the critical materials, like what are the sources of those critical materials? And what sort of agreement do we have with the sources, say, in terms of time and in terms of supply -- continuation of supply?
- Dr. S.V.S. Narayana Murty:** Yes, that is, you mean critical raw materials.
- Anik Mitra:** Yes, sir. Yes, absolutely.
- Dr. S.V.S. Narayana Murty:** See critical raw materials, see, the business is highly sophisticated superalloys, Titanium alloys and high-strength steels. The raw materials that need to be used for manufacture of these high-end products are all high purity materials, high-purity raw materials, that is nickel, cobalt, molybdenum, tungsten, chromium, vanadium, rhenium, okay? So these alloys are not available in the country. India is not having capability for producing any of these materials. So we are depending on imports for these materials.

So now we import them from various countries, okay? Majority of them either former USSR countries, East European countries, European countries, sometimes from U.S.A. So these come from multiple. I mean, there are more than 20 materials which we import. So they come from multiple countries and that is how the supply chain runs.

Anik Mitra: In terms of countries, like what is the largest country? Like Kazakhstan, I have heard about it somewhere that Kazakhstan is the very significant contribution. So who are the top three countries you would say?

Dr. S.V.S. Narayana Murty: Probably, I mean, Europe, Europe supplies maximum, maximum by volume -- by value, Europe supplies maximum.

Anik Mitra: Okay. And sir, what is the kind of Kazakhstan?

Dr. S.V.S. Narayana Murty: What is the kind of?

Anik Mitra: Kazakhstan, I'm asking about the country called Kazakhstan. Kyrgyzstan, Kazakhstan, these type of countries are very...

Dr. S.V.S. Narayana Murty: Kazakhstan, we import sometimes from Kazakhstan, okay? We import Titanium sponge from them, so yes.

Moderator: The next question comes from the line of Nilesh Doshi with Green Lantern Capital.

Nilesh Doshi: From the call, what I understand is in terms of demand, I think the visibility is very strong. In terms of manufacturing capacity, also, I think we have enough and adequate capacity, except for you are going for automation and new machines, which will bring the value addition as well as the margin expansion. So the constraint historically we have always been on the raw material side which under your leadership, I think you are taking care of that. So with the metal bank coming, like, what, you plan to have these material store for how many years? Or what's exactly the internal planning you have?

Dr. S.V.S. Narayana Murty: The idea is, it is a perpetual bank, okay? And there will be material. Whenever there is a crisis, it will be taken out and we'll be replenishing as soon as it is available, okay? So when we want to execute an order, we should not have at least the supply chain, if it is disrupting, metal bank will be used. That is the idea. But this bank will be there forever.

Nilesh Doshi: Sir, with your experience over the last few years, I mean, we had a volatility in supply or actually, we had disruptions in supply, except post-Iran war, but what was the experience you had over the last few years?

Dr. S.V.S. Narayana Murty: Some of the raw materials, for example, I mean, there are raw materials, which we could not procure because of some sanctions, okay? From where we are procuring, they were barred, okay? There are occasions where there's spike in the prices. There are occasions where the material was ready, but it could not be shipped because of the ongoing crisis. It could not be transported.

So there are multiple ways in which the supply chains are getting disrupted. So the whole idea is emerged from our ministry, because of these supply chain disruptions, we should have our own method by which we can overcome this. So this is the idea behind it.

Nilesh Doshi: So once we set up this metal Bank, in terms of the price volatility, how we will be protected? Because typically, we have Defence orders which are long-term orders, but no price variation clause. Or are we now moving towards the variability clause?

Madhubala Kalluri: The metal bank is being maintained for customers only. In case of emergency only, we will draw material from those metal banks, so on our fixed price contracts only, there is no price variation. That is being taken care while quoting itself.

Nilesh Doshi: But in the past, if I remember, 2 years ago, we had a long-term Defence order, and I think the alloy prices have gone up substantially, the raw material prices. And that is why it was in fact...

Madhubala Kalluri: Sometimes we have to face the challenges. Otherwise, our prices are fixed prices only. And while in case of long-term contracts, we are doing pricing in such a way to take care of these uncertainties.

Moderator: The next question comes from the line of Arya Shah with Whitestone PMS.

Arya Shah: Sir, could you talk about the springs now, which we are going to supply to Vande Bharat? Are we already filling that tender or what is the approval -- or are we in the approval stage?

