MDN/CS/COMPLIANCE/2026-27 November 25, 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 November 19, 2026

Dear Sir/Madam,

1. Further to our letter dated November 19, 2026 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q2 – FY27 Results, held on November 19, 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
Digitally signed by PAUL ANTONY
Date: 2026.11.25 14:45:40 +05'30'
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Company Secretary & Compliance officer
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Encl: As above

"Mishra Dhatu Nigam Limited

Q2 & H1 FY27 Results Conference Call"

November 19, 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
MR. PAUL ANTONY – COMPANY SECRETARY AND COMPLIANCE OFFICER – MISHRA DHATU NIGAM LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to MIDHANI Limited Q2 and H1 FY27 Results Conference Call hosted by ICICI Securities. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinion and expectation of the company as on date of this call.

These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants 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.

I now hand the conference over to Mr. Vikash Singh with ICICI Securities. Thank you, and over to you, sir. Mr. Vikash.

Vikash Singh: Thank you. Good morning, everyone. A warm welcome on Q2 FY27 Results Con-Call on Mishra Dhatu Nigam Limited. We would like to thank management to give 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; Mr. Padavittan Babu, Director, Production and Marketing.

Without taking any much time, I hand over to Director, Chairman, sir, for his opening remarks. Over to you, sir.

S.V.S. Narayana Murty: Okay. Thank you, and good morning, all of you. This is Narayan Murty, CMD MIDHANI. I'm joined by Director of Finance, Director of Production and Marketing, General Manager and our Company Secretary. So as you all know, Mishra Dhatu Nigam Limited is Mini Ratna Defence PSU.

We have achieved a turnover of INR295.91 crores during second quarter of FY26, '27. We have registered a growth of 41.09% against a turnover of INR209.73 crores recorded in the corresponding quarter in the previous year. VoP during second quarter of FY26-'27 stood at INR310.8 crores with a growth of 21.2% against value of production of INR256.38 crores recorded in the corresponding quarter of the previous year.

PBT during second quarter of FY26-'27 stood at INR38.75 crores with a growth of 102.6% against the profit before tax of INR19.13 crores recorded in the corresponding quarter of previous year. PAT during second quarter of FY26, '27 stood at INR27.69 crores with a growth of 116.84% against the PAT of INR12.77 crores recorded in the corresponding quarter of the previous year. So you can see the turnover, the value of production, the PBT and PAT all have significantly increased in the last quarter.

During the first half of FY26-'27, the company has achieved a turnover of INR535.4 crores with a growth of 40.81% against the turnover of INR380.22 crores recorded in the corresponding period of the previous year. Value of production during the first half of FY26-'27 stood at INR571.15 crores, registering a growth of 14.76% against the value of production of INR497.67 crores recorded in the corresponding period of the previous year.

Similarly, profit before tax during the first half of FY26, '27 stood at INR62.67 crores, registering a growth of 64.4% against the PBT of INR38.12 crores recorded in the corresponding period of the previous year. Similarly, the PAT during the first half of '26-'27 stood at INR44.01 crores, again, registering a growth of 72.05% against the PAT of INR25.58 crores recorded in the corresponding period of the previous year.

So you can see not only the quarterly results, even the first half results are also significantly improved. And the order book position of the company as on 1st October 2026 stands at INR2,164 crores. So this is a summary of our last quarter results as well as the first half results. So we are very happy with these results, and we are ready to answer any of the questions participants wish to ask.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Our first question comes from the line of Shashi Ranjan with Anandan Capital. Please go ahead.

Shashi Ranjan: MIDHANI has low volume and high variety batching company. So how long we are going to have this burden on our business? That's the first question I have.

S.V.S. Narayana Murty: Yes. No, typically, MIDHANI is a company producing niche products. So the volumes are small, unlike steel plants where the volumes are very large and the cost of the product is small. So this -- since we are catering to markets of DRDO, Department of Space and Department of Energy and the requirements will be small.

It will not be like we are catering to, say, some naval materials or tank materials or launch vehicle materials. Per se requirements are small, but these products are very, very specialty products, which are manufactured by very few companies in the world. So it is -- the nature of business itself is like that.

Shashi Ranjan: Okay. Now what are the measures that we are taking to improve and optimize the shop floor turnaround time?

S.V.S. Narayana Murty: Yes. So the turnaround time, you see, normally, these things are processed as a batch, okay? Unlike a continuous production like a steel plant blast furnaces or other continuous rolling mills or continuous casting units, these are vacuum melted grades unlike the air melted grades in other kinds of steels. These vacuum melted grades will have limitation because the chamber size is small. So we have typically say, 600 kg furnaces, 2.5 ton furnaces or 6-ton furnaces, 8 ton furnaces.

These are all limited quantity of 1 batch. So the turnaround time depends on processing from liquid metallurgy and through processing and all the standard route. So each batch will be processed. So the turnaround time from -- for a typical super alloy may be 2 to 3 months from the raw material to the finished product. So these are all standard things.

Shashi Ranjan: Okay, so, thank you for enlightening me with the nature of the business. Just one last question, if I may squeeze out. A are we looking or expecting orders from commercial aviation OEMs like

GE, Safran, CFM or Pratt & Whitney? And what is the status of the revenue that we are getting from GE S-400 certification that we have? Thank you. I'll get back in queue.

