



Quick Insight

MISHRA DHATU NIGAM LTD (MIDHANI)



Industry	Aerospace & Defence
CMP	₹229.5
M Cap	₹43.0bn
Buy Range	₹210-220
Target	₹270-280
Recommendation	BUY

Highlights

- MIDHANI is one of the leading manufacturers of special steels, Super alloys and **sole manufacturer of titanium alloys in India.**
- Presently, more than 70% of its products (value wise) cater to strategic customers viz. Ordnance Factory Board (OFB), Defence Research & Development Organisation (DRDO), Indian Space Research Organisation (ISRO), Hindustan Aeronautics Ltd. (HAL), and Department of Atomic Energy (DAE) etc. In addition, MIDHANI also supplies special alloys and products to commercial sector including Larsen & Toubro, BHEL, Titanium equipment etc
- The company is looking to enter into the new markets of oil and gas, mining, power, railways, chemical and fertilizers. **Utkarsha Aluminium Dhatu Nigam Ltd** a 50:50 joint venture promoted by MIDHANI and National Aluminium Company Ltd, to set up a 60,000 tons per annum high-end aluminium alloy production plant in the Nellore district of Andhra Pradesh.
- The company has set up an **armour facility at Rohtak, Haryana** which is an exclusive facility for armour products which will be commissioned in FY23, order book visibility for this facility is good and it has started FY23 with order booking of about ₹1bn.
- A plant with a capacity of 60,000 Springs per year has been set up by the company to manufacture Springs indigenously. It has already received a few development orders from the Railway Board for the supply of springs for LHB coaches and wagons
- The company also signed an MoU with the Indian Force for developing and indigenising various metal powders such as titanium alloys, aluminium alloys, and special steel for additive manufacturing process for the production of aviation items. It is likely to get orders for Sukhoi engine parts going forward which could be a big trigger over long term period. Order related to bulletproof jackets is likely to convert into order inflow in the near term
- On 16 September 2022, the company has secured an order of ₹1.85bn, with this, the order booking position for YTFY23 at ₹4.7bn. The open order book position as on date is ₹15.35bn.

Mishra Dhatu Nigam Ltd. (MIDHANI)

Company Background

Mishra Dhatu Nigam Ltd (MIDHANI) Ltd, established in the year 1973 under the Ministry of Defence as a Government of India (GoI) enterprise **is one of the leading manufacturers of special steels, Super alloys and sole manufacturer of titanium alloys in India.** The company manufactures special steels (martensitic steel, ultra-high strength steel, austenitic steel and precipitation hardening steel), three varieties of Super alloys (nickel base, iron base and cobalt base) and titanium alloys. **The company provides high value niche products to end user segments, like defence, space, nuclear, power and aeronautics etc.** With the advancement in technology, materials such as super alloys, titanium alloys and special steels, which are the core products of MIDHANI and its applications as well, have witnessed incremental demand. Increased demand for these products from space and energy sector has resulted in increase of production over the years. Apart from this, the GoI is promoting domestic manufacturing and export of defence and aerospace products; this could bring huge opportunities to domestic alloys and titanium manufacturers like MIDHANI. The company also offers metallurgical testing, evaluation and consultancy services. Besides, **Utkarsha Aluminium Dhatu Nigam Ltd is a 50:50 joint venture promoted by MIDHANI and National Aluminium Company Ltd, to set up a 60,000 tons per annum high-end aluminium alloy production plant in the Nellore district of Andhra Pradesh.** With GoI & MIDHANI's initiatives leading to a boost in defense production and heavy equipment manufacturing in India, demand for MIDHANI's products is likely to increase over the medium to long term. **The company has also planned to take up some new projects and aims for geographical expansion and operate from multiple locations. It also intends to cater to sectors such as oil and gas, mining, power, and railways.** The current low utilisation levels and higher value blend through supplies to ISRO and defence could lead to boost in its revenue in the next two to three years.

Investment Rationale

- **Established market position in manufacturing super alloys and titanium for strategic sectors and highly experienced management team** – Over the past four decades, MIDHANI has established its position as a leading supplier of a wide range of super alloys and titanium with various shapes and sizes to sectors such as defence, space and atomic energy. MIDHANI manufacturing facilities are equipped with cutting edge technologies and processes enabling to deliver superior quality product at minimum lead time. It has the capability to manufacture a wide range of advanced products across the value chain, includes melting, forging, rolling, wire drawing, investment casting, machining and quality testing segments. **First company in India to carry out vacuum based melting and refining through its best-in-class vacuum melting furnace including vacuum induction melting, vacuum arc re-melting, vacuum degassing/ vacuum oxygen decarburization, electro slag re-melting and electron- beam melting.** Over the years, the company has built a strong and mutually beneficial relationship with customers and partnered with many of key customers in the product development process, enabling products to meet their requirement along with ensuring repeat orders. The company's longstanding presence and strong capabilities have led to healthy customer relationships and patronage from key clients in the defence and space research sectors. The company also intends to cater to sectors, such as oil and gas, mining, power and railways.

