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CIN No : L72200TG1999PLC032836

Date: 20th May, 2026

To,

BSE Limited, P. J. Towers, Dalal Street, Mumbai-400001. (BSE Scrip Code: 543270)	NSE Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. (NSE Symbol: MTARTECH)
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Dear Sir/Madam,

**Sub: Disclosure under SEBI (Listing and Disclosure Requirements Regulations,2015)
Transcript of Earnings call held on 13.05.2026.**

Unit: MTAR Technologies Limited

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed the transcript of the earnings conference call conducted on **Wednesday, 13th May 2026 at 11:00 a.m. (IST)**.

The transcript of the earnings call is also available on website of the company i.e. www.mtar.in You are requested to kindly take the aforesaid on your record.

This is for your information and records.

Thanking you,

For MTAR Technologies Limited

**Priyanka Agarwal
Company Secretary & Compliance Officer**

Encl: As above.



“MTAR Technologies Limited
Q4 FY26 Earnings Conference Call”

May 13, 2026



MANAGEMENT: **MR. SRINIVAS REDDY – MANAGING DIRECTOR –
MTAR TECHNOLOGIES LIMITED**
**MR. GUNNESWARA RAO – CHIEF FINANCIAL OFFICER
– MTAR TECHNOLOGIES LIMITED**
**MS. SRILEKHA JASTHI – HEAD, STRATEGY AND
INVESTOR RELATIONS – MTAR TECHNOLOGIES
LIMITED**
**ORIENT CAPITAL – INVESTOR RELATIONS PARTNERS –
MTAR TECHNOLOGIES LIMITED**

MODERATOR: **MR. IRFAN RAEEN – MUFG INTIME**



Moderator:

Ladies and gentlemen, good day, and welcome to the MTAR Technologies Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Irfan Raeen from MUFG Intime. Thank you, and over to you, sir.

Irfan Raeen:

Thank you. Thank you, Julius. Good morning, everyone. On behalf of MTAR Technologies, I extend a warm welcome to all participants on Q4 and FY '26 earnings concall. Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward looking statements, which are completely based upon belief, opinion and expectation as of today. These statements are not guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, I would like to hand over the call to Srinivas sir. Over to you, sir. Thank you.

Srinivas Reddy:

Hello and good morning to everyone. Thank you for taking the time to join us today. Today, on the call, I'm joined by Mr. Gunneswara Rao, Chief Financial Officer; Ms. Srilekha Jasthi, Head, Strategy and Investor Relations; and Orient Capital, our investor relations partners. We have uploaded our updated investor deck, press release and results highlights in the stock exchanges and company website. I hope everybody had an opportunity to go through the same.

MTAR has achieved record fourth quarter sales of INR306 crores and EBITDA of INR61.8 crores with PAT of about INR44.3 crores. For the year, we have achieved revenue of INR876 crores with EBITDA of INR171.2 crores and PAT of INR94 crores. The outlook for next financial looks very positive.

And having confidence in the execution of orders on hand, we are raising our guidance for FY '27 from 50% revenue growth to 80% plus - revenue growth, plus/minus 5%, with clear EBITDA margins of around 24% for the year, mainly due to our initial expansion of capacities in various sectors in clean energy, which has already commissioned. Apart from clean energy, the oil and gas plant will also be commissioned by September end and will be fully operational.

The nuclear and aerospace sectors will contribute much larger numbers with nuclear projects being executed this year, having strong order book and volume production commenced in aerospace division with certain customers. We can also look ahead with confidence in spite of geopolitical crisis as we are now well prepared and we are in much stronger position now to achieve the required growth and the required margins as well.

The closing order book for FY '26 is at INR2,580 crores, and we had given a guidance of INR2,800 crores. The marginal difference is due to some nuclear orders and the defense orders being deferred to the current quarter, which does not have any impact on our business outlook for this year. We have secured orders of INR481 crores during the quarter. And we are very confident of receiving large orders across various sectors during FY '27. And also, we will end up with a very strong order book by end of FY '27, much larger than the closing order book of

FY '26. And the estimated closing order book would be close to about INR5,000 crores at the end of the year.

As you are aware, the company has always been strategically positioned to focus on technology incentive and differentiated products, and we are now witnessing the results of these efforts. Today, exports contribute the majority of our revenues, reflecting the vision laid out way back in 2010. The manner in which the strategic decisions have unfolded reinforces our confidence in the direction we have taken. We are working on several key initiatives, which I will now take you through and which we believe are expected to deliver significant outcomes in the coming years.

