

Execution momentum to pick-up in coming quarters...

About the stock: Mishra Dhatu Nigam (Midhani) is one of the key manufacturers of critical metals such as special steels, super alloys (nickel base, iron base and cobalt base), titanium alloys etc. The company primarily cater to the requirements of sectors like aerospace, defence, space and energy

- Company has two state of the art manufacturing facilities – Hyderabad (Telangana) and Rohtak (Haryana)
- Company's order backlog stood at Rs 1827 crore as of Jun-25 end, of which ~80% each is contributed by aerospace and defence segment, and balance from space segment, exports and others

Investment Rationale:

- Execution expected to pick-up going forward; Orders inflow prospects remain robust:** Though execution was muted during the quarter, management sees pick-up in execution in the coming quarters and guides revenue of ~Rs 1300 crore in FY26E, which implies growth of ~21% YoY. Order backlog stood at ₹ 1827 crore as of Jun-2025 end (1.7x of TTM revenues), giving healthy revenue growth visibility given the short execution cycle (of 1-1.5 years) for this order book. Orders inflow prospects remain robust for company's products considering the strong pipeline in defence, space and other segments (like energy, railways, civil aviation etc). Aerospace and defence remain the key sector for company's future orders considering the significant capex underway for various platforms (across air force, navy and army) like aircrafts, engines, missiles, tanks. Management expects total order intake of Rs 700 crore in Q2FY26
- Focus remains on increasing capacity & capability with improved product mix:** With state-of-the-art manufacturing facilities, Midhani has strong capabilities in terms of developing & producing a diverse range of special metals and alloys (like titanium alloys, steel alloys, super alloys based on nickel, iron & cobalt etc) for sectors like defence, space & energy. Moreover, company continues to focus on capacity expansions, new product developments and broadening its overall scope of opportunities. Company highlights that the capex incurred over the last 3-4 years (on wide plate mill, titanium plant etc) would start producing result in the coming period. Moreover, focus on improving plants utilisation with recycling of scrap would help in further margin improvement

Rating and Target Price

- Midhani is expected to benefit substantially from further pick-up in execution, robust order prospects, new product developments. During the period FY25-27E, we estimate revenue CAGR at ~17% while EBITDA & PAT CAGR at ~29% & ~41% respectively as the margins are expected to improve in the coming periods
- We maintain Buy on Midhani with a revised TP of ₹ 530 (based on 45x P/E on FY27E)**



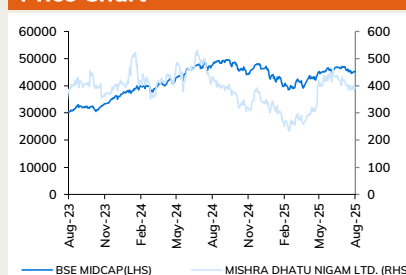
Particulars

Particulars	Rs crore
Market Capitalisation	7,325
FY25 Gross Debt	234
FY25 Cash	51
EV	7,508
52 Week H/L (Rs)	469 / 217
Equity Capital	187.3
Face Value	10.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	74.0	74.0	74.0	74.0
FII	1.4	1.3	1.7	1.3
DII	8.4	8.5	8.8	9.0
Others	16.1	16.3	15.6	15.7

Price Chart



Key risks

- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials

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Key Financial Summary

(Year-end March)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	859	872	1,073	1,074	7.7	1,257	1,470	17.0
EBITDA	262	258	194	218	(6.0)	283	362	28.9
EBITDA margin (%)	30.5	29.5	18.1	20.3		22.5	24.6	
Net Profit	177	156	92	111	(14.4)	161	220	40.9
EPS (Rs)	9.4	8.3	4.9	5.9		8.6	11.8	
P/E (x)	41.5	46.9	79.8	66.1		45.4	33.3	
EV/EBITDA (x)	28.7	29.9	39.3	34.4		26.2	20.3	
RoCE (%)	17.9	14.5	10.1	11.2		14.0	17.1	
RoE (%)	14.8	12.2	7.0	7.8		10.3	12.7	

Source: Company, ICICI Direct Research

Q1FY26 Result Summary

- Revenue increased by 4.3% YoY (-58.5% QoQ) at Rs 170.5 crore in Q1FY26
- EBITDA margin improved by 570 bps YoY (-269 bps QoQ) to 20% on account of lower raw material costs.
- Subsequently, EBITDA increased by 46.7% YoY (-63.4% QoQ) to Rs 34.2 crore.
- PAT was up 145% YoY (-76.9% QoQ) to Rs 13 crore.

