Mishra Dhatu Nigam (MISDHA)

CMP: ₹ 365 | Target: ₹ 460 (+26%) | Target Period: 12 months | **BUY**

November 17, 2025

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 1869 crore as of Sep-25 end, of which ~70% 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 H1FY26 revenue was down 10.7% YoY (as some production could not be converted to sales due to delays in processing superalloys), overall execution is expected to pick-up in the coming quarters. Management has maintained its revenue guidance of ~Rs 1300 crore in FY26E, which implies growth of 40+% YoY in H2FY26. Order backlog stands at ₹ 2220 crore (2.1x 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 500 crore in H2FY26
- **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 would start producing result in the coming period. Moreover, focus on improving plants utilisation with recycling of scrap would help in further margin improvement. Margins for the quarter declined, but management reiterates its FY26E margin guidance at 23%

Rating and Target Price

- Midhani is expected to benefit substantially from robust order prospects, new product developments with increasing indigenisation. Pick-up in execution with recovery in margins will be the key factors to watch-out for in coming quarters. During the period FY25-28E, we estimate revenue CAGR at ~17% while EBITDA & PAT CAGR at ~24% & ~30% respectively as the margins are expected to improve in the coming periods. We maintain Buy on Midhani with a revised TP of ₹ 460 (based on 35x P/E on FY28E)

MIDHANI

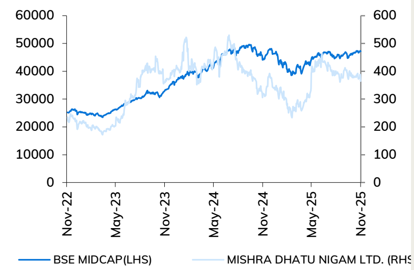
Particulars

Particulars	Rs crore
Market Capitalisation	6,838
FY25 Gross Debt	234
FY25 Cash	51
EV	7,021
52 Week H/L (Rs)	469 / 217
Equity Capital	187.3
Face Value	10.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	74.0	74.0	74.0	74.0
FII	1.3	1.7	1.3	1.4
DII	8.5	8.8	9.0	8.8
Others	16.3	15.6	15.7	15.8

Price Chart



Key risks

i) Dependent on govt contracts

ii) High working capital requirement

iii) Availability of key raw materials

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Year-end March)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	859	872	1,073	1,074	7.7	1,257	1,458	1,698	16.5
EBITDA	262	258	194	218	(6.0)	283	341	412	23.6
EBITDA margin (%)	30.5	29.5	18.1	20.3		22.5	23.4	24.3	
Net Profit	177	156	92	111	(14.4)	156	196	245	30.3
EPS (Rs)	9.4	8.3	4.9	5.9		8.3	10.5	13.1	
P/E (x)	38.7	43.8	74.5	61.7		43.7	34.9	27.9	
EV/EBITDA (x)	26.8	28.0	36.8	32.2		24.6	20.2	16.6	
RoCE (%)	17.9	14.5	10.1	11.2		14.3	16.2	18.1	
RoE (%)	14.8	12.2	7.0	7.8		10.2	11.7	13.1	

Source: Company, ICICI Direct Research

Q2 and H1FY26 Result Summary

- Revenue declined by 20% YoY (+23% QoQ) at Rs 209.7 crore in Q2FY26
- EBITDA margin contracted by 306 bps YoY (-443 bps QoQ) to 15.6% on account of higher other costs
- Subsequently, EBITDA decreased by 33.1% YoY (-4.2% QoQ) to Rs 32.8 crore. PAT was down by 45.4% YoY (flattish on QoQ) to Rs 13 crore
- For H1FY26, revenue is down by 10.7% YoY at Rs 380.2 crore with EBITDA margin standing at 18% (vs 17% in H1FY25) and PAT at Rs 25.9 crore (-10.7% YoY)

