



MDN/CS/COMPLIANCE/2023-24

August 28, 2023

To,

**The Manager,**  
Compliance Department,  
BSE Limited, P.J. Towers, 1<sup>st</sup> Floor,  
Dalal Street,  
Mumbai- 400001

Scrip Code: 541195

**The Manager,**  
Compliance Department,  
National Stock Exchange of India Limited,  
Exchange Plaza, 5<sup>th</sup> Floor; Plot No. CII, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051  
Trading Symbol: MIDHANI

**Sub: Transcript of the Analysts and Investors Meet/Conference Call held on August 22, 2023**

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Dear Sir/Madam,

1. Further to our letter dated August 22, 2023 intimating you about the audio recording of Analysts and Investors Meet/ Conference Call on Q1 – FY24 Results, held on August 22, 2023, please find below the transcript of the aforesaid Conference Call.
2. The transcript of the call is also made available on the Company's website.

This is for your information and record.

Thanking you,

Yours faithfully,

**For Mishra Dhatu Nigam Limited**



Paul Antony

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

**Encl: As above**

**मिश्र धातु निगम लिमिटेड**

(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 Q1 FY2024  
Earnings Conference Call”

August 22, 2023



**Analyst:** Mr. Amit Dixit– ICICI Securities Limited

**Management:** Dr. S. K. Jha - Chairman and Managing Director  
Mr. N. Gowri Sankara Rao- Director (Finance)  
Mr. T. Muthukumar - Director (P&M)  
Mr. Paul Antony – Company Secretary



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**Moderator:** Ladies and gentlemen, good day and welcome to the MIDHANI's Q1 FY2024 Earnings Conference Call hosted by ICICI Securities Limited. 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 this conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you, and over to you Mr. Dixit.

**Amit Dixit:** Thanks Nirav. Good afternoon everyone and thanks for joining the call today. At the outset I would like to thank the management for giving us an opportunity to host the call. From the management we have by Dr. Sanjay Kumar Jha – CMD, Mr. N. Gowri Sankara Rao – Director (Finance) and Mr. T. Muthukumar – Director (P&M. Without much ado, I would like to invite Dr. Jha for opening remarks post which we will open the floor for an interactive Q&A session. Over to you Sir!

**Sanjay Kumar Jha:** Good afternoon and I extend my hearty welcome to all the investors for joining us through this conference call and we have with us Director (Finance) Mr. N. Gowri Sankara Rao, Director (Production Marketing) Mr. T. Muthukumar and we also have our marketing AGM and Company Secretary Mr. Paul. So in a nutshell what I want to brief on the result which has been already published, but I would like to mention some of the highlights for this quarter. So, this quarter has been a very unique for us because in this quarter the first thing is that there has been substantial increase in our revenue that means sales has gone up from the compared with Q1 of the last financial year. So Q1 revenue has gone up by almost by 60% year on year and also the Value of Production (VoP) also has gone up by 26% but the main highlight is that our sales has gone up. In addition to that, in this sales MIDHANI's Rohtak facility has a contribution of almost 30%. This is also a good sign for the investment which we have incurred on n the new projects. In addition to that, this quarter the order booking has also has been very good. I think we have crossed more than 500 Crores order booking in Q1 of this financial year and export order booking also was good during this quarter and we have executed that court order also in this quarter that was around 5 Crores, but it has gone up subsequently and in that the major highlight that I would like to mention here is that for an order received from the Rolls Royce,we have completed the first trial order given by them and now we are in a process to get the next order also from them and in addition to that there is a substantial interest, lot of interest is shown by international companies or leading aerospace companies of the world. They have also shown the interest in MIDHANI's materials and we will be seeing this result as we progress in this financial



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year. We have booked an order, from GE Aerospace also, so these were some of the important things which had happened during Q1 and as on today, so, with this, , I would like to take the questions and queries from the investor so I request your queries and questions, thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

**Amit Dixit:** In the time the question queue assembles, I would just like to ask a few questions Sir. The first one is you talked about 500 Crores of order booking in Q1 FY2024, if you can throw some more color on that which platform exactly this order booking happened and what kind of execution timelines we are looking at.