Presently, more than 70% of MIDHANI's products (value wise) cater to strategic customers viz. Ordnance Factory Board (OFB), Defence Research & Development Organisation (DRDO), Indian Space Research Organisation (ISRO), Hindustan Aeronautics Ltd. (HAL), and Department of Atomic Energy (DAE) etc. In addition, MIDHANI also supplies special alloys and products to commercial sector including Larsen & Toubro, BHEL, Titanium equipment etc. The primary raw materials used by the company for manufacturing various products are: (a) Nickel metal; (b)

Nifty	17,332
Sensex	58,222
Key Stock Data	
CMP	₹229.5
Market Cap (₹)	₹43.0bn
52W High/Low	₹236/156
Shares o/s (mn)	187.34
Daily Vol. (3M NSE Avg.)	5,189,000
Shareholding Pattern (%) Jul'22	
Promoter	74.0
FII's	0.5
Mutual Funds	12.7
Insurance	1.9
Public	10.9

Particulars	FY19	FY20	FY21	FY22
Operating Revenue	7,108	7,129	8,132	8,595
EBITDA	1,837	1,977	2,453	2,623
EBITDA Margin (%)	25.8	27.7	30.2	30.5
Net Profit	1,306	1,581	1,664	1,766
EPS (₹)	7.0	8.4	8.9	9.4
DPS (₹)	2.2	2.6	2.8	3.1
RoE (%)	15.6	16.5	15.5	14.8
RoCE (%)	8.8	7.2	8.9	8.3
P/E (x)	32.9	27.2	25.8	24.3
EV/EBITDA (x)	24.9	25.4	20.5	18.4
P/BV (x)	5.2	4.5	4.0	3.6

Particulars	FY23E	FY24E
Operating Revenue	10,464	12,308
EBITDA	3,012	3,817
EBITDA Margin (%)	28.8	31.0
Net Profit	4,488	5,189
EPS (₹)	10.4	13.2
DPS (₹)	3.5	4
RoE (%)	15.1	16.2
RoCE (%)	9.1	11.3
P/E (x)	22.0	17.4
EV/EBITDA (x)	15.4	13.1
P/BV (x)	3.2	2.9

Source: Company, Way2Wealth

Cobalt metal; (c) Various Master Alloys; (d) Pure Iron; (e) Titanium sponge; (f) Chromium metal; (g) Mild Steel scrap/ Stainless Steel scrap; (h) High Carbon/ Low Carbon Ferro Chrome; (i) Aluminium metal; (j) Manganese Metal; and (k) Various Ferro alloys. The company has in-house metallurgical laboratories to cater to the testing required for products.

MIDHANI has highly qualified and experienced management and has strong metallurgical team of key employees having the ability to utilise the metallurgical knowledge.

Dr. Sanjay Kumar Jha, is the Chairman and Managing Director of Company. He holds a Doctor of Philosophy (Ph.D) in Engineering from Homi Bhabha National Institute. He is also a Metallurgical Engineering graduate from NIT Jamshedpur. Earlier, he was the Director of Production and Marketing in the company. He has an overall experience of 30+ years. He joined Company on July 05, 2016. Prior to joining this Company, he was associated with Nuclear Fuel Complex ("NFC"), Hyderabad. He has carried out Simulation and modelling of two dissimilar metals used for development of fusion technology. He has also developed Titanium half alloy and full alloy tube in different sizes for Light Combat Aircraft and PSLV applications.

Shri T. Muthukumar, is the Director (Production & Marketing). He has completed his Bachelor of Engineering (Metallurgy) from Bharathiar University, Coimbatore, Tamil Nadu. He has over 34 years of experience in the Steel industry. Before moving to MIDHANI, he was working as Chief General Manager (Projects) at Durgapur Steel Plant from the year 2020 onwards.

Alloys	Products	
SUPERALLOYS	LONG PRODUCTS	INVESTMENT CASTINGS
Nickel alloys – Superni	Bars	Equiaxed, Vacuum Melted / Vacuum Cast
Cobal alloys – Superco	Bright bars	Equiaxed, Vacuum Melted /Air Cast
Iron alloys – Superfer	Wire/Fine Wires	
TITANIUM & TITANIUM ALLOYS	FLAT PRODUCTS	SPECIAL PRODUCTS
Commercially pure titanium;	Hot Rolled Sheet	Biomedical-Implants
Alpha and near alpha alloys;	Cold Rolled Sheet	Fasteners
Beta-alloys	Strip	Armour Products
SPECIALITY STEELS	OPEN DIE FORGINGS	Welding Consumable
Martensitic Steels	Flanges	
High Strength Special Steel	Hollow parts	
Austennitic Steels	Hollow	
Percipitation Hardening Steels	Disc Dia	
OTHER METAL & ALLOYS	Rings Outer dia	
Soft Magnetic alloys		
Controlled Expansion Alloys		

