Mishra Dhatu Nigam (MISDHA)

CMP: ₹ 398 | Target ₹ 470 (18%) | Target Period: 12 months | BUY

November 19, 2026

Titanium and superalloys drive growth; capex to expand capability

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 ₹ 2164 crore as of Sep-26 end, of which ~74% is contributed by aerospace and defence segment

Investment Rationale:

- **Higher-value titanium and superalloys are driving the next phase of growth** Company's H1FY27 revenue grew ~41% to ₹535.4 crore reflecting a continued recovery in revenue, while the order book stands at ~₹2,164 crore. MIDHANI is increasingly shifting its product mix towards titanium alloys and superalloys, which offer higher realisations and better margins than conventional special steels. The company had already achieved titanium melting of ~700 tonnes in FY26, with further growth expected in FY27. It has also secured development orders for specialised titanium grades for the AMCA programme and is working on new grades for aerospace and aero-engine applications. The receipt of GE's S400 certification, ongoing NAS-410 qualification and audits by global aerospace OEMs could help MIDHANI move towards direct supplies and long-term contracts. Management expects revenue growth of around 20% in FY27, with EBITDA margins likely to exceed 23%, supported by higher volumes and operating leverage.
- **Capacity expansion and import substitution provide a longer-term growth opportunity:** MIDHANI estimates an addressable import-substitution opportunity of ~₹8,000 crore in superalloys and steel, with most of these grades within its existing manufacturing capabilities, subject to additional capacity. The proposed ₹1,000 crore capex in the next 2-3 years, including a ~₹400 crore wide-plate mill, is expected to expand its ability to manufacture high-strength steel plates and cater to strategic applications across defence, space and energy. The company is also setting up a ~₹40 crore metal powder facility for additive manufacturing, while its MoU with the Heavy Water Board for recovery of nickel and cobalt from plant reverts could strengthen the domestic supply of critical raw materials. These initiatives, along with opportunities in AMCA, aero-engines, nuclear energy and exports, provide scope to scale up the business over the medium term.

Rating and Target Price:

- Midhani is expected to benefit substantially from robust order prospects, new product developments with increasing indigenisation. We estimate revenue CAGR at ~15% while EBITDA & PAT CAGR at ~24% & ~30% for FY26-28E period respectively. We maintain Buy on Midhani with a TP of ₹ 470 (based on 40x P/E on FY28E)

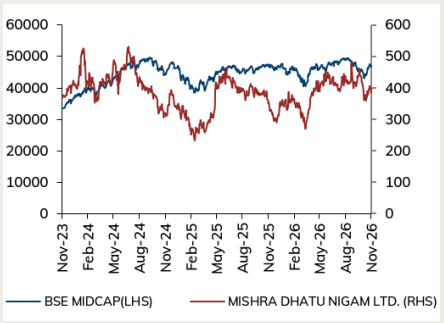
Particulars

Particulars	Amount
Market Capitalisation (₹ Crore)	7,456
FY26 Gross Debt (₹ Crore)	284
FY26 Cash (₹ Crore)	194
EV (₹ Crore)	7,546
52 Week H/L (₹)	482 / 267
Equity Capital	187.3
Face Value	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	74.0	74.0	74.0	74.0
FII	1.3	1.3	2.6	2.1
DII	7.9	7.8	7.4	7.3
Others	16.8	16.9	16.1	16.6

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

Key Financials (₹ Crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	1,073	1,074	1,209	6.1	1,432	1,604	15.2
EBITDA	194	218	238	10.6	321	364	23.8
EBITDA margin (%)	18.1	20.3	19.7		22.4	22.7	
Net Profit	92	111	131	19.7	194	219	29.2
EPS	4.9	5.9	7.0		10.3	11.7	
P/E (x)	81.2	67.3	56.7		38.5	34.0	
EV/EBITDA (x)	40.0	35.0	31.8		23.2	20.8	
RoCE (%)	10.1	11.2	11.5		15.7	15.4	
RoE (%)	7.0	7.8	8.6		11.5	11.8	

Source: Company, ICICI Direct Research

Q2FY27 result summary

- Revenue increased by 41.1% YoY (23.6% QoQ) to ₹ 295.9 crore, driven by improved execution across its business segments
- EBITDA increased 51.5% YoY (+35.5% QoQ) to ₹49.6 crore, with EBITDA margin expanding by 115 bps YoY (+148 bps QoQ) to 16.8%. PAT increased 114.8% YoY (+69.0% QoQ) to ₹27.8 crore
- For H1FY27, revenue grew 40.8% YoY to ₹535.4 crore, while EBITDA increased 28.8% to ₹86.2 crore, with margins at 16.1% (-149 bps YoY). PAT increased 70.9% YoY to ₹44.3 crore