Q1FY26 Earnings call highlights

- Management guides FY26E revenue at ~Rs 1300 crore (+21% YoY), driven by pick-up in execution across segments with EBITDA margin of 23-25%
- Orders book stands at ₹ 1827 crore as of Jun-25, of which majority of orders, (~80%) are from Defence sector comprising aero, naval and army platforms while the rest 20% consists of space, exports, energy and others.
- The company expects a further order inflow of ~Rs 700 crores in the Q2FY26E (significant orders expected from both defence and aerospace sectors)
- EBITDA margin has also improved due to lower RM prices and operational efficiencies. Going forward the company is addressing raw material supply concerns through scrap salvage and indigenous production as they experience 10-15% price fluctuations in importing
- The company's newly commissioned titanium plant at ~Rs 50 crore capex has a capacity of producing 250-300 ton/ per month and along with current titanium capacity has an order book of ~Rs 400 crore (executable over 1-1.5 years)
- The facilities for titanium and super alloys are expected to be at 100% utilisation in FY26E and would contribute towards the projected 23-25% margin.
- On the indigenous jet engine front, the management states that the engines requirement for ultra-high strength steel and exclusive super alloys such as titanium are currently within company's portfolio. Also requirements for AMCA are expected soon, while being optimistic for future projects
- The Wide Plate Mill (WPM) designed primarily to meet import substitution (company imports its 75-80% of raw material), focuses on the production of advanced materials including aerospace grade aluminium alloys and high strength steel plates. The facility is running at 40% utilization currently and hence does not require further capital investment to scale-up
- The company is also in plans to establish a plant for strategic powder manufacturing which is currently being imported by the country
- On the export front, the company has major clientele in European origin countries and the management sees a huge opportunity. The team was also positive about having a higher share of exports in order book going forward
- With respect to the Rohtak armour plant, which deals in body and vehicle armouring for the navy and army. The vehicle armouring division has been receiving good order inflow from police and army while for the body jackets the company is waiting for Transfer-of-Technology (ToT) from Baba Kawach and AWaDH (a division of IIT-Delhi)

Exhibit 1: Q1FY26 result snapshot (₹ crore)

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Revenue	170.5	163.5	4.3	410.6	-58.5	Execution remained muted during the quarter
Other income	7.1	7.8		7.6		
Total Revenue	177.6	171.2		418.2		
Raw materials costs	38.9	47.0		192.2		
Employees Expenses	32.2	31.2		40.0		
Other Expenses	65.2	61.9		85.0		
Total Expenditure	136.3	140.2		317.2		
EBITDA	34.2	23.3	46.7	93.3	-63.4	
EBITDA margins (%)	20.0	14.3	579 bps	22.7	-269 bps	EBITDA margin has improved due to lower RM prices and operational efficiencies
Interest	6.2	6.8		7.4		
Depreciation	16.1	15.3		16.4		
Tax	6.2	3.9		21.0		
PAT	13.0	5.3	145.0	56.2	-76.9	