**Sanjay Kumar Jha:** In fact it is mixed bag of orders I would like to mention here but majority is from the defence sector also includes some of the export order also so I can give you the breakup of all Rs.520 Crores but mainly it has come from the defence one order is for Rs. 170 Crore plus also which we have informed to the stock exchanges also. Then we have got one order from L&T that is for the space requirement, they are manufacturing the five steps of PSLV. This will be the first of its kind in the country because of the participation by the public and private participation by private sector alone so they are basically having a consortium sort of thing where L&T and HAL they are participating together and they are going to make that PSLV that order was also almost around a value of around 95 Crores we have received and in addition to that some of the orders we have received from the Aerospace industry also so we can give you the breakup of those things.

**Amit Dixit:** Sir that is Rs. 170 Crore plus Rs. 95 Crore and then aero how much order was there.

**Sanjay Kumar Jha:** Rs. 50 Crores have come from the aerospace and Rs. 30 Crores exports, remaining from defence including missile and all. It will be mixed. I will tell you the total figure. It was in fact more than Rs. 500 Crore it is around Rs. 520 Crore but what I would like to emphasize is this quarter the order booking has been very good, of course it is not that we have done suddenly, it was in the pipeline. It has materialized in this quarter and we are now looking ahead for this quarter also for further order booking.

**Amit Dixit:** Okay wonderful Sir. We have a question in the queue I will come back later. Nirav you can move to the question queue please.



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**Moderator:** Thank you. The next question is from the line of Sunny Agrawal from SBICAP Securities. Please go ahead.

**Sunny Agrawal:** Good afternoon Sir and thanks for the opportunity. Kind request to shed more light on the export opportunity for MIDHANI's products. As we have mentioned, we have received a good enquiry on export front so what is the opportunity we are seeing over there in medium to long term as far as export business is concerned.

**Sanjay Kumar Jha:** As we have mentioned earlier also since we are entering in the export market in the areas of high end technology like aerospace so aerospace and oil and gas etc., so basically for those sectors we have to first get approved by the customer which I mentioned that regarding Rolls-Royce. Rolls-Royce they have taken our product and it was certified and cleared so now we are looking for a next order from them in addition to that which I mentioned about the GE Aerospace. They have taken initially our material. They have checked the property and then they have placed order for the requirement of the material to us. Again based on this supply whatever they have given the order now they can increase the quantity by further three or four times depending on the requirement of that specific grade. In addition to that, earlier export order which pertained to oil and gas sector. They are also looking for the new orders which we can expect to come and I would like to mention here that, we have provided material to Pratt & Whitney and they also have agreed to provide new requirements but as and when we receive this type of orders and quantity we will be definitely informing to the investors and you will get the information from us.

**Sunny Agrawal:** Sir my next question pertains to margin profile. Sorry I am new to the company asking a very difficult question so depending on the end user industry whether it is defense, whether it is aerospace, whether it is oil and gas does our margin profile varies or it is relevant to track margins based on the end user industry used for our product.

**Sanjay Kumar Jha:** Definitely margin will vary depending on which sector, which customer you are serving and many orders which we are looking for it is coming under competition only because export market also is not exclusive to us any aerospace or oil and gas companies, they are operating at large scale. They are having a list of suppliers with them. We are getting introduced or even inducted as a one of them so definitely they will not only compare the quality, they will also compare the price also, first our task is to get it qualified, our quality should be proven with the cost also and then whenever they go for the bulk purchase they will see the price, delivery, and of course the quality is already is getting confirmed by them. I am talking about the export market but many things which we are getting are not because of nomination basis. It is not that exclusively MIDHANI will get orders but there



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are certain technology, certain product which already exist. We have made our technology exclusive, only there is a possibility that we can get on nomination basis but there also today government for any of our customers they definitely will try to compare the price for similar type of materials from elsewhere so the margin definitely will be under pressure, you cannot charge anything from the customer today.