Q2FY26 Earnings call highlights

- The revenue during the quarter declined due to delay in order realization and inventory build-up; however bottom line remained supported through stable margins
- The inventory build-up is due to long lead time for superalloy orders (3-4 months processing)
- Management reiterates their FY26E revenue at ~Rs 1300 crore (+21% YoY), driven by pick-up in execution across segments with EBITDA margin of 23%
- Orders book stands at ₹ 2220 crore (1.8x TTM revenue), of which majority of orders, (70%) are from Defence sector comprising aero, naval and army platforms while the rest 30% consists of space, exports, energy and others.
- The company expects a further order inflow of ~Rs 500 crores (tenders participated will get converted to order by Mar'26) in H2FY26E, with Rs 990crore booked in YTDFY26
- The management expects execution of titanium (Rs 600 crore), superalloys (Rs 450 crore) orders and increased contribution from space, nuclear, and energy sectors to drive growth
- The company has developed new products such as "Adbhudh" a bulletproof jacket (most lightweight till date), ultra-supercritical thermal project materials (nickel-based superalloys), and metallic powder production for additive manufacturing to reduce imports
- The company has also signed an MOU with government recently for secure critical raw material storage to prevent supply disruptions (metal bank). This would be operated by the company but ownership would be in the hand of companies
- The management targets medium-term vision of 10–20% annual revenue growth supported by infrastructure upgrades (forging & downstream processing), and establishment of metal bank and new powder metallurgy unit while progressive growth towards Rs. 2,000+ crore revenue with domestic and export expansion future vision plans for 2030 & 2047
- Defence segment forming 70% of current order book includes aero-engine alloys, missile programs, and bulletproof jackets
- For space segment the company is currently supplying maraging steels and superalloys for PSLV, GSLV, LVM3, SSLV, and Gangayaan missions
- In Energy, management sees ultra-supercritical thermal and nuclear energy segments gaining traction
- Regarding shipbuilding they are supplying specialized wide and thick plate steels while exploring opportunities to grow with government focus on naval expansion
- For exports the management foresees a potential in targeting ~₹150 Cr annually post NADCAP certification (expected Q4 FY26)
- Moreover, the company is building parts for aerospace segment while participating in RFPs and also qualifying. They have around 500 grade materials of which 100 are for aerospace till date

- Management aims to set up a unit to convert liquid metal to powder as these are currently being imported in the country and such powders have critical uses

Exhibit 1: Q1FY26 result snapshot (₹ crore)

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments	H1FY26	H1FY25	YoY (%)
Revenue	209.7	262.1	-20.0	170.5	23.0	Execution for the quarter declined due to lower execution	380.2	425.6	-10.7
Other income	8.9	8.5		7.1			16.0	16.3	
Total Revenue	218.7	270.7		177.6			396.3	441.9	
Raw materials costs	71.7	110.5		38.9			110.6	157.5	
Employees Expenses	33.4	35.1		32.2			65.6	66.3	
Other Expenses	71.9	67.6		65.2			137.1	129.5	
Total Expenditure	177.0	213.2		136.3			313.3	353.3	
EBITDA	32.8	49.0	-33.1	34.2	-4.2		66.9	72.3	
EBITDA margins (%)	15.6	18.7	-306 bps	20.0	-443 bps	EBITDA margin has improved due to lower RM prices and operational efficiencies	17.6	17.0	62 bps
Interest	5.8	7.9		6.2			12.0	14.7	
Depreciation	16.8	15.7		16.1			32.9	31.0	
Tax	6.4	10.4		6.2			12.5	14.2	
PAT	13.0	23.7	-45.4	13.0	-0.1		25.9	29.0	-10.7