S.V.S. Narayana Murty: Yes. So we are in touch with the private aerospace companies for supply of materials. Even though currently, we are supplying maybe through some of the traders and all we may be supplying, but we are in touch with them because the audit takes a little longer time even for the aerospace manufacturers.

So we are in touch with the companies that you have named. And with respect to S-400 certification, yes, we got in the first half of the year, the certificate. We are getting probably to have the numbers to tell you, I think maybe in the next half, I think we'll get better figures. We already some 4, 5 inquiries we are currently processing. For giving numbers, I think it will be better for the next half of the year. We'll provide you.

Moderator: Our next question comes from the line of Ravi Naredi with Naredi Investments.

Ravi Naredi: Sir, order inflow target for financial year '27 and '28, will you predict today?

S.V.S. Narayana Murty: Order inflow, currently, we are having the orders, as I told you, open order book is INR2,164 crores. And we are expecting orders about INR500 crores in this financial year, somewhere, I mean, at different stages of -- in Q3, we'll be expecting around INR450 crores to INR500 crores of orders to be received.

So for very long term, maybe -- I mean, it takes time. Probably you can see our figures, maybe INR1,500 crores, INR1,600 crores, suppose we make also. We have orders which can be executed up to 1.5 to 2 years. And meanwhile, we are also expecting -- and the cycle time is typically a year or so for executing an order. And I think that much visibility is there.

Ravi Naredi: Okay. And sir, capex plan, you have announced INR1,000 crores 2 years back. So what is going on in information?

S.V.S. Narayana Murty: With respect to capex plan, yes, we have gone to Board and got approval. So we will be getting financial approval also, okay, we have announced. And we are in the process of finalizing the specifications and seeing we'll be coming back with more finer details on this once we get the financial sanction also.

Ravi Naredi: So anything you have already done?

S.V.S. Narayana Murty: No, we are finalizing the specifications, and we have presented -- I mean we have got DPR, we have got the board and the specifications for the equipment are under finalization.

Ravi Naredi: Okay. So in how many years it will be complete, INR1,000 crores capex?

S.V.S. Narayana Murty: It will take 3 years.

Ravi Naredi: 3 years.

Moderator: Our next question comes from the line of Abhishek Jain with KRIIS PMS.

Abhishek Jain: Thanks for opportunity and congrats for strong set of numbers, sir. Sir, revenue growth has been quite strong in the first half. So just wanted to understand that how much the growth is coming from the commodity inflation and how much is from the actual volume growth in first half...

S.V.S. Narayana Murty: Actual volume growth versus commodity inflation.

Abhishek Jain: Yes.

S.V.S. Narayana Murty: For example, we get about 20% of our revenue from super alloys, okay? And 22% from Titanium alloys and about 13% from maraging steels and special steels contribute about 36% and balance is other miscellaneous grades. So this is the alloy-wise revenue. And of course, sector-wise, we get space, I mean, PSUs are about 48%, Defence is around 26% and about 10% exports. So this is the...

Abhishek Jain: What is the volume growth?

S.V.S. Narayana Murty: Volume growth? That is tonnage-wise?

Abhishek Jain: Yes, yes.

S.V.S. Narayana Murty: Okay. Tonnage is difficult to tell because it depends on the product mix because some Titanium alloys will be tonnage-wise low, but value-wise high. That's why I'm giving with respect to the price-wise Percentage.

Abhishek Jain: Got it, sir. And sir, most of the contracts are the fixed price contracts and you take the price hike in 12 months. So just wanted to understand when you are going to take a price hike and what -- how this will reflect in your EBITDA margin in the coming quarter?

Management: Generally, when fixing the price, we are factoring the likely inflation. As majority contracts are fixed price contracts only. If delivery period is less than 18 months, we are not allowed to have price variation formula. So majority based on the experience, we are factoring the likely escalation in pricing.

Abhishek Jain: Got it, sir. And sir, the last quarter, margins were impacted because of the higher LPG and the freight cost. So how do you see these costs evolving? And what margin recovery can we expect going forward?

Because earlier, we are making a margin of around 22% to 24%. That has come down to 16%, 17%. So just wanted to understand when the margin recovery will start from here on? And what would be the key drivers for the margin expansion going ahead?

Madhubala Kalluri: EBITDA for the last financial year, if we look at it, it is 23% overall last financial year. And this quarter, the 6 months also, we are at 20%. And when in Q3 and Q4, we are expecting the higher amount of sales, then obviously, it will be crossing that last year figure. 23% is the last year figure, 22.8%, and we'll be crossing it.

And Ministry has given us a target of INR1,600 crores. We are working towards it. And once the volumes increases, obviously, the EBITDA margins also will increase. Of course, it is after setting aside the increase in the costs, whatever we talked about in the Q1.

Abhishek Jain: Okay. And so you are also looking for the recycling of your scraps. You are making a tie-up with a few organization as well. So just wanted to understand what will be the benefit of that? How this will help in recovery of your margin?

S.V.S. Narayana Murty: Yes. We had signed an MoU with Heavy Water Board under Department of Atomic Energy for recovery of nickel and cobalt from some of the scrap that we are having currently. So idea is a long-term perspective, okay?