**Sunny Agrawal:** Sir is it fair to assume on a medium to long term basis 28-30% EBITDA margin is a sustainable margin for Midhani as an organization.

**Sanjay Kumar Jha:** 20-30%.

**Sunny Agrawal:** 28-30%, 25-30%.

**Sanjay Kumar Jha:** 25% can be the max If we are crossing 25 it will be great that is what I guess.

**Sunny Agrawal:** Sir again one very basic question. Sir our inventory on books is very high as compared to our sales so any plan to reduce our working capital cycle or the nature of the business is so that the inventory days will continue to remain on a higher side only.

**Sanjay Kumar Jha:** Your both statements are true. Nature of business is also like that but we also have plan to reduce the inventory. We cannot simply take the shelter of nature of business and go on building up the inventory so we have a continuous plan to cut short our inventory. We are working towards that and result of course it will not come immediately because whatever material we are using now the cost also has gone up probably if I am using the low alloy steel and very cheap quality of commodity that control will be faster but since we are all end high product so the value will be going so high that even the tonnage is less, money wise you will see that it is going up and our product is that we have mix of product, sometimes we are having normal steel sometimes we have very high end product, nickel based alloys and their additions will be so high some of the material will be costing around Rs. 4000 to 5000 per kg single element so these things will definitely have pressure on that. We have plan to cut down the inventory. Our regular review is there by our auditors, audit committee, board, and even at the level of our directors, so regularly we review and see that how we can cut down our inventory.

**Sunny Agrawal:** So Sir any guidance you would like to give on how we are going to reduce the inventory over next two to three years if you can share that.



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**Sanjay Kumar Jha:** It is very clear that recycle more and more material whatever you produce, if it is rewards coming from your system. We are making a policy where we should have the zero waste, zero material should be there so this is what the policy is there. We are trying to track each and every product and try to recycle it since earlier the volumes are less now the volume is increasing for high end alloys and number of alloys also are coming down so it is possible to do that so that we are trying to do that next year.

**Moderator:** Thank you. The next question is from the line of Harshit from Elara. Please go ahead.

**Harshit:** Hi Sir thanks for the opportunity. Just wanted to get a sense on the capex which you had earlier indicated which we were doing in wide plate mills, the armored facility for helicopters etc and any other new capex that you are looking at apart from the aluminum JV which you have with NALCO so update would be very helpful on commissioning and what kind of a turnover one can expect thank you.

**Sanjay Kumar Jha:** I think you are asking about the earlier committed capex for wide plate mill.

**Harshit:** Yes Sir.

**Sanjay Kumar Jha:** Wide plate mill already we have commission and it is operating from past one and a half years, and also we have commissioned our Rothak facility for armour products and many other projects we have indicated earlier have been commissioned, coming to the future projects also we have indicated at some place that this year we are going to spend at the tune of around 80 Crores for the capex expenditure. We are very much on the track now but anyway the limit of capex also we have to keep because unless whatever capex you are doing is converted to the sales or getting the revenue we have to take some limitations but we have kept that capex. It is not that we have made it nil but we are already having some plan for the capex. We will inform you as and when but you can check our annual report it is already available at whatever equipments we have installed and commissioned I think last two to three years. It is available.

**Harshit:** Sir the 80 Crore Capex that you have planned on this attributes what if you can share and the status on the NALCO JV Sir where have invested, the capex?

**Sanjay Kumar Jha:** NALCO JV is a very huge capital investment project.. The total project cost is Rs. 4500 Crore. The CAPEX from MIDHANI's end is very high almost i.e. around Rs.170 Crores but the major question mark is on the project viability itself has come because high end aluminum consumption in India whatever was forecasted but we are not able to see the



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demand in coming next five years so considering that we are not able to make a viable report on the project DPR to go for the support from the loan from the banks and all so it is held up at that stage. We are still trying to work out but as on now we feel that investment in that project is not viable so we are keeping it hold and we are trying to invest in the areas where we see the opportunities there for Midhani for quick conversion or quick realization of the cells by investing in our precious capex.