Based on the advanced visibility, we have built capacities for our customers in the past, and we will be rapidly building capacities in clean energy sector during the current year and expand capacities as well as in subsequent years in this sector based on the customer requirements. We will never face -- or the customer would never face any kind of bottleneck in terms of the timely deliverables that they're supposed to meet.

And the teams are actively engaged in rapidly building these capacities, training their employees and ramping up the operations to meet the customers' demand. Further, we'll be entering into long-term contract with another international customer in supplying key infrastructure assemblies for AI data centers, for which we have already received the first article export orders for INR35 crores. And we have a potential of reaching INR400 crores to INR500 crores over the next couple of years. This is a significant development in the area of clean energy sector, which we are really excited about at this point of time.

MTAR has been in civil nuclear program for more than 35 years. And now, we have the strongest order book of INR650 crores plus, and all these orders have to be executed over the next 3 to 3.5 years. We do have the capacities to address the orders, and we are expecting more orders in the areas of refurbishment of reactors and also new reactors during the current financial year. This again will be on the growth path year-on-year basis, based on strong order book and execution capabilities of the company, having rich experience in the field over the years.

Another vertical of MTAR being the defense and aerospace business vertical, and we have orders for more than INR360 crores. And the business has demonstrated tremendous growth and continues to hold strong long-term potential. We are catering to several reputed MNC customers in this segment, and we have already commenced volume production [inaudible 0:06:44] and we are also working on the first article at the same time. The first articles for IAI should be completed by September of this year and should enter into volume production by October in the current financial year.

We are gearing up our capacities in this sector as well to handle the increased orders from these customers. In the domestic defense business, we are focusing on various programs of defense, mainly landing gears, structural assemblies for various aircraft programs, actuator assemblies programs, etc. And we are moving in the right direction in this segment, and we are very positive of building this segment in a much bigger manner moving forward.

The product division is moving in the right direction with revenues increasing year-on-year basis. And for the current year, we should cross more than INR200 crores in this segment itself. We're already qualified now for various ball screw supplies to even MNC customers as well during the last financial year. And moving forward, we expect a lot more orders to come in, in terms of supplies of ball screws with these MNC customers. Finally, it has been a great year with a positive operating cash flow of INR196 crores.

And we ended with net working capital days of 172 days compared to the previous quarter of 278 days. We'll continue to focus on NWC in the coming quarters as well.

I would like to thank all the team members of MTAR for their exceptional efforts during the year and their continued focus and dedication towards achieving the growth of the company. And moving forward as well, the entire focus is going to be purely on achieving the required growth and delivering the required products to the customers on a timely basis. I would now hand over the call to our Chief Financial Officer, who will take you through in detail with regards to all the financial information of the company. Thank you.

Gunneswara Rao:

Thank you, Mr. Srinivas Reddy. Hello, everyone. Good morning. Thank you for joining us on the earnings call. We delivered a robust performance in FY '26, registering a strong growth compared to the corresponding period last year. I would now like to take you through the company's financial performance for the year.

Overall, the company witnessed healthy growth on both Y-o-Y and quarter-on-quarter basis, driven by strong execution across key business segments. When it comes to the full year performance in FY '26 versus FY '25, revenue from operation stood at INR876 crores in FY '26 as against INR676 crores in FY '25, which is around 30% increase in YoY. EBITDA reported at INR171 crores in the FY '26, as compared to INR121 crores in FY '25, an increase of 41.7% increase.

When it comes to profit before tax, INR126 crores in FY '26, as against INR72 crores in FY '25, which is almost 75.1% increase in Y-o-Y. Profit after tax was at INR94 crores in FY '26, as against INR53.4 crores in FY '25, registered as a 76.2% increase. When compared to quarter 4 FY '26 versus quarter 4 FY '25, our revenue for this quarter 4 is INR306 crores in FY '26, as against INR183 crores in FY '25. EBITDA reported at INR62 crores in FY '26, as compared to INR34 crores in FY '25, an increase of 81% compared to the previous year fourth quarter. Profit before tax stand at INR59.5 crores in FY '26, as against INR18.6 crores in FY '25.

Profit after tax was at INR44 crores in FY '26, as against INR14 crores in FY '25, which is an almost 222% increase on Y-o-Y basis.