Manufacturing Facilities
Hyderabad Unit
Melting Technology
Forging and Ring Rolling Plant
Heat Treatment Plant
Hot Rolling Plant
Cold Rolling Plant
Bar and Wire Plant
Fasteners Plant
Investment Casting Plant
Rohtak Unit
Armour products manufacturing plant

Source: Company

- **Aerospace, Aviation, Defence and Automobiles to be the main driver industries of high performance alloys** – High-performance alloys also known as **superalloys** — are metal materials designed to provide enhanced characteristics, like higher mechanical strength, better corrosion and oxidation resistance, greater thermal creep resistance. These properties enable them to withstand use in demanding applications, like aerospace and marine industries. The worldwide market for high-performance alloys is estimated to reach \$15.64 bn in 2030, with revenue CAGR of 5.3% during that time period. The Non- Ferrous Metal segment within the high performance alloys is expected to increase at a 5.6% CAGR to reach \$5.4 bn by the conclusion of the analysis period. Another segment, Super Alloys currently accounting for 30.9% of the global market for High Performance Alloys is projected to grow at a CAGR of 4.3% for the next 7-year period. Top car manufacturers employ high-performance alloys to minimise total vehicle weight. Other significant factors projected to fuel market expansion include innovations in aluminium and magnesium mining, as well as increasing extraction of alloying metals. **In terms of revenue, India is projected to grow CAGR of ~ 9.7% from 2020 to 2027.** There has been a rise in utilisation of super alloys in aerospace, oil & gas, automotive, and other industries. As it facilitates improved operating efficiency and reduced environmental emissions. The demand for super alloys is primarily driven by the aerospace industry. **Aerospace Super alloys market size valued at US\$ 1.98 bn in 2020 and is likely to grow at a CAGR of 9.2% from 2021 to 2027.** India's passenger growth is expected to reach 442 mn by 2035, according to the International Air Transport Association (IATA), with the aviation industry sustaining 19.1 mn jobs and contributing \$172 billion to the country's GDP. According to Boeing, India will require an additional 2,500 passenger planes to fulfill its fast increasing demand. 3.56 mn Tonnes of goods were handled. Indian airlines have placed big aircraft orders to meet present and expected increases in demand for commercial air travel. By 2038, the country's aviation fleet is expected to triple in size, reaching over 2500 aircraft.
- **Titanium** – Titanium has applications in various industries such as automotive, construction and aerospace. Their low thermal expansion and co-efficient fire resistance properties escalate the market demand hugely. The Titanium market size is expected to reach US\$ 7.6bn by 2025, after rising at a CAGR of 4.7% from 2020 to 2025. Numerous uses of titanium alloys, fuelled by their low thermal expansion and high co-efficient fire resistance, have driven up market demand dramatically. The most common use for titanium is aerospace, which is expected to expand at a CAGR of 4.3% during the projected period.
 - **Specialty Steel** – The large consumption of Special Steel in the rising industries of car, aviation, aerospace, and railway is expected to have a favourable influence. From 2020 to 2027, the Special Steel Market is expected to increase at a CAGR of 2.4%, from US\$ 207.8 bn in 2019 to US\$ 252.2 bn in 2027. Over the projected period, rising demand for manufacturing tools and machineries will drive market expansion. Over the forecast period, rising urbanisation in emerging nations would significantly boost market growth. Plus on 22 July 2021, the Govt approved a ₹63.22bn PLI scheme to boost the production of specialty steel in India over FY23-27. The government through this scheme aims to promote manufacturing of such steel grades within the country. Also, the government aims to boost the domestic production of 'Specialty Steel' and attract significant investment for production of 'Specialty Steel' in the country. The ministry had chosen 5 categories of specialty steel which have been chosen in the PLI Scheme – including coated/plated steel products, high strength/wear resistant steel, specialty rails, alloy steel products and steel wires, and electrical steel. As per the government's expectation, the specialty steel production will become 42 mn tonnes by the end of FY27 and the export of specialty steel will become around 5.5mn tonnes by the same period. The move is expected to attract an additional investment of about ₹400bn and generate 525k job opportunities. Initially, 29 March 2022 was the last date for manufacturers to apply for the

benefits under the PLI (Production-Linked Incentive) scheme for specialty steel. It was later extended till 30 April 2022 and again to 31 May 2022. 10 applications and 58 registrations have been received so far by players. On 17 August 2022 the last date was further extended to 15 September 2022.

- **Product development over the last two years could bring strong earning visibility going forward** – MIDHANI has been engaged in developing new products and technologies to cater the clients' demands. Apart from overseeing the research and development of new products, R&D Department in MIDHANI is also responsible for planning, team management, deployment of technical infrastructure and manpower to support specific processes.