So we are having some of these scraps from which precious metals can be recovered. And looking at the kind of price fluctuation and volatility that whatever we are having in precious metals, we would like to get some of these elements get back and use it for our internal consumption again.

So as a simple initiative, we have gone with Heavy Water Board. And we hope that we can continue to get back these precious metals and melt the new grades again with this recovered metals. That is the long-term strategy.

Abhishek Jain: And sir, in this quarter or the first half, how is the scrap versus virgin materials proportion? And how would be mix in the coming quarter or FY28 onwards?

S.V.S. Narayana Murty: Yes. Normally, okay, it depends on customer requirement. Some of the customers say like Gaganyaan and all for Department of Space, they want 100% virgin because of their requirement. But for normally, we use about 30% scrap. Approximately, I'm telling you ratio of virgin metal to scrap.

We add about 30% of scrap, 30% to 50% depending on the specification and the permission from the end user. So this is the graded scrap or plant reverts, whatever I'm telling. But the machining scrap, we want to recover some precious metals from there. So there is a distinction between these 2.

Abhishek Jain: Got it. And my last question on that, sir, the metal bank, because of the metal bank availability of the typical raw materials has improved, especially for the nickel, cobalt and the tungsten and titanium.

So just wanted to understand what kind of the growth we are looking on the top line? Is it because of the commodity inflation? Or is it because of the improvement on the raw materials availability? And how do you see the revenue growth in the coming year because of this setup of the metal banks?

S.V.S. Narayana Murty: See, metal bank is a concept that was conceived because of the supply chain constraints. Sometimes some of these critical raw materials, whatever we are required for manufacturing of these alloys, what MIDHANI is producing, -- we are importing from multiple countries, and there are some supply chain constraints.

So in order to have assured supply of this material, this metal bank is created. And it's only during some difficult period or some supply chain is disrupted only, we'll be using, and it is a permanent bank that is created and we'll be replenishing. It has nothing to do with the revenues or growth.

It is only as a safeguard. In fact, if you see other countries also are putting up such banks, you can see very top countries are also having -- investing a lot of money in the metal bank, okay, or strategic mineral resources like that. So this is an initiative towards that to get assured supply of raw material so that we will not have in the event of any eventuality, we will not have any disruption in the supply to our critical customers, strategic customers, they need assured supply of material. So it is only for that purpose.

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

Arya Shah: Congratulations on a good set of numbers. Sir, a couple of questions. Yes. So I just wondered, could you provide me the update for the 3D powder printer, what revenue and as the facility started?

S.V.S. Narayana Murty: Yes. See, the 3D printing, as we are seeing, there is a lot of shift in the way the strategic things are getting manufactured. If you look at the strategic customers like the launch vehicle customers or some missile customers, they are going from conventional manufacturing to additive manufacturing.

And India also is a part of that, and we are also shifting towards additive manufacturing for many of the components. Advantage is that you can realize the component in very short time and at a reasonable competitive cost and more to do with the lesser number of weld joints and integration of the components, all these things, there are many advantages. But the unfortunate part of it is even though we are having machines, many of the powders are imported.

And these powder making technology is a very niche technology. And these powders have to be handled carefully. They get easily oxidized because of the surface area and these have to be maintained to the strictest of the purity with respect to chemical composition and gas content.

So we are not having powder manufacturers in the country, even though you can see hundreds of printers -- and printer manufacturers also insist on using their own powder, just like on the lines of our printer cartridges.

Once you sell a printer, okay, cartridge is assured one. So like that, these powders are being imported from the original equipment manufacturers, and we are spending huge amount of money.

And in India, we don't have quality additive manufacturing printing powders, and we don't have absolutely 100% of the Titanium powders are imported. MIDHANI is having 40 years of experience in building Titanium alloy, and we felt one of the reasons why we cannot take up and we have started this initiative on powder manufacturing unit. So we have put a purchase order with the company, and we have got preliminary BAFA license.

It got delayed because the technology is a dual-use one. So now we are working with them. And probably in the coming 1 year, we will be able to establish this facility. It is something like a INR40 crores facility, and we should be able to get because we got preliminary license and our party also is working towards supplying the equipment currently.

Arya Shah: Okay. And could you also provide me the update on the Vande Bharat and the BEML Springs, which were in the approval stage. Do we have any orders currently for that too?

S.V.S. Narayana Murty: See, we are -- now our spring manufacturing plant is operational, and we are getting the licenses and all. Directly, we don't have any order with Vande Bharat, okay? But we are having a couple of orders with smaller orders, and we are in the process of getting certification.

Arya Shah: Okay. And on the bulletproof side, what kind of orders do we have now?

S.V.S. Narayana Murty: We are expecting order. We have taken a technology from IIT Delhi DRDO Center of Excellence, and it is called ABHED. It is one of the lightest weight jackets. And we have already processed some jackets, and we are anticipating orders. Currently, we don't have orders for ABHED as such. So -- but we are participating in wherever some tenders are there, and we expect that we'll be able to book some orders.

Arya Shah: And also, could you give me the split of the order book currently?

S.V.S. Narayana Murty: Currently, we have INR2,164 crores open order book.

Arya Shah: Right. Could you give me the split in the value terms -- for Defence, how many orders do we have if you have the numbers?