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 2: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Net Sales	1,074	1,257	1,458	1,698
% Growth	*0.1*	*17.0*	*16.0*	*16.5*
Other income	30.9	37.1	40.8	44.9
Total Revenue	1,074	1,257	1,458	1,698
% Growth	*0.1*	*17.0*	*16.0*	*16.5*
Total Raw Material Costs	431	524	608	708
Employee Expenses	142	152	168	184
other expenses	283	297	342	394
Total Operating Expenditure	856	974	1,117	1,286
Operating Profit (EBITDA)	218	283	341	412
% Growth	*12.3*	*29.9*	*20.3*	*21.0*
Interest	29	25	25	25
PBDT	220	296	357	432
Depreciation	63	67	71	76
PBT before Exceptional Items	156	228	285	356
Total Tax	46	73	91	114
PAT before MI	110	155	194	242
PAT	111	156	196	245
% Growth	*20.8*	*41.1*	*25.4*	*25.0*
EPS	5.9	8.3	10.5	13.1

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	111	156	196	245
Depreciation	63	67	71	76
Interest	29	25	25	25
Cash Flow before WC changes	204	248	292	346
Changes in inventory	29	(182)	(194)	(278)
Changes in debtors	(87)	(54)	(54)	(86)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	77	(1)	(4)	(5)
Net Increase in Current Assets	15	(228)	(253)	(370)
Changes in creditors	(27)	27	39	26
Changes in provisions	1	9	13	9
Net Inc in Current Liabilities	(20)	75	101	93
Net CF from Operating activities	199	96	140	69
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(48)	(75)	(100)	(100)
Net CF from Investing activities	(30)	(48)	(60)	43
Dividend and Dividend Tax	(95)	(34)	(56)	(56)
Net CF from Financing Activities	(135)	(60)	(81)	(81)
Net Cash flow	34	(13)	(1)	31
Opening Cash/Cash Equivalent	17	51	38	37
Closing Cash/ Cash Equivalent	51	38	37	69

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	187.3	187.3	187.3	187.3
Reserve and Surplus	1,228	1,349	1,489	1,678
Total Shareholders funds	1,415	1,537	1,677	1,865
Other Non Current Liabilities	639.1	747.8	867.4	1,010.6
Total Debt	234	234	234	234
Total Liabilities	2,424	2,643	2,902	3,235
Gross Block	1,403	1,458	1,543	1,643
Acc: Depreciation	332	399	471	547
Net Block	1,071	1,059	1,073	1,096
Capital WIP	25	45	60	60
Total Fixed Assets	1,099	1,108	1,137	1,160
Non Current Assets	4	4	4	4
Inventory	1,281	1,463	1,657	1,936
Debtors	410	465	519	605
Other Current Assets	24	25	29	34
Cash	51	38	37	69
Total Current Assets	1,787	2,002	2,253	2,654
Current Liabilities	93	121	160	186
Provisions	90	90	91	92
Total Current Liabilities	491	566	666	759
Net Current Assets	1,296	1,436	1,587	1,895
Total Assets	2,424	2,643	2,902	3,235

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
EPS	5.9	8.3	10.5	13.1
Cash per Share	2.7	5.8	10.0	11.7
BV	75.5	82.0	89.5	99.6
Dividend per share	5.1	1.8	3.0	3.0
Dividend payout ratio	86%	22%	29%	23%
EBITDA Margin	20.3	22.5	23.4	24.3
PAT Margin	10.5	12.4	13.5	14.4
RoE	7.8	10.2	11.7	13.1
RoCE	11.2	14.3	16.2	18.1
RoIC	9.7	12.5	14.4	16.5
EV / EBITDA	32.2	24.6	20.2	16.6
P/E	61.7	43.7	34.9	27.9
EV / Net Sales	6.5	5.5	4.7	4.0
Sales / Equity	0.8	0.8	0.9	0.9
Market Cap / Sales	6.4	5.4	4.7	4.0
Price to Book Value	4.8	4.4	4.1	3.7
Asset turnover	0.7	0.7	0.8	0.8
Debtors Turnover Ratio	2.9	2.9	3.0	3.0
Creditors Turnover Ratio	10.1	11.8	10.4	9.8
Debt / Equity	0.2	0.2	0.1	0.1
Current Ratio	7.2	7.2	6.8	7.2
Quick Ratio	1.8	1.8	1.7	1.8

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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