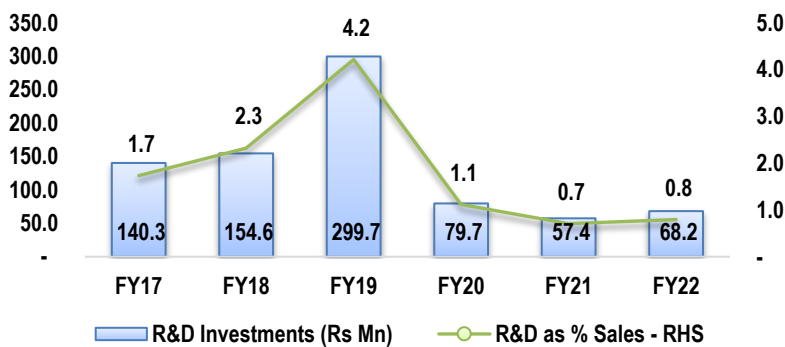
- **New products and technologies introduced in FY22**

- Successfully developed **PT 1M Seamless Pipes** for its strategic use in **Naval Sector**.
- Manufactured dummy **Spherical Pressure Hull (SPH)** of Dia 2.2 Meters ring for National Institute of Ocean Technology (NIOT) which is first ever in India. MIDHANI also forged and supplied first ever **Zircalloy Tubes** for its use in energy application
- The company borated **Zirconium strip** for use in energy application
- The company developed and manufactured '**Fluid End Component**'- **MDN 16-5-1, Super Martensitic Stainless Steel** for Oil and Gas Sector
- Manufactured and dispatched **Ferni 36** and **Ferni 36 M** used in precision instruments, valves in engines, clocks, seismic gauges, relays, transformers etc.
- Developed **FerCoNi**, an **Iron-Nickel-Cobalt** alloy that exhibits coefficient of thermal expansion similar to glass (both borosilicate & alumina).
- Developed **SOFTMAG 48B**, a soft magnetic iron-nickel alloy, consisting of 48% Nickel and exhibits high magnetic permeability with high saturation level.
- Developed and supplied **13-8Mo, a precipitation Hardening (PH) Martensitic Steel**, newly developed grade for Oil and Gas sector.
- Developed **Cobalt free special steel** finds its applications in tooling industry for service temperatures upto 350°C.
- Developed and manufactured **Superalloy 276** is a solid solution strengthened Nickel-Molybdenum-Chromium alloy with a small addition of Tungsten. It is one of the premier corrosion resistance materials for process industries.

- **New products and technologies introduced in FY21**

- Developed **Rolled Homogenous Armor (RHA)** steel for Missile Penetration Test
- Manufactured large size forged slab made of **Titanium alloy** for **GAGANYAAN** mission.
- Developed **Superfer 52**, a high strength precision alloy for spring application.
- Developed **Cobalt free high strength steel** for export order.
- Developed and supply of wide slab made of **Titanium alloy** for **Advanced Medium Combat Aircraft (AMCA)** project.
- Developed Fine grained bar feed stock made of **Super alloy** for **Aero engine disc Application**.
- Developed Blade blank for **Adour Engine** and **Aero grade Bearing Steel**.
- Process optimization of **special alloys** using **AI**.

Last 5 Yrs Revenue from R&D at ₹2.58bn



Source – Company, Way2Wealth

- **New units as well as modernisation plans to enter into new business could bring more opportunities in future** – The company has decided for geographical expansion to operate from multiple locations and the company is in process of setting up two new manufacturing units in Nellore and facilities in Rohtak is almost in complete mode. Besides, the company is looking to enter into the new markets of oil and gas, mining, power, railways, chemical and fertilizers. **MIDHANI and NALCO Joint Venture, Utkarsha Aluminium Dhatu Nigam Ltd. is setting up Aluminium Alloy Plant. The company proposes to manufacture High end Aluminium Alloy at Nellore, Andhra Pradesh. The company will contribute ₹1.7bn as its equity contribution over the next 2-3 years. The company has set up an armour facility at Rohtak, Haryana which is an exclusive facility for armour products which will be commissioned in FY23, order book visibility for this facility is good and it has started FY23 with order booking of about ₹1bn. A plant with a capacity of 60,000 Springs per year has been set up by the company to manufacture Springs indigenously. It has already received a few development orders from the Railway Board for the supply of springs for LHB coaches and wagons.**

MIDHANI commissioned wide plate mill in FY22 which includes an entire product range including Low alloys Steel, Stainless Steel, Titanium Alloys, Super Alloys, Armour Steel, and wide range of products. The company is setting up 8T Vacuum Induction Melting Furnace to enhance capacity in manufacturing of special steel and super alloys and operational contribution from this facility could start in FY23. The company also signed an MoU with Indian Force for developing and indigenising various metal powders such as titanium alloys, aluminium alloys, and special steel for additive manufacturing processes for the production of aviation items. Order related to bulletproof jackets is likely to convert into order inflow in the near term. It is likely to get orders for Sukhoi engine parts going forward which could be a big trigger over long term period. With upgradation and modernisation plan over the last decade contributed towards setting up of additional facilities, increase in production tonnage capacity and product diversity, the company has positioned itself to serve existing and new customers in domestic markets as well as entered into new business areas of strategic and national importance.