Dr. S.V.S. Narayana Murty: So now what we have done is, yes, we have engaged expert subcontractor, who will be operating our spring plant and shortly, maybe already we have initiated the work. In a month or 2, we should be able to make this spring plant fully operational. And we are also in discussion with people for orders.

Arya Shah: Okay. So we don't have any orders for the springs currently, right?

Dr. S.V.S. Narayana Murty: Yes. Currently, we are not having, but we are expecting.

Arya Shah: Okay. What kind of order are we expecting, INR100 crores, INR200 crores order this year?

Dr. S.V.S. Narayana Murty: No, I do not know. Maybe probably during next con call, I'll be able to give a better picture, but we are now trying to get good orders, yes. Now we are in discussions.

Moderator: The next question comes from Nilesh Doshi with Green Lantern Capital.

Nilesh Doshi: Sir, you mentioned about the capital expenditure for a fastener plant. So can you just elaborate like when this plant would be ready and what kind of revenue we get out of that INR40 crores capex?

Dr. S.V.S. Narayana Murty: One of the important things in the manufacture of any system, be it in missile, rocket, satellite or even chip is fasteners. And these fasteners are not normal fasteners like what you use. These are special aerospace-grade fasteners, meeting certain quality requirements and certain dimensional requirements. So MIDHANI, we have invested anticipating extreme demand and

very limited number of people are there to manufacture this kind of fasteners. So we have established a INR40 crores facility, are catering basically to missile sector and space sector.

So both places, the requirement is huge. So already currently, we are having already orders in the pipeline, which are getting executed. And we expect at least INR20 crores to INR30 crores per year order book from this sector alone.

Nilesh Doshi: So the plant is already ready?

Dr. S.V.S. Narayana Murty: Yes, yes, it is inaugurated. Already, it is ready. It is working. And one more point I want to tell. Compared to our competitors, a distinct advantage for MIDHANI is, we are raw material manufacturers.

Fastener manufacturers are importing wire and they are trying to make, whereas we can make our own wire. So there are grades in missiles, which are normally from other countries you know, that technology. So those grades are all imported, it's not readily available within the country. So we'll have the ability to make those grades and make fasteners from those grades. So that is the advantage over others. So again, anticipating this thing, this particular fastener plant has been established.

Nilesh Doshi: So on a long-term basis, like how large this revenue can become, let's say, over the next 3 years to 5 years?

Dr. S.V.S. Narayana Murty: Yes, every year -- that is what, every year, we expect it to be at least INR25 crores.

Nilesh Doshi: INR25 crores growth rate or INR25 crores would be a stable revenue?

Dr. S.V.S. Narayana Murty: No, no. Maybe every year, this is a kind of stable revenue at least.

Nilesh Doshi: Okay. But definitely, I would expect with a very high margin.

Dr. S.V.S. Narayana Murty: You are not wrong, definitely. It's a value-added product for us, yes.

Moderator: The next question comes from the line of Viraj Yatish with Jupiter Financial.

Viraj Yatish: Sir, my question is, what are our MOU targets for next year and the year after?

Dr. S.V.S. Narayana Murty: MOU targets are yet to be fixed. Actually, it is under discussion at Ministry. So probably that final decision has not yet been received. So in due course of time, we'll get maybe another -- I mean it will take time, yes.

Moderator: The next question comes from the line of Vikash Singh with ICICI Securities.

Vikash Singh: Sir, just one question. The next big program in the Aerospace segment in India could be AMCA. Just wanted to understand our standing in terms of capability or readiness wise? And do we think that we would be able to take a good chunk of order book for them as well?

Dr. S.V.S. Narayana Murty: Certainly. That is what is our anticipation. AMCA orders we are expecting. We are already in -- people are approaching us. We are already doing some developmental works or AMCA program, okay? So the work has been initiated. MIDHANI is currently executing some of the AMCA alloys, both Superalloys as well as Titanium. Once the development is complete and it is meeting, I mean production orders, we will certainly expect.

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

Dr. S.V.S. Narayana Murty: Thank you. I mean, we had a wonderful meeting with all of our friends. I think a total of 16 questions were asked, and it is a pleasure to give reply. Maybe 1 or 2 questions, we could not give, particularly those with respect to margins, gross margins on individual materials. Probably, that I could not answer probably to the satisfaction. But barring that one, I think we have given, and we look forward to your continuous support. Thank you so much for this opportunity.

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