Q2FY27 call highlights

- Management reiterated its revenue growth target of ~20% in FY27, with the second half expected to be stronger than the first half. Management expects FY27E EBITDA margin at 23%+, supported by higher sales and operating leverage, despite elevated raw-material and LPG costs
- The order book stands at ₹2,164 crore (1.6x TTM revenue) as of Oct-26, with aerospace accounting for 35%, space 22%, naval 14%, missiles 10% and energy 8%; the balance comprises other segments. Management expects additional orders of around ₹450–500 crore during Q3FY27, with the order book providing execution visibility for the next 1.5–2 years
- The company received GE's S400 certification during H1FY27, enabling it to undertake mechanical, chemical and metallography testing. MIDHANI is currently evaluating 4–5 enquiries and expects better traction in H2FY27. Management is also engaging with global aerospace and aero-engine OEMs, including GE, Rolls-Royce, Boeing, Airbus, Safran and CFM, with customer audits and qualification processes underway.
- Management is pursuing NAS-410 qualification for non-destructive testing (NDT), which it expects to obtain by FY27E. The certification would help meet aerospace OEM qualification requirements and enable MIDHANI to directly address a wider set of customers. Management indicated that the approval process is lengthy, as OEMs evaluate the company's entire manufacturing infrastructure and multiple product categories.
- The company is increasingly focusing on higher-value titanium and superalloy products, which offer better realisations than conventional special steels. Management indicated that titanium and superalloy volumes are expected to increase as the company has added 15–20 new grades, with most of the development focused on titanium and superalloys.
- MIDHANI has received development orders for specialised titanium grades for the AMCA programme. These grades are currently under development and execution, with production orders expected after successful qualification.
- The company is engaging with global aerospace OEMs for direct supplies, with audits and discussions progressing. Management expects the process to move towards long-term contracts over the coming year. Unlike several existing fixed-price contracts, these proposed contracts are expected to include price-variation clauses and scheduled monthly supplies, providing better protection against raw-material cost volatility.
- Management indicated that the ₹8,000 crore import-substitution opportunity in superalloys and steel remains significant. However, converting this opportunity into orders will require additional manufacturing capacity
- The proposed ₹1,000 crore capex programme has received in-principal Board approval. This investment is expected to be implemented over ~3 years, with further clarity on the project and funding modalities expected in the next quarter. Management highlighted that the expansion is necessary to address larger import-substitution opportunities and

support revenue growth beyond the existing capacity of around ₹1,500 crore.

- Around ₹400 crore of the proposed capex is earmarked for the new wide-plate mill. The facility will be capable of rolling plates up to 3.2 metres wide, including high-strength steel used in rocket motor and missile casings. The mill will support strategic applications across space, defence and energy and create an import substitution reliability
- The company is setting up a titanium and other metal powder manufacturing facility for additive manufacturing, with an investment of around ₹40 crore. MIDHANI has received preliminary technology licensing approval and placed an equipment purchase order.
- The metal bank initiative is progressing, with five customers identified. Procurement for one customer is almost complete, while the second is under process; management expects the reserves to be fully established by FY27. The initiative is intended to ensure the availability of critical imported raw materials during supply-chain disruptions
- MIDHANI has signed an MoU with the Heavy Water Board under the Department of Atomic Energy for recovering nickel and cobalt from plant reverts. The recovered metals will be tested for purity and suitability for reuse in the company's melting process, reducing dependence on imported critical minerals over the longer term.
- The spring manufacturing facility is operational, and the company is progressing with the required licences and certifications. MIDHANI has received some smaller orders, while larger opportunities from railway and other customers remain subject to certification and approvals.
- MIDHANI is participating in naval-sector tenders for specialised alloys and has entered discussions for recently announced opportunities. Management expects to provide better visibility on potential orders in the next quarterly call, once the tender process progresses.
- While new players are entering the market, management believes the qualification process and established manufacturing capabilities create a significant entry barrier and re-affirm their established position in the space sector, supplying materials across all stages of PSLV and GSLV launch vehicles
- Management indicated that elevated raw-material prices, particularly nickel and cobalt, remain linked to geopolitical developments and supply-chain conditions. While some moderation has been observed, the outlook remains uncertain. Higher volumes, a gradual shift towards higher-value products and the proposed price-variation clauses in future OEM contracts are expected to support profitability over time

Exhibit 1: Q2 and H1FY27 consolidated result overview (₹ crore)

Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments	H1FY27	H1FY26	YoY (%)
Revenue from operations	295.9	209.7	41.1	239.5	23.6	Strong execution in all segments	535.4	380.2	40.8
Other income	10.3	8.9		10.0			20.3	16.0	
Total Revenue	306.2	218.7		249.5			555.7	396.3	
Raw materials costs	118.7	71.7		91.3			210.0	110.6	
Employees Expenses	34.9	33.4		37.3			72.2	65.6	
Other Expenses	92.7	71.9		74.3			167.0	137.1	
Total Expenditure	246.3	177.0		202.9			449.2	313.3	
EBITDA	49.6	32.8	51.5	36.6	35.5		86.2	66.9	
EBITDA margins (%)	16.8	15.6	115 bps	15.3	148 bps	Margin improvement by operating leverage despite elevation in costs	16.1	17.6	-149 bps
Interest	4.8	5.8		6.1			10.8	12.0	
Depreciation	16.5	16.8		16.6			33.1	32.9	
Tax	11.1	6.4		7.6			18.7	12.5	
PAT	27.8	13.0	114.8	16.5	69.0		44.3	25.9	70.9