Key Risks

- Global and national economic slowdown, political, policy and civic uncertainty are key concerns. Besides, some challenges on supply of raw material disruptions on account of ongoing conflict between Ukraine and Russia which could put a lot of pressure in some of raw materials as well as the sales .
- The company imports all raw materials, such as nickel, cobalt, molybdenum, pure iron and titanium, the prices of which are highly volatile. Hence, profitability remains susceptible to fluctuations in raw material prices and forex rates. Plus it has limited

control over sales realisation considering High cost of select products and long delivery periods in select areas.

- These procurements are mostly covered under exchange rate variation clause for reimbursement of exchange rate variations arising out of foreign currency fluctuations.
- Competition from private players like **Sunflag Steel, Super Alloy Castings, Doncasters, Continental Steel & Tube, Heanjia Super Metals, AMG Superalloys UK Limited, American Casting Company, California Metal & Supply, Inc., AAA Metals Co., High Performance Alloys, Inc, Hurlen Corp/ Kenig Aerospace** etc and imports.
- MIDHANI largely depends on one manufacturing facility, based in Hyderabad, Telangana. Any significant interruption to or loss or shutdown of operations could impact its business going forward. The company's operations may be subject to unexpected interruptions.
- A significant portion of more than 70% of MIDHANI's products cater to strategic customers in sectors such as Space, Defence and Energy. Any slowdown in these could have a material adverse effect on business, financial condition, results of operations and future prospects.
- Any sustained rise in fuel and power costs could impact its margins as it is a big user.
- Working Capital days were high at 408 days as on 31 March 2022, mainly on account of large work-in-progress and finished goods inventory, given the prolonged production cycle. Moderation of inventory days from 464 days remains a key monitorable over the medium term.