**Harshit:** And the Rs.80 Crores capex which you are doing is towards which facility Sir?

**Sanjay Kumar Jha:** We have various facilities. We are now putting the fasteners plants for making the aerospace fasteners. The aerospace fasteners are getting imported in the country in large quantity so we are trying to make the aerospace fasteners plant. In addition to that we are also having on titanium plant where we are going to make the Titanium reverts, enhance the capacity of our titanium. Then we have modification of bar and wire facility where we have seen, there are a lot of opportunities in the area of filler wire and all so these are basically the augmentation of our facilities and skull smelting also we have commissioned now for melting for making the titanium castings.

**Harshit:** The wide plate mill facility which had started one and a half years back what is the revenue run rate that you have achieved from that facility till now Sir on a yearly basis or a quarterly basis would be helpful?

**Sanjay Kumar Jha:** Last year it was around Rs.45 Crores. In addition to that we also saved outsourcing cost but this year WPM is being operated in full-fledged manner. Last year it was operated for only one and a half quarter it has given the full potential. So this year, we are going for Rs.150 Crores from that facility.

**Harshit:** From that facility okay and what is the current order book which you have Sir and is it possible for you to give the breakup in terms of defense and aerospace as far as the business is concerned?

**Sanjay Kumar Jha:** Yes we have today Rs.1570 Crores order book and in that some breakup is there. We will give you no problem but I will tell you total we have Rs.1578 Crores we have.

**Harshit:** And by the end of the year do you expect to cross Rs.2000 Crores in terms of order book Sir?

**Sanjay Kumar Jha:** In that 70% is defence and balance 30% we have aerospace, railways and others.





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- Harshit:** Okay Sir thank you Sir. Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Khush Nahar from Electrum Portfolio Managers Limited. Please go ahead.
- Khush Nahar:** Sir thank you for the opportunity. Sir one question regarding the order inflow so what kind of order inflow are we expecting say in the next three years?
- Sanjay Kumar Jha:** For the next three years.?
- Khush Nahar:** Yes like seeing our Q1 was Rs.550 Crores so would that be a sustainable order inflow expected?
- Sanjay Kumar Jha:** Today the market is good. Whatever we can execute we can get. The market is not the problem and I think one of the biggest thing I am able to see the opportunities for MIDHANI in the near future is coming from aerospace material so department is now pursuing in a big way to indigenously the materials for our earlier platform like Sukhoi and LCA for which export plan is there.. We are also fulfilling the LCA requirement and in future which can get the good requirement and AMCA project also developmental work is going on in the full swing. LCA Mk2 is coming now so Mk2 also we are getting some initial orders we have got so many things are there in the pipeline. Then some of the development for 110kn aero engine for AMCA so initial material development program has been finalized by development agencies so many things are lined up and you must be listening about the different type of missiles and all also is coming.
- Khush Nahar:** Right and Sir the second question what would be the execution period for order book of Rs.1578 Crores?
- Sanjay Kumar Jha:** It varies. I cannot say that many orders are there which I have to finish in three months also because the export orders the time is very less. We can give it three months but some of the orders we have the span of around two years also so it depends on that many things required for that like naval application we have some orders which varies from one and two years.
- Khush Nahar:** So average within two years?
- Sanjay Kumar Jha:** Average time if you see, if I say the total order, this order is for our MIDHANI I can say for one year to one and a half.



