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India | Equity Research | Results Update

Mishra Dhatu Nigam

Defence

Improving outlook; shifting supply chain network to benefit

MIDHANI's Q4FY26 EBITDA, at INR 1.16bn, undershot estimates. The miss stemmed from lower gross margins (mix and commodity price inflation) despite in-line revenues (46% of annual execution) as MIDHANI executed pent-up order. Management guides for INR 150bn revenues in FY27 with a higher margin profile of 23–25%. We maintain our thesis of MIDHANI being a key beneficiary of the global material supply-chain shift and the Indian government's endeavours to expand the aerospace manufacturing ecosystem. Recent capability development like single crystal blade and fastener facility should augment margins. OB is at a comfortable level of INR 23bn. Given the better margin guidance, our FY27E/FY28E EPS is now 9%/8% higher. We raise our TP to INR 480, based on 35x FY28E EPS.

H2 surge vindicates guidance

MIDHANI delivered its best-ever quarter in Q4FY26, with its topline broadly in line with our estimate; thus, validating management's repeated assertion that execution shortfalls in H1 were a timing phenomenon, and not a structural one. Highlights: 1) Revenue grew 34.6% YoY to INR 5,527mn, with QoQ doubling, as deferred H1 dispatches were executed. 2) EBITDA, at INR 1,160mn, grew 24.3% YoY, with margins down 170bps at 21% (higher input costs at current stage). 3) Other income jumped to INR 144mn (vs. INR 76mn in Q4FY25), reflecting higher treasury income on a robust cash balance. 4) PAT of INR 777mn grew 38.5% YoY at an effective tax rate of 27.3%. 5) Current order book (OB) is at ~INR 23bn with expected order inflow (OI) to the tune of ~INR 15bn in FY27.

Certification and product pipeline to improve OI

The CEMILAC airworthiness certification and NADCAP heat treatment certification collectively unlocks direct OEM procurement; thus, meaningfully expanding the addressable customer base and shortening order conversion cycles. The single-crystal blade material qualification, could open a high-value niche with very limited domestic competition. It is also well placed to capture incremental demand from the AMCA programme, and naval platforms; all of which are structurally multi-year in nature. Management has been explicit that the INR 20bn in topline is achievable from existing melting capacity alone and addressing the bottleneck is downstream throughput and yield. We expect capex intensity to ramp up through FY27–28, with revenue benefits accruing from FY28 onwards as equipment commissioning and qualification cycles play out.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	10,741	12,086	14,745	17,694
EBITDA	2,180	2,376	3,244	4,070
EBITDA Margin (%)	20.3	19.7	22.0	23.0
Net Profit	1,101	1,308	1,955	2,557
EPS (INR)	5.9	7.0	10.4	13.6
EPS % Chg YoY	20.6	18.8	49.5	30.8
P/E (x)	71.0	59.7	40.0	30.6
EV/EBITDA (x)	24.2	21.4	31.6	27.0
RoCE (%)	7.7	8.3	10.9	12.7
RoE (%)	8.1	8.9	12.0	13.8

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Market Data

Market Cap (INR)	78bn
Market Cap (USD)	816mn
Bloomberg Code	MIDHANI IN
Reuters Code	MISR BO
52-week Range (INR)	469 / 267
Free Float (%)	26.0
ADTV-3M (mn) (USD)	4.5

Price Performance (%)	3m	6m	12m
Absolute	21.2	33.3	0.1
Relative to Sensex	28.5	46.0	8.0

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	4.0	4.0
EBITDA	4.0	4.0
EPS	8.6	7.9

Previous Reports

18-02-2026: [Q3FY26 results review](#)

15-11-2025: [Q2FY26 results review](#)

Outlook: Steadily marching towards INR 20bn revenue target; mix improvement to aid margins as well.

MIDHANI's OB of INR 23bn, provides visibility of ~18 months. However, the key highlights for FY26 were strong execution in Q4 and gaining new certification, which would allow the company to enjoy better customer reach. Developing single crystal blades marks a key milestone, as these were not only offering higher value due to limited competition but the TAM could be significant considering India's ambition to develop its own engine manufacturing ecosystem. Given the local procurement policy, we expect MIDHANI to be a beneficiary of the developing ecosystem and continue to grow for the next 5–6 years without facing huge challenges.