Q1FY23 Net profit impacted by high inventories

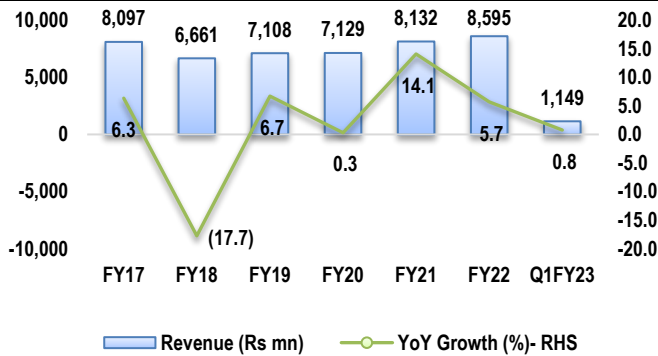
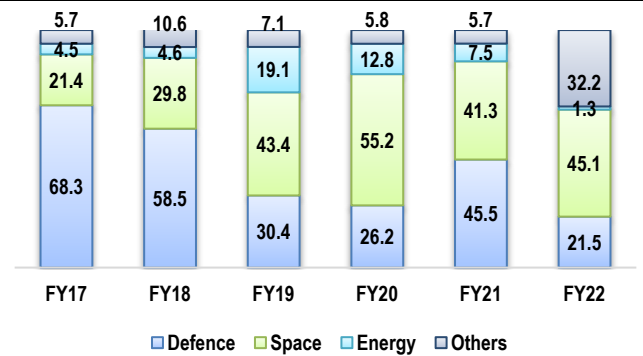
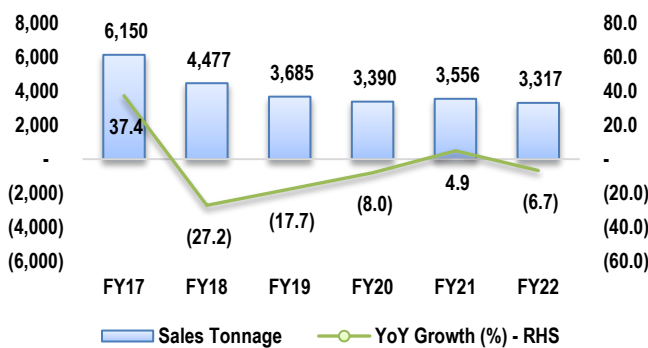
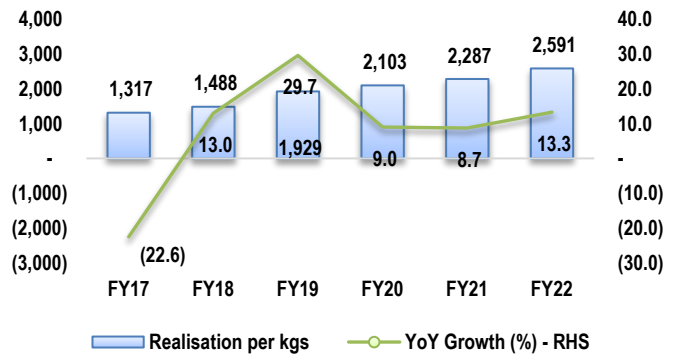
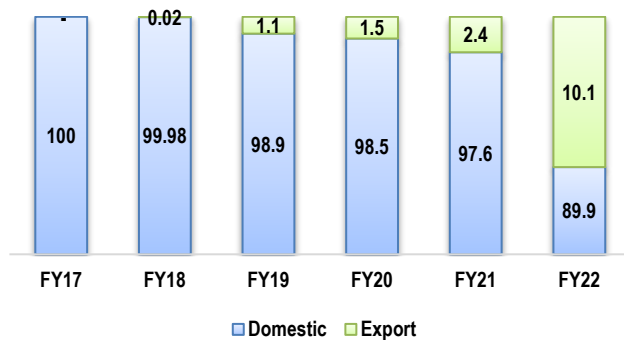
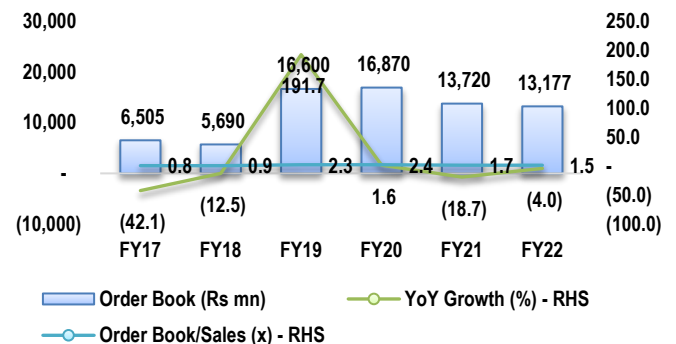
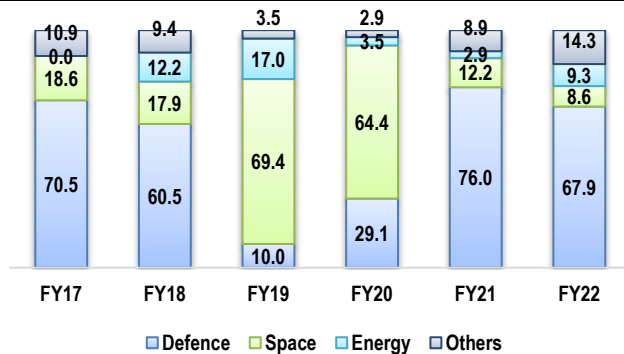
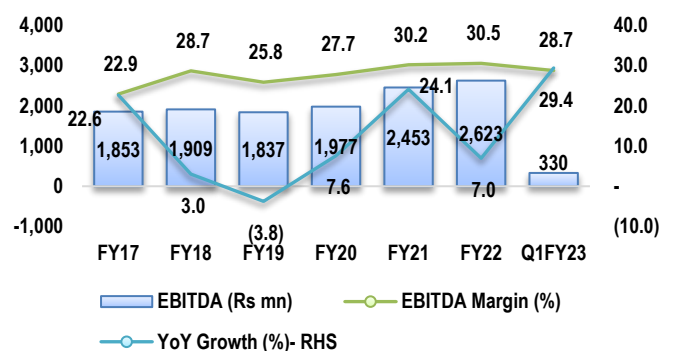
MIDHANI reported 1% YoY consolidated revenue growth to ₹1.15bn in Q1FY23, EBITDA for the quarter was +30% YoY at ₹330.2mn with EBITDA margin at 28.7% (-898 bps QoQ) vs. 22.3% in Q1FY22. PAT was at ₹177.7mn in Q1FY23, ~-5% YoY. PAT in the quarter was impacted because of higher depreciation cost and interest cost. Value of production in Q1FY23 was 90% higher on a YoY basis. Depreciation expense was at ₹123.7mn, +80% YoY and finance costs for the quarter were at ₹46.3mn, +158% YoY. As per the management, the Inventory had risen by ₹1.19bn which will get translated into sales in Q2FY23 and Q3FY23. Order book stood at ₹13.6bn as on 30 June 2022 compared to ₹13.17bn as on 31 March 2022 and order inflow was at ₹1.57bn in Q1FY23, order book consists of 37% from Space, 48% from Defence, and 11% from other Energy and export related projects. On 16 September 2022, the company has secured an order of ₹1.85bn, with this, the order booking position for YTD FY23 at ₹4.7bn. The open order book position as on date is ₹15.35bn.