We are witnessing a strong growth across sectors in which the company operates. Amid this positive moment, the company continues to maintain strong focus on cash flow discipline, prudent capital allocation and effective working capital management. Our working capital days stood at 172 crores during FY '26, when compared to Q3 of 267 days, which is supported by various initiatives taken by the company, including the better payment terms with the customers.

The company is targeting to maintain a working capital level at a similar level by end of the current fiscal year. Our gross margins are at 47.7% and when compared to last year's 49.4%, were also impacted due to increased input prices of consumables and other freight costs amid the prevailing geopolitical uncertainties.

Our EBITDA margin is at INR171 crores, which is 19.5%. We have guided around 20%, plus or minus 1% -- 21%, plus or minus 1%, we guided, and we achieved 19.5%, which is due to the gross margin impact due to prevailing geopolitical uncertainties and also increase in headcount due to ongoing expansions activities in the company.

Our ROCE is at 17.2% versus 11.4% in the last year. We are also expecting a significant improvement going forward due to increased turnover. And also, our margins will improve significantly, as our MD has already indicated. We will have a better operating leverage. And also, increased turnover will allow us to give contribution to the company.

Our PAT is at 10.7% versus 7.8% compared to the previous year. This also will improve in the current financial year due to increased turnover and the margins.

Other important aspect we would like to highlight is, our cash flow from operations are INR196.9 crores in this fiscal year compared to INR101 crores in the last financial year. This is mainly due to the-additional margins and also the better payment terms negotiated with customers. And we are continuously monitoring the working capital in every line item we are monitoring, and we will see that we will achieve the further improvement in the cash flow from operations.

We believe that the road ahead is highly promising, and we are actively focused on expanding capacities, diversification into new verticals, strengthening our customer base across all existing segments. While the opportunities ahead are exciting, we remain equally committed to addressing potential challenges proactively to sustain our growth momentum over the long term.

Thank you everyone for your continued support. And we thank you all the stakeholders of the company for their continuous trust and confidence reposing on us. Thank you, everyone. Now, we open the floor for the questions and answers.

Moderator: Thank you. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Yes. Congratulations on a very, very good year. My first question is, is it possible to break your revenue expectation of 80% growth -- or roughly around INR16 billion, I think, revenue we're expecting for FY '27, how much do you expect to come from the clean energy, nuclear and defense? Broad breakup will be helpful.

Srinivas Reddy: Basically, the clean energy sector would be around close to about 70%, and the rest would be all the other verticals. The absolute numbers of the other verticals are also phenomenally growing year-on-year basis, which is very good. But the clean energy segment is growing much faster. That's where we are.

- Mohit Kumar:** Understood. My second question, given the order book expectation of order backlog expectation of INR50 billion, which means that expecting order inflow of approximately INR40 billion, right, in FY '27. Can you just break up this number also between clean energy, nuclear and defense, your expectation -- broad expectation?
- Srinivas Reddy:** No, the orders are going to flow in mainly from clean energy and all the other sectors. If you remember, I've said about the oil and gas. We talked about the defense and aerospace sectors, which we are in advanced stage in volume production as well. So the order inflow would come in from various directions from different verticals.
- But we are very confident of having the closing order book around INR5,000 crores by the end of this year, mainly in clean energy and the other sectors as well, which we are in advanced stage of execution with various customers and we have proven our quality and timely deliverables to all the customers in various sectors at this point of time.
- Mohit Kumar:** My last question on nuclear, sir. Are you seeing the tender for refurbishment of reactor or something like Mahi Banswara tender getting floated? Are you still having some conversation around those opportunities?
- Srinivas Reddy:** Yes, absolutely. See, Mahi Banswara is new reactors. This is called the ASHVINI project in joint collaboration with NTPC and NPCIL. So those tenders are expected this year. The refurbishment reactors, we have already quoted. And that's why I said that around INR250 crores of orders were deferred for this quarter. We are pretty confident of getting those orders, but it does not have any impact on our business outlook for this year.
- Mohit Kumar:** Understood. But are there any other opportunity for the refurbishment of reactor in the near future, in this fiscal?
- Srinivas Reddy:** Yes, there should be. Yes, absolutely. I mean, it's a continuous process, right? We have a lot more reactors right now. And as and when the reactors are taken for refurbishment, then MTAR has an opportunity to participate in that.
- Moderator:** The next question is from the line of Bala Murali Krishna from Oman Investment Advisor.
- Bala Murali Krishna:** Sir, could you please repeat the guidance part of '27 and '28?
- Srinivas Reddy:** No, I've said we are based on the kind of requirements by the various customers that we have and the latest inputs that we have, it is very clear that we have the guidance earlier we mentioned as 50% of revenue growth, but now it will be around 80%, plus/minus 5%, around that area. And also, the margins would be around close to about 24%.
- Bala Murali Krishna:** So, on the Bloom side, so we are having some capex plans. So are we on track? And do you have anything to fasten those slumps?
- Srinivas Reddy:** No, we are on track. As I mentioned earlier in my speech that we have already commissioned the initial phase of expansion, which is very good, and we are also training the employees and ramping up the whole thing. So that's already done in terms of the initial phase. And now, we