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- Khush Nahar:** One and half. Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Romil Jain from Electrum Portfolio Managers Limited. Please go ahead.
- Romil Jain:** Thanks for the opportunity Sir. Sir I just want to understand in the backdrop of this strong indigenization efforts at India level how has MIDHANI positioned itself over the last few years in terms of manpower, material, and policies at the company level because as the order flow keeps on getting stronger and stronger I think we will need to be much more agile so if you can just give some more strategic understanding of what is happening as the corporate level?
- Sanjay Kumar Jha:** See as you have rightly told that indigenization there is thrust on indigenization so what you need, you need the capacity, you need technology, you need the skilled manpower, and you need the proper policy in place to like I say corporate governance so all this things are in place and regarding capacity and all as you have seen the capex infusion by the company in the last four to five years which has been quite good I think those things are now paying us because we have the sufficient capacity to handle the requirements coming from indigenization parts.
- Romil Jain:** Okay and second is on aerospace as well as the titanium projects that you mentioned so just want to understand on the titanium side at what stage we are in terms of finalization of the projects and when the revenues can start coming in and broadly what kind of revenue can come post the titanium projects are in place and whether titanium would be helpful on the indigenization of the aerospace equipments and engines and sorts of that so this to it as a complementary question on aerospace as well as titanium if you can throw some light?
- Sanjay Kumar Jha:** See aerospace we have broadly three classes of materials are required special steel, then you have nickel based alloys super light. It is called super alloy also and titanium alloy so we have all the three areas and we are working on them Now what we are doing for titanium, is that, we are augmenting our capacity in titanium because we have a wide plate mill also. There also we need some input material so that we can make the flat product using the rolling so considering that, this facility has been expanded and already this month we are going to commission the entire facility.
- Romil Jain:** On the titanium side?



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**Sanjay Kumar Jha:** Titanium side and super alloy already we have capacity that is sufficient. Of course we are improving our equipment capability and technology. Those things are regular phenomena but super alloys we have no problem as far as the capacity as on today but there also I am seeing that good demands are coming in the future. Probably we have augment some more in the facilities for which already our people they are working and we have some projects for our future equipments and projects that has been planned now.

**Romil Jain:** Okay and in terms of bid pipeline in the last two to three years how has the pipeline changed for the company because we have seen very strong order inflow in the last two quarters or so before the indigenization efforts and everything that the government took and presently when we are sitting on this order book as well as pipeline how has the pipeline shifted if you can put a number to it and the conversion it would be really better to understand?

**Sanjay Kumar Jha:** Order flow you are asking.?

**Romil Jain:** No bid pipeline so we would have bided for certain projects which we have not got yet so how has that changed over the last five years?

**Sanjay Kumar Jha:** Bidding in the sense that it is not bidding. We are as and when we see the requirements we are bidding against that but I am just talking about at the level of equipment sanctioning itself. The Ministry of Defence has taken a very quick action and whatever are the requirements coming from the country like you have seen in the recent past. I will give one example of Tejas only. Tejas they have sanctioned. They have also given the ALH Helicopter. They are also sanctioning the different types of other requirements like missiles so those things are getting sanctioned fast. I think that is where India industry not only MIDHANI other industry also they are getting benefited so the moment we have that inflow, the requirement of materials will start increasing and in addition to that there is a need now considering the current global scenario and whatever you have your Russian origin platform or some Western origin platform you have to make your own material so that in a sense of cutoff in supply chain, your platforms will not get affected. Your operations will not get affected so that is the reason where there is a focus on that indigenization on the material which we are importing today for existing platform also so. One is that new platforms are getting sanctioned by the government quickly and existing platform also there is a need for indigenization of the raw material.

**Moderator:** Thank you. The next question is from the line of Rohit Ohri from Progressive Share Brokers Private Limited. Please go ahead.