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Net Sales	1,074	1,209	1,432	1,604
% Growth	0.1	12.5	18.5	12.0
Other income	30.9	38.0	41.8	45.2
Total Revenue	1,074	1,209	1,432	1,604
% Growth	0.1	12.5	18.5	12.0
Total Raw Material Costs	431	520	594	651
Employee Expenses	142	145	159	175
other expenses	283	306	358	413
Total Operating Expenditure	856	971	1,112	1,240
Operating Profit (EBITDA)	218	238	321	364
% Growth	12.3	9.0	35.0	13.6
Interest	29	25	21	20
PBDT	220	251	341	389
Depreciation	63	66	70	82
PBT before Exceptional Items	156	184	272	307
Total Tax	46	53	79	89
PAT before MI	110	131	193	218
PAT	111	131	194	219
% Growth	20.8	18.6	47.4	13.3
EPS	5.9	7.0	10.3	11.7

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	111	131	194	219
Depreciation	63	66	70	82
Interest	29	25	21	20
Cash Flow before WC chg	204	223	285	321
Changes in inventory	29	(52)	(119)	(130)
Changes in debtors	(87)	(144)	(15)	(68)
Changes in loans & Advances	-	-	-	-
Changes in other CA	77	8	(6)	(3)
Net Incr in Current Assets	15	(188)	(129)	(202)
Changes in creditors	(27)	21	23	16
Changes in provisions	1	2	9	5
Net Inc in Current Liabilities	(20)	87	93	68
Net CF from Op activities	199	123	249	187
Chg in deferred tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(48)	(49)	(200)	(350)
Net CF from Inv activities	(30)	10	(72)	(252)
Dividend and Dividend Tax	(95)	(24)	(34)	(43)
Net CF from Fin Activities	(135)	10	(165)	17
Net Cash flow	34	143	11	(48)
Opening Cash/Cash Eq	17	51	194	205
Closing Cash/ Cash Eq	51	194	205	158

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	187.3	187.3	187.3	187.3
Reserve and Surplus	1,228	1,345	1,495	1,671
Total Shareholders' funds	1,415	1,532	1,682	1,858
Other Non-Current Liabilities	639.1	689.5	817.1	915.1
Total Debt	234	284	184	264
Total Liabilities	2,424	2,645	2,823	3,177
Gross Block	1,403	1,462	1,538	1,828
Acc: Depreciation	332	398	468	550
Net Block	1,071	1,064	1,070	1,278
Capital WIP	25	16	140	200
Total Fixed Assets	1,099	1,082	1,212	1,481
Non-Current Assets	4	-	-	-
Inventory	1,281	1,333	1,452	1,582
Debtors	410	554	569	637
Other Current Assets	24	15	21	24
Cash	51	194	205	158
Total Current Assets	1,787	2,117	2,258	2,412
Current Liabilities	93	114	137	154
Provisions	90	90	91	92
Total Current Liabilities	491	578	671	739
Net Current Assets	1,296	1,539	1,587	1,673
Total Assets	2,424	2,645	2,823	3,177

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	5.9	7.0	10.3	11.7
Cash per Share	2.7	10.4	11.0	8.4
BV	75.5	81.8	89.8	99.2
Dividend per share	5.1	1.3	1.8	2.3
Dividend payout ratio	86%	18%	17%	20%
EBITDA Margin	20.3	19.7	22.4	22.7
PAT Margin	10.5	11.1	13.5	13.7
RoE	7.8	8.6	11.5	11.8
RoCE	11.2	11.5	15.7	15.4
RoIC	9.7	10.6	15.1	14.4
EV / EBITDA	35.0	31.8	23.2	20.8
P/E	67.3	56.7	38.5	34.0
EV / Net Sales	7.1	6.2	5.2	4.7
Sales / Equity	0.8	0.8	0.9	0.9
Market Cap / Sales	6.9	6.2	5.2	4.6
Price to Book Value	5.3	4.9	4.4	4.0
Asset turnover	0.7	0.7	0.8	0.8
Debtors Turnover Ratio	2.9	2.5	2.6	2.7
Creditors Turnover Ratio	10.1	11.7	11.4	11.0
Debt / Equity	0.2	0.2	0.1	0.1
Current Ratio	7.2	7.4	7.1	7.2
Quick Ratio	1.8	2.2	2.0	2.1

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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