S.V.S. Narayana Murty: Yes. So we have 35% from aero sector, 22% from space sector, 14% from naval sector, 10% from missile sector and 8% from energy sector and balance is others.

Arya Shah: Okay. And sir, with the aeronautic industry picking up in the country, can we expect a 20% growth with a 25% kind of margins from next year or something like that?

S.V.S. Narayana Murty: Yes, that is what it was told like margins, last year, it was 23%, our EBITDA. And we hope we'll only improve on that, okay? At the end of the year, we'll be able to match or beat the figures. That is what is our expectation.

Arya Shah: And sir, on the top line, can we expect a 20% growth because from the last 3 quarters, we are seeing a better growth.

S.V.S. Narayana Murty: That is our aim -- that is our target. 20% growth, we want to get, yes, definitely.

Arya Shah: Okay. And sir, my last question, any orders on the naval side. So basically, the new -- I think new tenders have come out.

S.V.S. Narayana Murty: We have participated in the tender. We are in the discussion stage. For the new recently, whatever news is there in the open sources. So we are a part of participating in those things. And hopefully, we'll get some good orders. Yes, we are.

Arya Shah: But if you could talk in the value terms, it would be easier to understand. What kind of orders...

S.V.S. Narayana Murty: I mean at the end of the day, what is the order that we are likely to get, how many people are participating, it is yet to be opened. But we have participated in that tender. Hopefully, Q3 con call time, we'll be able to give better information.

Arya Shah: No, no, I'm just saying what kind of orders can we get for these specialized alloys. So basically, it's a INR40 crores, INR50 crores order or it's smaller in size. Could you explain that?

Management: No, no. That is based on the other competitor, what they are putting and how it is going to happen. It will be known only in the coming days. At present, difficult to know actually.

Moderator: Next question comes from the line of Ajinkya Jadhav with KRIIS Portfolio PMS.

Ajinkya Jadhav: Great set of numbers. My first question is regarding the metal bank, which we were supposed to start at the end of Q2. So have we started with end customer or have we procured any material? If yes, like what percent of our total inventory we have procured in the record?

S.V.S. Narayana Murty: Yes. We have total 5 customers for metal bank, out of which customer we have almost completed. Second customer because these are all purchase orders to be released and procurement processing is going on. Probably by this financial year, we'll be able to -- I mean, get all the metal bank fully it will be -- that reserve will be in place.

Ajinkya Jadhav: Okay. My second question is regarding the margin. So a few con calls before you told that structurally your margins will be around 17% to 20% EBITDA margin. But today, you are telling that for H2, at least you can surpass the last year margins of 23%. So on FY20, FY29 or onwards, can we get 23%? Or what gives you the confidence that the earlier guidance has been revised in terms of the margin?

Madhubala Kalluri: Yes. We'll -- FY27, we'll certainly be crossing that last year figure of 22.8%. We are confident in that because the sales -- when the sales volumes increases, obviously, the margins will increase Actually, even in the first 6 months also, we got 20% EBITDA margin, even though the sales because we know that we discussed in the first LPG prices increase that impacts are there.

Besides that, we got 20%. So with this now -- and also the raw material prices have also gone up and we have fixed price contracts. So after absorbing all these additional costs, we got 20%, and we are confident that we will be crossing that last year's figure -- last year's percentage of 22.8%.

Ajinkya Jadhav: So for the FY28 and onwards as well, we can maintain the margin those kind of margins year-on-year?

Madhubala Kalluri: Year-on-year, then obviously, that we are expecting the sales increase. When the sales volumes goes up, the margins will proportionately increase as well because the fixed cost remains same almost. So obviously, it will have a positive impact on the margins.

Ajinkya Jadhav: Yes. Great to hear. And the next question is regarding the capex, you said like you got the approval, like approval is from the Board or the Ministry of Defence and the financial approval is pending. Is that related to the government or the Board itself?

Paul Antony: No, we are in the final stage of taking approvals from the appropriate authorities. Maybe technical specification is under the final stage of finalization. Most likely by next quarter, we will get more clarity. And likely investment will take 3 to 4 years, minimum 3 years.

Ajinkya Jadhav: Yes. I was asking the approval is it related to the company Board or the government of India because we were following up with the government for funding of the capex, right? So...

Paul Antony: Within the Board power only, depending on the project cost, what we are envisaging is within the permission of Board only.

Madhubala Kalluri: We got an in-principle approval from the Board, and we are working on the other modalities. We'll be able to provide the other -- I mean, more details in the next call.

Ajinkya Jadhav: Got it. Got it. And last question is how much scrap inventory do we have? And like how much was sold in the -- so how it will move going ahead?

Madhubala Kalluri: In first 6 months, like if you see that around INR39 crores worth of scrap, we have -- I mean, we reduced the scrap opening quantities. That means the scrap usage has improved, okay? So that is the one thing. And scrap values also inventory side, scrap values have come down drastically, like we started in the year at INR392 crores and now we are at INR353 crores something. So these are all usable scrap, INR350 crores around roughly.

So that we'll be using it. Maybe as sir has already mentioned that it has to be -- it all depends on the orders. There are certain orders where we have to use pure 100% virgin materials. And on an average, you can say 70% virgin and 30% scrap, we can use it on an average.