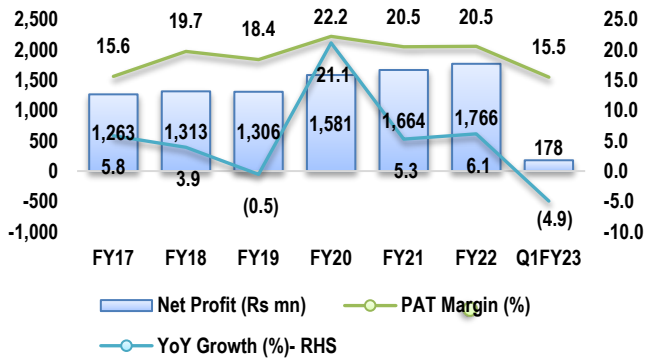
(₹mn)								
Particulars	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
Revenue	1,149.3	1,140.5	0.8	3,232.9	(64.5)	8,594.9	8,132.3	5.7
Cost of Matl	1,066.4	268.8	296.7	1,221.5	(12.7)	3,449.0	1,700.7	102.8
Inventory Changes	(1,187.5)	(80.0)	1,385.3	(528.8)	124.6	(1,541.0)	415.9	(470.5)
Employee Exps	268.8	292.2	(8.0)	322.0	(16.5)	1,225.4	1,210.1	1.3
Other Exps	671.4	404.2	66.1	999.1	(32.8)	2,838.3	2,353.1	20.6
EBITDA	330.2	255.2	29.4	1,219.1	(72.9)	2,623.1	2,452.5	7.0
EBITDA Margin (%)	28.7	22.4	635	37.7	(898)	30.5	30.2	36
Other Income	73.9	81.9	(9.8)	156.9	(52.9)	313.1	198.3	57.9
Depreciation Exps	123.7	68.6	80.5	121.0	2.3	330.0	270.0	22.2
Finance Cost	46.3	18.0	157.6	150.4	(69.2)	215.0	120.0	79.2
Exceptional Item	-	-	NM	-	NM	-	-	NM
JV Profit /(Loss)	0.6	(1.18)	(154.5)	0.74	(13.3)	3.10	1.31	135.8
PBT	234.7	249.4	(5.9)	1,105.3	(78.8)	2,394.3	2,262.3	5.8
Tax	57.0	62.5	(8.7)	294.7	(80.6)	628.1	598.0	5.0
Net Profit	177.7	186.9	(4.9)	810.6	(78.1)	1,766.2	1,664.2	6.1
EPS (Rs)	0.9	1.0	(4.9)	4.3	(78.1)	9.4	8.9	6.1

Source – Company, Way2Wealth

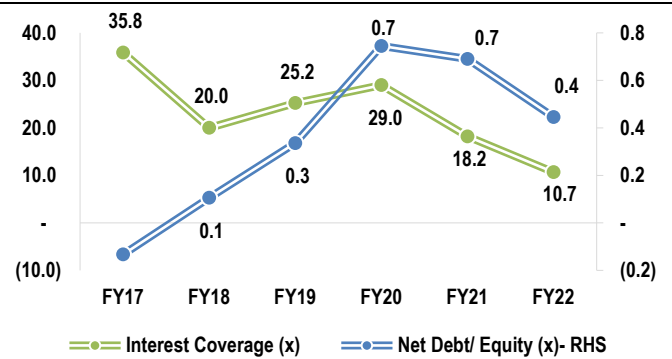
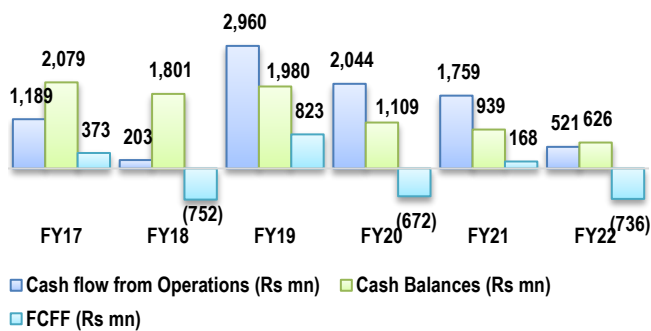
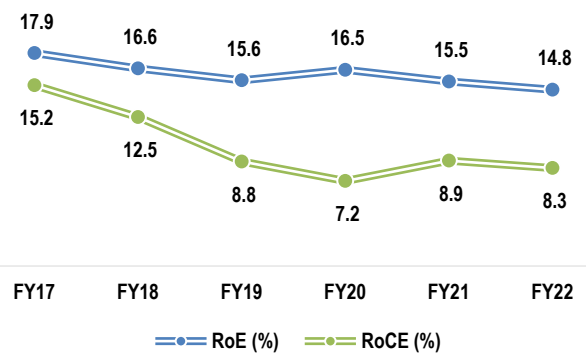
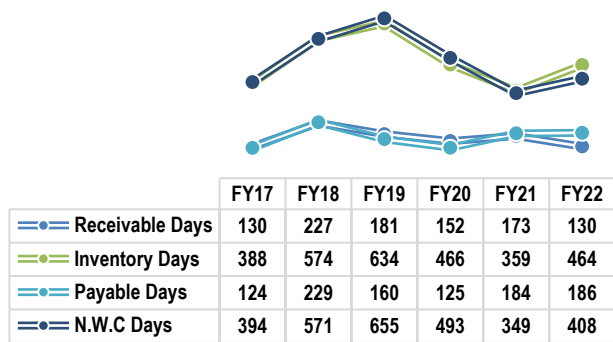
View