We expect MIDHANI to replenish the orders executed in FY27 (guidance is INR 15bn) and maintain book to bill of over 1.5x, providing ~20% revenue CAGR visibility over the next couple of years. We have raised our EPS by 9%/8% for FY27E/FY28E to factor in a better margin profile (still at the lower end of guidance). Consequently, our target price rises to INR 480 (INR 445), based on unchanged multiple (35x FY28E EPS)

Exhibit 1: Earnings revision

(INR mn)	FY27E			FY28E		
	New	Old	% Chg	New	Old	% Chg
Sales	14,745	14,178	4.0	17,694	17,014	4.0
EBITDA	3,244	3,119	4.0	4,070	3,913	4.0
PAT	1,955	1,801	8.6	2,557	2,369	7.9

Source: I-Sec research

Key risks

- Slower-than-expected ramp-up of newly commissioned VAR.
- Delays in key Government programmes.
- Inventory build-up due to higher-than-expected development time.

Q4FY26 conference call: Takeaways

FY26 operational highlights

- Production volume of titanium nearly doubled to ~700te.
- Developed and qualified first-ever cast superalloy single-crystal blade material.
- 700nos.+ ring-rolled rings of superalloys/titanium supplied for aero engines.

Guidance

- Management guides for revenue to the tune of INR 15bn (~20% growth) in FY27 (including exports of INR 1bn) with EBITDA margin in the range of 23-25% for FY27.
- Management expects OI of ~INR 15bn in FY27.
- Management reiterated its INR 20bn revenue target in the next 3 years, which will likely be achievable from existing capacity; with capex focused on efficiency and yield improvement.

Certifications

- Secured NADCAP certification for heat treatment, which enables direct OEM procurement.

- Secured CEMILAC airworthiness certification for 10 critical aerospace-grade superalloys and steels.

OB

- OB is currently at INR 22.9bn, as of 1 Apr'26. OB breakup: 1) Titanium ~27%; and 2) Defence ~72%

Capex

- Capex of INR 10bn is planned over the next 3 years.
- Focus on downstream equipment replacement (forging, bar rolling, wire drawing) with automated Industry 4.0-enabled lines.
- DPRs in advanced stages; board approval expected within 1-2 months, as per management.

Metal Bank

- MoU signed with major stakeholders for the formation of Metal Bank.
- Metal Bank is expected to de-risk supply-chain disruptions; where inventory would be on customers' books.
- MIDHANI will be appointed as custodian for 6 critical raw materials (nickel, cobalt, molybdenum, tungsten, vanadium, chromium).

Key updates

- Aerospace fastener manufacturing facility has been inaugurated; it produces superalloy, titanium alloy and special steel fasteners for critical aerospace and defence applications.
- OEM engine supplier qualification:** Multiple audit visits completed by major international engine OEM. Management is expecting commercial supply qualification by FY27-end.
- Powder manufacturing facility:** Purchase order for various machinery has been placed; regulatory clearance for dual-use equipment pending. Management expects clarity by Q1FY27-end.

Exhibit 2: MIDHANI's Q4FY26 performance review

(INR mn)	Q4FY26	Q4FY25	% Chg YoY	Q3FY26	% Chg QoQ
Revenue	5,527	4,106	34.6	2,757	100.5
EBITDA	1,160	933	24.3	546	112.3
EBITDA Margin (%)	21.0	22.7	(1.7)	19.8	1.2
Dep	167	164		169	
Other income	144	76		76	
EBIT	1,138	846	34.5	453	151.0
Interest	68	74		63	
PBT	1,070	772	38.7	390	174.5
Tax	292	210		115	
PAT	777	561	38.5	275	183.1
Tax Rate	27.3%	27.2%		29.5%	
Orderbook	22,900	18,320	25.0	24,400	(6.1)
Order Inflow	4,027	3,059	31.7	8,467	(52.4)

Source: I-Sec research, Company data

Exhibit 3: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	74.0	74.0	74.0
Institutional investors	10.2	9.3	9.2
MFs and others	7.2	6.3	6.1
FIs/Banks	0.1	0.1	0.2
Insurance	1.6	1.6	1.6
FIIIs	1.4	1.3	1.3
Others	15.8	16.7	16.8