S.V.S. Narayana Murty: One more point I would like to add is that scrap is continuously generated. And net scrap, I mean, low is a really good thing in that sense because when we are processing material, there are end cuts, there are many -- during manufacturing, there is scrap generation. So net scrap reduction is a positive.

Ajinkya Jadhav: And the raw materials which are currently at elevated levels, so do you foresee them to continue at this level? Or you feel that there will be a normalization maybe in the short or near term...

S.V.S. Narayana Murty: Yes. Raw material prices depend on the geopolitical situation. So when supply chains are uninterrupted, I think they should cool down now in the current situation. We all have to see because the situations are dynamically changing. So now a little cooling off is being seen. So hopefully, it will continue.

Moderator: Our next question comes from the line of Henil Bagadia with EquiCorp.

Henil Bagadia: Sir, with respect to the hot plate mill capex that we're actually doing, we are investing about INR400 crores as part of INR1,000 crores plan. So what kind of asset turns do you expect here?

And what kind of capability will actually add up here? And which sector exposure would you increase among Defence, aerospace, aero engines, and thermal side?

S.V.S. Narayana Murty: Yes, what you are referring to is Wide Plate Mill, okay? And this is a very unique facility in the country where we can roll up to 3.2 meter width. And not only that -- not only these very high-strength steels can be rolled. Actually, this plate mill is a strategic investment.

And we -- the output of this mill is plate, okay? The plates are supplied to ISRO for their rocket motor casings and other missile casings, okay? So they're used in multiple strategic applications, and all flat products from MIDHANI are coming from this.

And -- so it is -- overall, it is an asset to our organization because India need not improve. In fact, I can add one more thing. We have also rolled aluminium. Even though it is originally intended for steel, we have executed an order for Ordnance Factory for their Aluminium requirement.

So currently, India imports 100% of wide plates of Aluminium. So in due course of time, customers may come even for Aluminium also, rolling Aluminium and subsequent downstream processing or other heat treatment and all can be done by them, for which they are having facilities. So this is a truly national strategic asset.

Henil Bagadia: So we had low utilization of the Wide Plate because of which I think so we also got Aluminium. So what will be the current utilization rate in the Wide Plate Mill side.

Paul Antony: Depends on the order book only. And whenever we used to do long processing of hot rolling, we are diverting those products to this [inaudible 0:33:45] and we are supplying to energy sector. It is optimum utilization.

S.V.S. Narayana Murty: It's not a continuous product. It is not like a continuous caster or something where we can say, okay, 90%, 95%. It depends on order, okay? If order is there, we will use this mill, and all our flat products are coming from this. So I mean, it is not utilized not because of it is not working. It is not utilized because whatever orders are there, we will execute in that.

Henil Bagadia: Sir, with respect to the BARC and the Heavy Water Board the MoU that we have actually signed, sir, what kind of cost savings do you actually see because nickel and cobalt is actually -- in cobalt, especially because of DRC's bans on export. So A, what kind of savings do you actually see? And B, do we have to reassess all our customers with respect to the approvals that we've got to use increased recycled element of nickel and cobalt? And do we also retain the process patents, or does the process patent belong to BARC?

S.V.S. Narayana Murty: Yes. Actually, it is like this. The first statement is that nickel and cobalt, India is not having any resources for this. We don't have any minerals from which where we can extract naturally. So we are importing for 100% of cobalt and nickel. Nickel and cobalt are 2 elements in the periodic table, which are required for energy sector.

All lithium-ion batteries will have these 2 elements, okay? -- required -- these 2 elements are required. And of course, for strategic sectors like this Defence, space, and energy, these 2

elements are important for making any of the alloys. So keeping this in view, we have had long discussions, almost 3 to 4 years, we have been discussing with Heavy Water Board.

We wanted to recover this nickel and cobalt, which are very important elements, which India is depending on export things. We are not looking at it very business-wise. They have developed technology. It is a Government of India Organization, Department of Atomic Energy. When they developed, they had initially had a bench-level trials and pilot plant trials, and they came out saying that we can recover this nickel and cobalt.

So we have entered into an MOU where we want to see maybe for an year or so how these precious elements, nickel and cobalt, can be recovered from there. And we want to take again, use those in our melting and establish that recovered cobalt and nickel can be successfully used in realizing the aerospace or Defence components.

Now with that proposal, we will put up -- once it is pure nickel and pure cobalt meeting the requirements of MIDHANI, we don't really need -- I mean, anybody to agree. It is not that customers' permission we have to take. It is as good as a material that is imported because the process for manufacture of nickel and cobalt is by electrowinning at the end last stage.

So the electrowinning step results in pure nickel and pure cobalt, and those metals must meet the raw materials that we are buying. The specification for the raw materials is the same. So our understanding, our MOU also envisages that the recovered metals must meet the specifications, which can be used as it is in our melting process. So obviously, we will use. That is our idea. And we want to go not as a profit mode because in future also, these raw materials are critical for the country.

Any supply chain bottleneck is going to harm everyone who is in this business. So as a strategic thing, we have gone for this, and we want to work. And in future, when prices increase, the scrap recovery may become one of the primary sources of supply. And Government of India also is encouraging under National Critical Minerals on the recovery of nickel and cobalt. And this is an initiative from MIDHANI towards that.