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- Rohit Ohri:** Sir a couple of questions. The first one being you mentioned that you are working with some leading airplane manufacturers and if we go to the industry Airbus, Boeing and Tata Consortium they are looking at lot of developments in the civil final assembly line so is it fair to assume that Midhani can play a role over there for these giants and big players?
- Sanjay Kumar Jha:** Yes, in fact you are talking about the Tata Boeing.
- Rohit Ohri:** Yes sir.
- Sanjay Kumar Jha:** Yes, Tata Boeing is already having one facility in Hyderabad and they are working making some of the, I think assemblies and subassembly for them here so we have explored the possibility of getting included in the supply chain and we are already discussing with their team and it is possible to enter in that domain also but there is no bar there for the civilian or military. In fact they are working all for civilian aircraft so I am sure with the aerospace industry growing MIDHANI will have the opportunity to enter in that area also and in that situation maybe our existing capacity may not be sufficient. We have to look for some more addition of the facilities but we have the technology for that. See whatever material is going for aerospace industry going for the military or civilian the material will be the same.
- Rohit Ohri:** Okay and Sir when you say that the order book for the export is going to be like three to four times so are you looking to close the year with export orders more than Rs.100 Crores or something?
- Sanjay Kumar Jha:** Yes, in the tune of that is correct.
- Rohit Ohri:** Is it more than Rs.100 Crores or is it?
- Sanjay Kumar Jha:** We will tell you. Our target is to go for more than Rs.100 Crores, so we have right now Rs.35 Crores already. Already around Rs.15 Crores already we have executed. We are in discussion with the platform for another Rs.30 Crores to Rs.35 Crores.
- Rohit Ohri:** Okay. Sir when we talk about these order books and the short cycle and long cycle what proportion of it currently is a short cycle order book and what is a long cycle order book?
- Sanjay Kumar Jha:** Very few long cycle. 50% is long cycle and 50% is the short cycle.



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**Rohit Ohri:** Okay so that explain the reason why our margins or maybe that you have cut down your guidance to somewhere like 25% EBITDA margin is that the reason that the short cycle orders we get as little.

**Sanjay Kumar Jha:** Short cycle however is better for the company because you have to get quick money and short cycle is better in fact if you are getting short cycle also it is better for the company to perform. The only thing is that what type of margin you are booking the orders. As the order booking depends on that in what is your domain of working if you are going in the international supply chain that will be there, if you are also bidding against the community bidding in the domestic tender also there also the cost will come down so market is competitive definitely but the market opportunity is good, I will say market is competing but opportunity is good. We have the good potential.

**Rohit Ohri:** So that will get you volumes and sacrifice a little bit on the margin point is what you say?

**Sanjay Kumar Jha:** Yes, it is appropriate.

**Rohit Ohri:** Last two questions related to the raw material. I understand that there are certain difficulties but was that a one-off in this quarter related to the raw materials where you must have kind of liquidated some old raw material or some old assets and because the percentage if you see raw material is quite high for the quarter under review?

**Sanjay Kumar Jha:** Yes, in fact actually what Director of Finance is already putting this, answer to the question, because of our product has changed to the very high end see earlier if I was selling a steel of let us say Rs.2000 per kg, now I am selling super alloy at Rs.4000 per kg so definitely the cost of your input material go up.

**Rohit Ohri:** Okay.

**Company Speaker:** So we have to go for nickel, cobalt, we have to go for moly, we have to go for tungsten and these things are very costly in nature. Earlier that product mix super alloy was very less for the MIDHANI, now whatever super allow we have done the last financial year in entire year only in one quarter we have completed that much quantity.

**Rohit Ohri:** Okay so going forward this kind of the ratio for the raw material will continue what you are trying to say?



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**Sanjay Kumar Jha:** The raw material cost will be definitely on higher end, there is no doubt. Yes, we have to stop the today's market because market is also looking for that type of alloys only which is difficult to get elsewhere.

**Rohit Ohri:** So my last question related to this inventory that we continue to have and I understand there are certain strategic materials which is lying with us and probably there could be an event where there could be certain orders which may come where we can use this strategic material so want exactly are these kind of orders, is it related to HAL, Tejas helicopter or maybe due to some super conductivity materials what are these orders which if they come then our right?

**Sanjay Kumar Jha:** I will try to, first of all some of the word I will try to answer you. Superconducting has nothing to do. We are not making any superconducting material. Superconducting is totally different and no people more in the world they have come to the stage of making superconducting material coming to our scrap position precisely as you mentioned about the HAL. Aerospace industry is responsible for keeping us more amount of inventory because they are having a condition that you cannot use a recycled material for making any product. A product has to be made for aero engine or any moving part in the aircraft or even the other non-moving also could have the pure raw material so whatever reverse we generate in the process it will remain lying with us so if we have another customer where this type of conditions are not there we can serve those things so now we are trying to get some of the customers like that because the either from the domestic or from the national markets if it is there we are trying to consume those things, those materials. But aerospace will not allow to use recycled material.