are rapidly moving into the additional capacities that we are planning during the current financial year.

Bala Murali Krishna: Okay. Lastly, on this AMCA, any update on collaboration with adani[inaudible 0:20:23]? Any update further on that?

Srinivas Reddy: There is no further update on that as of now.

Moderator: The next question is from the line of Renu Baid Pugalia from IIFL Capital.

Renu Baid: Congratulations for this healthy performance. Sir, my first question to you is, while one of I think one of the largest customer in clean energy has rolled out a pretty aggressive multifold capacity expansion plan in the U.S. What would be your capex plan over the next 2 to 3 years? And I'm not sure if you can quantify or not. But are you also looking for a multifold expansion in your manufacturing capacity? Your revenue growth tend to indicate significant jump in the growth potential as well?

Srinivas Reddy: Absolutely, yes. We are obviously, we had multiple calls, and we are rapidly focusing on additional capacity. We are doing that. We can't disclose the numbers as such because we have signed NDA, but we are moving ahead rapidly with multiple capacity expansions required by the customer, and that's on track right now. the entire team is focusing on that.

And not only on the capacities, but also we are parallely training the employees and moving forward with it so that these capacities can be utilized with the best of efficiencies. And also, we are incorporating automation as well wherever required so that manpower dependency also comes down to a larger extent. Not everything can be done you can do automation, but wherever possible, we are doing that.

So more or less, we are right on track with what the customer needs, and we are entirely focusing on that. And you'll see the capacities coming into play by end of this year and again next year as well. So everything is on track as far as the implementation plan for building additional capacities are concerned.

And as far as the capex is concerned, it's a rough figure. we're looking at around INR250 crores to INR300 crores of capex, which we are looking at to build all these capacities, multiple capacities for the customer.

Renu Baid: And this INR250 crores to INR300 crores capex is for '27, '28, 2 years?

Srinivas Reddy: Yes, it's spread over 2 years, not exactly 1 year.

Renu Baid: Got it. Sure. And sir, just curious on this, given that the customer is doing multifold, do you think there could be more vendors, which could be added on the supply side? And how confident are we on MTAR broadly retaining its wallet share with the customer?

Srinivas Reddy: No, we are really not concerned with that because we know it's a learning curve is very steep in this, and we have enough on our plate right now. It doesn't really matter to us at all. And it's not easy to establish this technology and also to ramp up at the same time. And we have been

satisfying the customer over the last 10, 12, 15 years now. So we have been working with them together as genuine partners. And we strongly believe that we will adhere to their requirements over the coming years very comfortably. So we are not really worried about that.

Renu Baid:

Superb. Sir, second, pretty impressive I think last few years, one of the persistent concerns was working capital stretch and impact on cash flows. So good to see that working capital has finally started to improve. Cash flows, OCF is near 25% of EBITDA, along with growth. So the question here is, now that we are looking at significant step-up on the revenue side, nearly 70%, 80% plus revenue growth, do we expect the OCF to EBITDA to broadly sustain at these levels? And you have guided for similar net working capital cycle. So are we expecting the advances from customers to broadly sustain going forward as well?

Srinivas Reddy:

No, basically, we have negotiated good payment terms with various customers, not necessarily with one particular customer, looking at the kind of requirements they have. And we have clearly told them that the terms have to be much better to improve our working capital days and also looking at our operating cash flows being positive.

So this is a continuous endeavor from our side, and you will see improvements happening during the current financial year as well. So we will sustain those margins pretty comfortably right now, and we are on track with that. So, as far as the improved guidance is concerned or the margins are concerned, we are very clear.

We have done all the analysis over the last couple of months. In spite of the current geopolitical situation, we are pretty confident that we are in a much stronger position today to confidently say that we'll be able to achieve this.