Henil Bagadia: Sir, with respect to the aerospace side, I think GE Aerospace has announced that they actually want to double the supply spends in India between '25 and '30. And so does Airbus has actually put up a plant in Bengaluru on the technology and the procurement side. So -- and also the aerospace sector is actually seeing a lot of interest in India.

So how do you see the sector exposure as a percentage of order book and revenues going forward? And are you actually seeing an increase in exports as well as domestic supplies to the vendors who actually make subassemblies and export it to the final players out in Europe or U.S.?

S.V.S. Narayana Murty: Yes. I mean, if you see, the majority of our customers are from aero sector as on now. 35% of our products are given to aerospace. And as you told, there is a lot of interest, okay? Many of the people, they want to procure more and more from Indian sources because of their own supply difficulties from Europe and other places. And our sector is also growing. We are also looking

forward. And probably that may be the reason why our aero sector percentage also in open order book is increasing.

But we are looking for much bigger things, okay? In coming days, we expect our contribution to aero sector to be much higher based on the claims that are going on about the sourcing of materials from Indian market. And we are the lead suppliers for all aerospace, be it superalloys, Titanium alloys, or special steels. MIDHANI is the leader in this area. So we don't have any doubt that we will be approached once it comes.

Henil Bagadia: Okay. Sir, lastly, with respect to the DAP '26 draft that was actually tabled in the Parliament. When do you actually see it actually being effective? And I think, sir, they had proposed a 10% evaluation on the pricing side and also 15% minimum indigenous content. So with respect to this, I think a few years back, there was a parliamentary discussion of about INR8,000-odd crores that is actually imported alloys.

And we are at about close to -- we would probably reach about close to INR2,000 crores by 2030 based on the current trajectory. So how does this actually increase the procurement from Indian players? And how would we actually benefit significantly from the indigenization or the procurement from our company?

S.V.S. Narayana Murty: This probably, the policy may be getting effected in due course of time. But we -- our regular customers, we supply materials and we have our own standard protocols -- you're talking about Defence Acquisition Procedure, sir?

Paul Antony: Yes, that all the pressure would be on the equipment now, whoever is buying, whether Defence or aero or all those systems. The government is giving pressure to them that you have to buy from the indigenous source only. So in that case, like MIDHANI companies and many will be benefited.

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

Arya Shah: So I had two questions on the aerospace sector side. So now AMCA commissioning, so do we have any orders? I think we have already empanelled in the Rolls-Royce thing. So could you...

S.V.S. Narayana Murty: It is like this. AMCA, during developmental projects, we are executing some of the Titanium orders, okay? This is basically -- when it is in design stage, some of the new materials that they want to introduce into AMCA program, they approached us because we are working on Titanium alloys.

So some of the new grades of Titanium alloys, we got orders for some very special kind of grades with the specifications, a little tighter specifications, which have never been made earlier. Those grades, we are working on them for AMCA program currently, okay?

So formally, production order, nothing of that sort has come, but we are waiting. Once we are successfully able to execute some new grades that they have asked, we are currently in the process. Once we make them to the specifications, we should get production orders. But on trial orders, we got some titanium alloys to execute.

Arya Shah: And sir, in value terms, can you just explain with the certification, what kind of aerospace-grade orders we can get from the export side? So what -- so if you could give an industry brief, like because there are only a few manufacturers of aero grades, and with the NADCAP certification, what kind of orders can you get now?

S.V.S. Narayana Murty: NADCAP is a certification for process, process control. So for heat treatment we have, and we are currently in the process of getting for non-destructive testing. The advantage is that original manufacturers can directly source looking at the NADCAP certification because the processes are very established and they have been certified.

And with respect to OEMs buying from that, they'll be buying, placing orders based on the clearances or audits, so which is currently in progress. So they have suggested some things, and we are in the process of implementation. And we have to wait till we get OEM orders for these projects.

Arya Shah: Right. But sir, in the value terms, what kind of orders are these, just on the industry base? So basically, they are INR500 crores, INR600 crores of order or just smaller orders, if you could just explain?

S.V.S. Narayana Murty: Yes, it will go in a particular way, like, for example, when they are putting order initially, they may give some noncritical things, okay, or they may start with -- I mean, normal tendency is whenever a new party is included because these are all very niche customers. They try to give some noncritical ones or steel, then go gradually to critical or semi-critical and finally critical.

That is the way they give because they want to get confidence. And second thing is normally they go with not so advanced alloys. So that process, they will decide, okay? So I approve this plant for this purpose, looking at the facilities and our execution capability. So we cannot tell, but we expect it to be in tens of crores at least initially.

Arya Shah: Okay. And sir, my last question is on the inventory side. So what kind of liquidation we are expecting this year? So now can -- with the metal banks coming in and now we can use scrap material. So can we expect a 20%, 25% of inventory liquidating year-on-year from next year or something like that?

S.V.S. Narayana Murty: You are talking about WIP or you are talking about the scrap...

Arya Shah: The scrap actually, the scrap because I think a few years ago, we had the problem because of the scrap. So...