The company manufactures a variety of super alloys, titanium and titanium alloys, special-purpose steels, controlled-expansion alloys, soft magnetic alloys, electrical-resistance alloys, molybdenum products, and other special products made as per customer specifications. With the advancement in technology in industries like automobiles, aerospace, defence, materials such as super alloys, titanium alloys and special steels, which are the core products of MIDHANI and its applications as well, have witnessed incremental demand. With the current Indian government's promotion of domestic manufacturing and export of defence and aerospace products is likely to bring huge opportunity to domestic alloys and titanium manufacturers like MIDHANI. Considering its expertise in dealing with strategic industries mentioned above since many years **we recommend it as a BUY with a target price range ₹270-280 P/E 17.4x FY24 EPS ₹13.2.**

PAST PERFORMANCE
Revenue CAGR 1.2% FY17-22

Revenue mix (%) trend

Sales tonnage CAGR -11.6% FY17-22

Sales Realisation CAGR ~15% FY17-22

Share of Export Revenue mix (%) increasing

Order book CAGR 15.2% FY17-22

Order Inflow CAGR ~21% FY17-22

EBITDA CAGR 7.2% FY17-22


PAT CAGR 7% FY17-22


Source: Company, Way2Wealth

Reduction in Inventories a key watchable to improve return ratios and cash balances even as debt is manageable


Source: Company, Way2Wealth

FINANCIALS & FORECASTING

(₹ mn)

Particulars (₹ mn)	FY19	FY20	FY21	FY22	FY23E	FY24E
Order Book	16,600	16,870	13,720	13,177	17,789	22,770
Revenue	7,108	7,129	8,132	8,595	10,464	12,308
EBITDA	1,837	1,977	2,453	2,623	3,012	3,817
EBITDA Margin (%)	25.8	27.7	30.2	30.5	28.8	31.0
Net Profit	1,306	1,581	1,664	1,766	1,956	2,478
EPS (₹)	7.0	8.4	8.9	9.4	10.4	13.2
DPS (₹)	2.2	2.6	2.8	3.1	3.5	4.0
RoE (%)	15.6	16.5	15.5	14.8	15.1	16.2
RoCE (%)	8.8	7.2	8.9	8.3	9.1	11.3
P/E (x)	32.9	27.2	25.8	24.3	22.0	17.4
EV/ EBITDA (x)	24.9	25.4	20.5	18.4	15.4	13.1
P/BV (x)	5.2	4.5	4.0	3.6	3.2	2.9
Net Debt/ Equity (x)	0.3	0.7	0.7	0.4	0.4	0.4
Debtors Days	181	152	173	130	130	130
Inventory Days	634	466	359	464	385	355
Creditor Days	160	125	184	186	180	175
Cash Balances	1,980	1,109	939	626	1,323	1,482
FCFF	823	(672)	168	(736)	1,015	1,108

Source : Company, Way2Wealth

Technical View

In 2018 MIDANI stock price made a decent start into stock markets and subsequently it consolidated in sideways range for next two year. In 2020 stock price made sharp up move and jump to all time high of 269 levels. During pandemic stock price remain volatile but managed cool off within the short period. Thereafter MIDANI stock once again slipped into consolidation and continued the same phenomena. Going through the broader chart structure, we could notice stock price has made strong base around 160 and during the prolonged consolidating it formed descending triangle pattern and recently gave a positive break out by penetrating the downward slopping trend line and has unlocked the upside potential. Hence, going forward we expect stock price are likely to revisit the all time high levels of 278 and cross above that may push the stock till Descending triangle pattern targets of 330 levels. Momentum indicator RSI (14) is holding higher top higher bottom formation and another long term indicator MACD is moving firmly in a positive zone. Hence looking at above factors MIDHANI stock price seems to be resumed fresh leg of up move and **we advocate to accumulate MIDHANI stock around 212 – 205 range for upside projections of 278 then 330. On the downside immediate supports are pegged at 180 and below 160 would act as crucial level.**



Source: Falcon 7

Disclaimer

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Disclosure of Interest Statement in MISHRA DHATU NIGAM LTD (MIDHANI) as on 07 October 2022

Name of the Security	MISHRA DHATU NIGAM LTD (MIDHANI)
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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