**Rohit Ohri:** So sir hopefully these orders come maybe in next year or maybe two years and hopefully these inventories get liquidated and the questions keeps coming every quarter as to what we do with these inventories that question will be eliminated and there would be lot of cash flow that would come. Thank you sir, thanks a lot for answering my questions, thank you sir.

**Sanjay Kumar Jha:** Yes, thank you.

**Moderator:** Thank you. Next question is from the line Prabir Adhikary from Ratnabali Group. Please go ahead.

**Prabir Adhikary:** Hello.



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- Moderator:** Prabir you are not audible.
- Prabir Adhikary:** I am I audible.
- Sanjay Kumar Jha:** Yes audible.
- Prabir Adhikary:** Thank you for the opportunity. Sir my question is regarding this aerospace industry, as you say that.
- Moderator:** Prabir your audio is not coming clear, can you please speak through the handset.
- Prabir Adhikary:** Is it okay now.
- Moderator:** There is a bit of echo while you are speaking.
- Prabir Adhikary:** I am I audible right now properly sir.
- Moderator:** Slightly better.
- Prabir Adhikary:** Okay. My question is like you say that the elusive material are segregated majorly in three parts Titanium, another is super alloy these are specialized. I wanted to understand this aerospace market in India you said that mention of these material will give the company revenue stream. Right now if I consider a fighter jet so out of say for example if it is a Rs.100 cost so aerospace material cost would be how much and probably all these components will not be able to be manufactured in India because of the absence of the capability so what is the capability we have in India where we can manufacture part of that so that is what I wanted to understand sir?
- Sanjay Kumar Jha:** If I have understood correctly you are asking first what is the cost of materials used in a given jet engine? Is it correct?
- Prabir Adhikary:** Jet engine or an aircraft, sir.
- Sanjay Kumar Jha:** Aircraft per se is having a totally different material, aircraft if you see aircraft is going today with the composites, it is having the aluminium alloys, it contains many other things there, but what we are serving basically our material goes for the mostly for the aluminum related products and some of the aircraft also but...



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**Moderator:** Participants please stay connected while we rejoin the management back to the call. Ladies and gentlemen thank you for your patience. We have line for the management reconnected. Follow-up question is from line of Prabir Adhikary from Ratnabali Group. Please go ahead.

**Prabir Adhikary:** Hello sir, I am I audible right now.

**Moderator:** Yes sir go ahead.

**Prabir Adhikary:** Okay as you said that basically the aero engine market which your right now carrying if, I am saying that out of this for example if consider this aero engine market 100, then what is our availability, Indian companies capability in that and in that capability how much is public and how much is private?

**Sanjay Kumar Jha:** You are asking about the aero engine market potential?

**Prabir Adhikary:** Not market potential. I am asking that if a market is 100 then do we have the full capability to cater to full 100 or for example only 60% of that market we are right now capability to meet. If we are ready?

**Sanjay Kumar Jha:** Today aero engine market is a big market. If we are able to even serve the 2% also I am just saying 2% also it will be a very big achievement for us. Aero engine market is a very big market again. So as I have mentioned that if it starts growing in the country definitely we have to also increase our capacities in the future and probably we have to look for that, we can divert our business from other sector to aero engine sector, so aero engine market is at the nascent stage in the country now, very beginning stage and one advantage with our company is that we are in the aero engine material right from the beginning, so we have no problem in traversing our credentials in the market and our quality capability so that is what we have mentioned earlier and we are picking up on both sides so the first step towards that we are trying attach ourselves for getting certified in the international supply chain with aero engine manufacturing company so those things are getting certified means we have a better chance, if it comes in the India we can directly apply, like GE already is trying to see that how they can make the engine with HAL, so we are trying to see that how quickly we can establish ourselves as a aero engine material supplier company.