S.V.S. Narayana Murty: Scrap is -- one of the reasons is we execute a large number of grades. And that grade's scrap is graded as per the -- I mean, when you are getting an extra order, normally, orders come once in 2 years, 3 years, not so regular grades. Some grades are there where you get -- continuously, you get orders for those grades.

Since MIDHANI operates a large number of grades, scrap from those not-too-frequent grades will be there. But when that grade order is booked, we have to use that scrap, okay? That's the

opportunity. So it's not actually -- this scrap is not a -- I mean, it appears to be in books as an inventory, but this is essential to start a new melt, scrap is essential.

So we maintain a certain amount of scrap, okay? And some scrap, which is not so frequently used or the large quantity, we sell it off. Our plant reverts are never sold because they are very useful things. So it gets cycled. So this is a continuous process and new scrap is always added. Whenever you are executing order, new scrap also will get generated.

So we want to maintain some optimum level of this scrap, okay? So not beyond a particular level. And now with the current kind of thing on recovery, you see many initiatives are there on recovery of metals and all. But it is best to remelt the scrap rather than recover because it becomes an additional cost to recover also. So our long-term strategy is, okay, you reduce the cycle time, get new orders, and use the scrap continuously.

Arya Shah: Okay. Got it. And Q2 and our second half would be always heavier than the first half, right, in executing order.

S.V.S. Narayana Murty: That is the usual tendency.

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

Rushabh: Sir, I just had a couple of questions. Firstly, sir, given that we are in the process of adding a lot of global aerospace and aero engine companies, I just want to understand what is the nature of contracts in terms of currently, most of our contracts are fixed price. So is it that we have 100% price variation contracts with them going forward? How will the nature of contracts change?

Paul Antony: No. So whatever we are now discussing, auditing is going on maybe last 1, 1.5 years, maybe in another 1 year, we are going to have a contract with them. So those are long-term contracts with price variation clause only. So they take care of everything; it may not be a fixed one. And it means the schedule will be there, means every month, so-and-so component with many number of pieces you have to supply, and that type of confirmation we are getting from them.

Rushabh: Okay. And sir, also, you mentioned about Titanium and superalloys. So we are expecting that the aerospace contribution in revenues will increase. So gradually, we should be having higher contribution from titanium and superalloy also. So that should ultimately...

Paul Antony: Last 1 year, whatever we have done, the special steel and other alloys have come down because the quantity is more, but you can understand whatever equipment we are having, whether melting, forging, or rolling, everything we are using the same equipment.

So in the event we have more orders of Titanium, superalloy, why to spend time on special steel and other things. So our concentration last -- you can see last 6 quarters also, there is a gradual increase. And even last year, we declared that highest-ever Titanium alloy we have done. Even this year also, we are going to surpass that.

Superalloy also, if we compare more than 5 years back and presently what we are doing, more than 5, 6x more we are doing. So it means mainly we'll be concentrating on superalloy and

Titanium alloy where the quantity is less, the value will be more. And remaining wherever the complicated or maybe stringent, the customer needs more quality product of maraging steel or special steel, those we will be attending, may not be a lower-value and high-volume item.

Rushabh: In the Titanium and superalloy capability-wise, is there anything pending from us, or are we there to match whatever the customer asks us to do?

Paul Antony: No, we are fully equipped and able to match all the customers' requirements of superalloy and Titanium, whatever form they are asking. Even you can see the number of indigenous items every quarter-wise also increased. Earlier comparatively, it was very less. But nowadays, even 15 to 20 grades per new bid we are adding, on that more than 70%, 80% is superalloy, Titanium only. Special steel and other are very less...

Rushabh: Okay. So just to sum it up for the next 2, 3 years, given that overall order inflow, we will see an increasing share of variable price contracts plus we're also moving up to Titanium alloys. So the margin band should also move up and the volatility of margins will also improve. So that is the correct understanding, I believe.

Paul Antony: Yes. No, one thing you can understand. On one side, we are telling that there is a growth expected. But the capex, whatever we are telling, 3 years minimum, it will take. With the confidence of this getting into more of superalloy, titanium only, we are telling this 20% increase is all going to come.

Otherwise, there is a stagnation -- whatever equipment available with us, beyond this INR1,500 crores, it is not possible actually. Once those INR1,000 crores is infused and all those equipments are available, then only we can be able to think of whether it is INR2,000 crores or beyond that.

Rushabh: And sir, any significant orders that you said currently customers are into audit phase -- so when can you expect major orders from them...

Paul Antony: You are aware that earlier also in many forums, there is available data, a lot of import is happening. So there are new entrants also coming. For MIDHANI, there are a lot of things to be done. Whatever import is happening, those orders to grab, we should have enough infrastructure and facilities to cater to that. So once this facility is available, immediately, we'll meet those requirements.

So now present, the question is the execution, not about the order booking. So order booking, we book it even 3 times, 4 times, it will get into a delay and penalty clauses will be there; that is not a good sign to me. Customers will wait and they will be behind us. So presently, we are balancing with whatever available capacity and able to supply, not getting into any LD at all. This is the way we are planning and going ahead.

Moderator: Our next question comes from the line of Henil Bagadia with Equicorp.