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Net Sales	1,073	1,074	1,257	1,470
% Growth	23.0	0.1	17.0	17.0
Other income	29.9	30.9	37.1	44.5
Total Revenue	1,073	1,074	1,257	1,470
% Growth	23.0	0.1	17.0	17.0
Total Raw Material Costs	449	431	524	613
Employee Expenses	134	142	152	165
other expenses	296	283	297	330
Total Operating Expenditure	879	856	974	1,108
Operating Profit (EBITDA)	194	218	283	362
% Growth	(24.6)	12.3	29.9	27.9
Interest	35	29	25	25
PBDT	190	220	296	382
Depreciation	59	63	67	70
PBT before Exceptional Items	131	156	229	312
Total Tax	40	46	69	93
PAT before MI	91	110	160	218
PAT	92	111	161	220
% Growth	(41.3)	20.8	45.6	36.4
EPS	4.9	5.9	8.6	11.8

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	92	111	161	220
Depreciation	59	63	67	70
Interest	35	29	25	25
Cash Flow before WC changes	185	204	253	315
Changes in inventory	(85)	29	(182)	(208)
Changes in debtors	(7)	(87)	(54)	(59)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	79	77	(1)	(4)
Net Increase in Current Assets	(21)	15	(228)	(272)
Changes in creditors	(39)	(27)	27	41
Changes in provisions	(1)	1	9	13
Net Inc in Current Liabilities	29	(20)	75	105
Net CF from Operating activities	193	199	100	149
Changes in deferred tax assets	1	-	-	-
(Purchase)/Sale of Fixed Assets	(78)	(48)	(90)	(100)
Net CF from Investing activities	(35)	(30)	(63)	(53)
Dividend and Dividend Tax	(26)	(14)	(34)	(56)
Net CF from Financing Activities	(156)	(135)	(30)	(81)
Net Cash flow	2	34	7	15
Opening Cash/Cash Equivalent	14	17	51	58
Closing Cash/ Cash Equivalent	17	51	58	73

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	187.3	187.3	187.3	187.3
Reserve and Surplus	1,132	1,228	1,385	1,549
Total Shareholders funds	1,319	1,415	1,572	1,736
Other Non Current Liabilities	623.1	639.1	747.8	874.9
Total Debt	324	234	234	234
Total Liabilities	2,395	2,424	2,678	2,969
Gross Block	1,296	1,403	1,473	1,558
Acc: Depreciation	268	332	398	469
Net Block	1,028	1,071	1,075	1,089
Capital WIP	83	25	45	60
Total Fixed Assets	1,115	1,099	1,124	1,153
Non Current Assets	2	4	4	4
Inventory	1,310	1,281	1,463	1,672
Debtors	323	410	465	524
Other Current Assets	101	24	25	29
Cash	17	51	58	73
Total Current Assets	1,767	1,787	2,021	2,308
Current Liabilities	120	93	121	161
Provisions	2	90	90	91
Total Current Liabilities	510	491	566	671
Net Current Assets	1,257	1,296	1,455	1,637
Total Assets	2,395	2,424	2,678	2,969

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	4.9	5.9	8.6	11.8
Cash per Share	0.9	2.7	6.8	11.9
BV	70.4	75.5	83.9	92.7
Dividend per share	1.4	0.8	1.8	3.0
Dividend payout ratio	29%	13%	21%	26%
EBITDA Margin	18.1	20.3	22.5	24.6
PAT Margin	8.9	10.5	12.8	15.0
RoE	7.0	7.8	10.3	12.7
RoCE	10.1	11.2	14.0	17.1
RoIC	8.3	9.7	12.4	15.4
EV / EBITDA	39.3	34.4	26.2	20.3
P/E	79.8	66.1	45.4	33.3
EV / Net Sales	7.1	7.0	5.9	5.0
Sales / Equity	0.8	0.8	0.8	0.8
Market Cap / Sales	6.8	6.8	5.8	5.0
Price to Book Value	5.6	5.2	4.7	4.2
Asset turnover	0.7	0.7	0.7	0.7
Debtors Turnover Ratio	3.4	2.9	2.9	3.0
Creditors Turnover Ratio	7.7	10.1	11.8	10.4
Debt / Equity	0.2	0.2	0.1	0.1
Current Ratio	6.2	7.2	7.2	6.8
Quick Ratio	1.5	1.8	1.8	1.7

Source: Company, ICICI Direct Research

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Sell: <-15%



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