**Prabir Adhikary:** Okay sir. Thank you.

**Moderator:** Thank you. Next question is from the line of Amit Dixit from ICICI Securities Ltd. Please go ahead.





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**Amit Dixit:** Sir just a couple of questions from my side. Now this quarterly saw a very good revenue growth and you have mentioned that the order booking is also robust, so would you be willing to revise your guidance of 20% top line growth for this year I mean in FY2024?

**Sanjay Kumar Jha:** We have not revised it, but definitely we are adding more than 20.

**Amit Dixit:** Okay and the second question is more of a strategic one during PM's visit to US there were two agreements under discussion pertaining to security of supplier invent and then local dispense procurement agreement, now these agreements were essentially in light of what you discussed in the last call about you working with the US aerospace company, so wanted to understand where we are under these agreements have been moved ahead, is discussion going on and how much we are involved, how much benefit we will get from these if there is agreement?

**Sanjay Kumar Jha:** You are talking about the agreement just like deal you are talking?

**Amit Dixit:** Yes. The agreements that were under discussion during when PM visited the US?

**Sanjay Kumar Jha:** See what I say that as I mentioned earlier also that since we are trying to enter in the international supply chain of the GE so definitely when the GE is setting a facility in India we will have a fair advantage and better advantage to tie up with them but right now there is no commitment as such but they are going to talk for there all the requirements because this is also in the preliminary stage but we are trying to see that how we can get qualified or getting established as a material supplier to GE aero engine domain.

**Amit Dixit:** Okay sir two more questions from my side. One is on there was a media article suggesting that you have a receipt order for armor for the Arjun MBT from Agni so just wanted to get a sense of how much is this order and when the timeline for this execution.

**Sanjay Kumar Jha:** See we have not received the order. I do not know why it has come in the media. We are in the process of negotiating the order because we are having the technology for that so we are now in the process of getting that but the values and all right now I cannot clear a figure as and when it is coming I will definitely give you the information that what is the amount of the orders. We are in the process of negotiating with that. So earlier also MIDHANI has only supplied that type of material to for armoring of the tank.

**Amit Dixit:** So when is it expected to be awarded that particular order?



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**Sanjay Kumar Jha:** Shortly I am seeing in this quarter..

**Amit Dixit:** Sir the last question from my side is that after this titanium capacity is commissioned what would be the capacity mix between titanium super alloys and the specialty steel?

**Sanjay Kumar Jha:** Capacity wise it is product mix that what I say titanium addition will be almost 500 tons we can produce extra whatever you are producing now so we will be almost reaching around 750 to 800 tons per annum.

**Amit Dixit:** Okay so great thank you and all the best.

**Moderator:** As there are no further questions, I will now hand the conference over to Mr. Amit Dixit for closing comments.

**Amit Dixit:** Hai everyone. Thanks for attending the call and thanks for very patiently answering our question. I will now pass on to call to Dr. Jha for closing remarks. Over to you sir.

**Dr. Sanjay Kumar Jha:** Okay closing remarks, I will ask my Director of Finance to talk.

**N. Gowri Sankara Rao:** Thank you very much. Thank you all the investor for your valuable question. MIDHANI is progressing every quarter by quarter as you people rightly said that the inventory levels which are very high, our concerns were already expressed. We are in the way of controlling the inventory when we are producing high value materials and the present conditions of the increasing cost due to the present international market conditions like Russia Ukraine war getting the material itself is a difficult situation still we are managing so the prices have increased but our operational efficiency we are able to maintain the margins as investors expect more margins but the margins may not come in percentage terms but we assure that in absolute terms the margin will go up, it means EBITDA, our net profit, PBT and all will go up and our plan is to more increase the revenue than concentrate on margins and utilize our facilities at optimum extent. Thank you once again. Thank you all the investors. Thank you very much.

**Sanjay Kumar Jha:** Okay. Thank you.

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