Henil Bagadia: Sir, with respect to the space side, sir, if you could give some understanding because there are a few private players actually who have entered into the space and actually are also getting approvals with respect to the Gaganyaan or SSLV orders or even other launch vehicle orders.

So what is the niche that MIDHANI will keep -- will maintain its monopoly in? And do you see some of the other competition such as Jindal or Raghu Vamsi or probably any other players actually taking PTC, any other players taking away the niche that we have in some of the orders that we work?

S.V.S. Narayana Murty: We supply -- MIDHANI supplies material for -- for example, if you look at the GSLV currently, what is there, or PSLV, we supply for all the 4 stages or all the 3 stages of PSLV or GSLV. So we make, for example, maraging steel plates we supply. And this is the only mill that is available where you can roll maraging steel, okay?

So we have established over so many -- I mean, nearly 4 decades, the processing and all. And this is a niche product from MIDHANI. Similarly, the ring products that we supply from maraging steel, our superalloy products, they are all our Titanium alloy products for the propellant tanks and gas bottles.

These are all products that have been traditionally developed with technologies developed in MIDHANI. Now competition is coming, yes. There may be some orders where people may execute from steel side, some stainless steels and all. And yes, there are some investments that people are -- news coming that people are investing in manufacturing possibilities. There are possibilities.

And we have to compete with them in getting the orders, yes, that -- and the cake is big for everyone to eat, and India still imports a lot of materials. And maybe all this additional infrastructure also will be useful for meeting the domestic demand. So overall, it will be a win-win situation for everyone. I don't see the space will be going from MIDHANI. I don't see that kind of scenario.

Paul Antony: Is launch vehicle, their plates, and it will take a lot of time for anyone to establish. ISRO put a lot of effort in establishing the facility design whatever we are manufacturing, they are supported. If someone to start again, it will be a longer period to get qualified.

Henil Bagadia: Okay. Sir, with respect to the aerospace side, we recently -- in August or September, we recently got the export-led approval from GE Aerospace, and we also have the NADCAP process approvals. What more approvals or audits is pending in this space from any of the other customers such as Boeing, Airbus, or any of the other engine manufacturers like Rolls-Royce, Safran, CFM, et cetera? And how do you actually see the orders ramping up? And how do we actually also see us going up in the supplier list procurement?

Paul Antony: Now you see MIDHANI is a more than 50-year-old company. From melting to the final wire, many shops and plants and a lot of things are there. And again, superalloy, Titanium, and special steel, casting, welding electrode, many items are there. Whoever is coming, new entrant, they are putting a new shop and maybe 1, 2 areas only they are entering.

So for them, it is easy to show the layout and the manufacturing facility or document everything. But here, whenever they are coming to MIDHANI, they want to see it as an infrastructure as a total thing. So that is the reason it is getting delayed. And another one, there are many products they want to together approve. It's not one product.

So in that angle, now whatever the names you have taken, most of the people have already visited. The talks are going on. So maybe one by one in the coming year, we'll see that their qualification will be there, and they will be placing orders and we'll be executing.

Henil Bagadia: Okay. Lastly, with respect to the Defence testing infra that we've invested in as a part of the consortium with HAL, BDL, PTC, and us, we've got about 20% stake. So if you can give some understanding, has this testing actually started?

And do we actually plan to do some testing out here on a commercial basis and actually generate revenues from this particular place? Or is it just going to be internalized between the 4, 5 companies that have been a part of the consortium?

S.V.S. Narayana Murty: Yes, the objective of putting AMDTF is to facilitate the private sector people and the newcomer start-ups and all to use this facility so that they need not establish the standard testing labs. It is a common testing facility, which is intended for people, and it is -- one is there in Tamil Nadu and another is there in UP. So people from nearby areas, new start-ups and small companies, they can use this facility.

It is not intended for these 5 people. It is -- they also can use, but intended solely for others, because all these 5 people are well-established people. They have their own testing facilities, HAL and all -- I mean, BDL, they have their own specific requirements, or MIDHANI. And it is intended for people from nearby areas that industrial corridor. And we hope that it will be a very successful thing because we are putting so much effort into that.

Paul Antony: The main two corridors are one is that UP corridor and another is Tamil Nadu. Both places, a lot of Defence, the MSMEs, and many manufacturers are now coming. For them, they cannot go to individual places to getting it tested. So this will be supporting them. That is the main idea.

Moderator: Ladies and gentlemen, due to the time constraint, we will take the last question from Neha Garg with Zenflow Finance Private Limited.

Neha Garg: It's regarding the AMCA development orders that are already under execution for the specialized titanium grades. So when do you expect the first production order? And what is MIDHANI's material content per aircraft? And are you the only qualified source for those grades? Hello?

It's regarding AMCA development orders. These orders are already under execution for the specialized titanium grades. So when do you expect the first production order and what is MIDHANI's material content per aircraft? And are we only the qualified source for those grades? Hello, I am I audible?

Moderator: Would you mind sending an e-mail to ICICI Securities?

Neha Garg: Okay, no issue. Yes, definitely.

Moderator: Thank you so much ladies and gentlemen. Due to the time constraint, that was the last question for today. With that, we conclude today's call. Thank you so much for joining us. And on behalf

of ICICI Securities and MIDHANI Limited, that concludes today's call. Thank you for joining us, and you may now disconnect your lines.