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	10,741	12,086	14,745	17,694
Operating Expenses	4,254	4,507	4,886	5,298
EBITDA	2,180	2,376	3,244	4,070
EBITDA Margin (%)	20.3	19.7	22.0	23.0
Depreciation & Amortization	635	664	691	726
EBIT	1,546	1,711	2,553	3,344
Interest expenditure	-	-	-	-
Other Non-operating Income	309	380	437	481
Recurring PBT	1,560	1,841	2,752	3,599
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	460	533	797	1,042
PAT	1,101	1,308	1,955	2,557
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,101	1,308	1,955	2,557
Net Income (Adjusted)	1,101	1,308	1,955	2,557

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	17,866	21,153	23,177	25,309
of which cash & cash eqv.	510	1,922	(21,638)	(28,307)
Total Current Liabilities & Provisions	4,906	5,760	7,061	7,926
Net Current Assets	12,960	15,393	16,117	17,383
Investments	253	239	239	239
Net Fixed Assets	10,712	10,636	10,945	12,219
ROU Assets	-	-	-	-
Capital Work-in-Progress	251	158	1,158	1,658
Total Intangible Assets	28	27	27	27
Other assets	36	0	0	0
Deferred Tax Assets	-	-	-	-
Total Assets	24,241	26,453	28,486	31,526
Liabilities				
Borrowings	2,341	2,840	2,859	3,279
Deferred Tax Liability	518	561	617	678
provisions	23	24	26	29
other Liabilities	7,209	7,708	7,708	7,708
Equity Share Capital	1,873	1,873	1,873	1,873
Reserves & Surplus	12,276	13,446	15,402	17,958
Total Net Worth	14,150	15,320	17,275	19,832
Minority Interest	-	-	-	-
Total Liabilities	24,241	26,453	28,486	31,526

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	2,057	1,245	(21,341)	(4,362)
Working Capital Changes	(44)	(1,020)	(24,282)	(7,932)
Capital Commitments	(480)	(494)	(2,000)	(2,500)
Free Cashflow	1,577	751	(23,341)	(6,862)
Other investing cashflow	(52)	50	0	0
Cashflow from Investing Activities	(532)	(444)	(2,000)	(2,500)
Issue of Share Capital	-	-	-	-
Interest Cost	(294)	(251)	(238)	(226)
Inc (Dec) in Borrowings	(744)	999	19	419
Dividend paid	-	-	-	-
Others	(143)	(138)	-	-
Cash flow from Financing Activities	(1,181)	611	(219)	193
Chg. in Cash & Bank balance	344	1,412	(23,560)	(6,669)
Closing cash & balance	510	1,922	(21,638)	(28,307)

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	5.9	7.0	10.4	13.6
Adjusted EPS (Diluted)	5.9	7.0	10.4	13.6
Cash EPS	9.3	10.5	14.1	17.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	75.5	81.8	92.2	105.9
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	0.1	12.5	22.0	20.0
EBITDA	12.3	9.0	36.5	25.5
EPS (INR)	20.6	18.8	49.5	30.8
Valuation Ratios (x)				
P/E	71.0	59.7	40.0	30.6
P/CEPS	45.0	39.6	29.5	23.8
P/BV	5.5	5.1	4.5	3.9
EV / EBITDA	24.2	21.4	31.6	27.0
P / Sales	7.3	6.5	5.3	4.4
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	59.9	56.9	55.1	52.9
EBITDA Margins (%)	20.3	19.7	22.0	23.0
Effective Tax Rate (%)	29.5	29.0	29.0	29.0
Net Profit Margins (%)	10.2	10.8	13.3	14.4
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.1	0.0	1.4	1.6
Net Debt / EBITDA (x)	0.7	0.3	7.5	7.7
Profitability Ratios				
RoCE (%)	7.7	8.3	10.9	12.7
RoE (%)	8.1	8.9	12.0	13.8
RoC (%)	5.6	6.2	5.7	5.0
Fixed Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	465	435	942	954
Receivables Days	149	181	353	358
Payables Days	34	37	59	60

Source Company data, I-Sec research

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