Renu Baid:

And just last question. While our debt for the year overall has increased to about close to INR370 crores, how are we looking at the borrowing level or debt levels to be over the next 2 years, '27-'28?

Srinivas Reddy:

GR, you want to answer that?

Gunneswara Rao:

Yes. See, presently, we need to raise the debt for the increased expansion plan. So we have considered in our metrics, debt is an option to go ahead as far as today is concerned. So every year, we are also repaying and also we are increasing debt ,term loan, We are able to negotiate better for INR loans

So, for the time being, our debt-to-equity ratio is very healthy. So there is no issue of raising a debt. And we will see that we'll repay the debt as fast as possible. And the capacity expansion requires the capital. Either you need to go for debt or for raising capital from the external sources. But we are doing on the debt basis as of today.

Renu Baid:

Perfect. Any targeted levels for fiscal '27 on the debt side, end of the year number?

Gunneswara Rao:

we wanted to maintain a debt-to-equity ratio of, for next 2 years, in the range of around 0.5. We'll see how it goes.

- Moderator:** The first question is from the line of Somil Jain from Lucky Investment.
- Somil Jain:** You've indicated multiple capacity expansions on the hot boxes side. I understand that you cannot give a quantitative number. But is the number going to be significantly higher than the previously mentioned number of boxes on the previous calls, as you've discussed? If you could give some sense directionally on the capacities on that side?
- Srinivas Reddy:** Yes, absolutely. See, when I said multifold capacity expansions, we are working on it, obviously, the numbers are significantly higher. As I said, I can't specify, quantify the details. But yes, absolutely, it's on a significantly higher side.
- Somil Jain:** Got it. Now, on Fluence, I see that, that customer has been dropped from the customer base that you mentioned in the presentation. Can you give a sense on that project?
- Srinivas Reddy:** Yes. I've told this in the last earnings call itself that Fluence is still deliberating because of the various factors on the duties imposed on batteries and various other things for exports. So this is something which we have done the prototype for them, but they're still deliberating it. So we have dropped it because we have enough on our plate right now.
- And as and when they have the requirements, we've already done the prototypes for them, so we can move ahead with them whenever they're ready with it. It's still open, but it's not a closed door situation, but I think about it unless I see some traction on that. So let's see how it goes.
- Somil Jain:** Got it. Now finally, if you could give us a sense of the opportunity size with the new customer onboarded for AI data centers? And also, on the FBR, as you recently mentioned in an interview, if you could give us a sense in the next 2, 3 years, what these businesses could look like in terms of either order inflow or execution?
- Srinivas Reddy:** I did mention about the data center infrastructure with another customer as well. That's really another milestone for the company in terms of diversifying and getting more into the AI data center business opportunities that we are doing. We already received the first articles order for that, which is about close to about INR35 crores.
- And then, as I said, over the next couple of years, if everything goes well, we're looking at almost like INR400 crores to INR500 crores of revenues being generated from that. And we are looking at a separate we already have the basic infrastructure for that to deliver the orders for the first articles and as well as certain volume production that they need.
- And based on how it goes, we will try to build the infrastructure for them as well in the coming years. And as far as the FBR is concerned, that's a long, we worked on major assemblies for the FBR for a long time back, and finally, it critical. So hopefully, we have done a major contribution for that project. And as and when the government decides to add in a few more reactors, then we would have definitely an opportunity to work with that as well.
- Somil Jain:** Can I squeeze in another question, if that's okay?
- Srinivas Reddy:** Yes, it's fine. Go ahead.

Somil Jain: On the oil and gas side, so some of our other peers have mentioned the signing of major contracts, multiyear contracts with the same customer that we quote. If you could help us understand the opportunity size or the total machine parts procurement with each of these oil and gas customers and how much is currently being sourced from India, how much can incrementally be sourced from India and your competitive positioning in that space?

Srinivas Reddy: Yes. So, as I said, the plantsee, we have done successfully the first articles for the customer, and they really appreciated our quality and the kind of work we have done for them, this on the whipstock assemblies which we have done for them. And obviously, the potential is around \$35 million to \$40 million over the period of time as and when we get into the major volume production. And also, we are adding a lot more customers in the oil and gas. We're just not depending on one customer.

We are looking at the other customers, which we have received orders as well for first articles. Going on track with it. And the good news is that the main plant is going to be operational by September. So it's like a chicken and egg story, right? And you need to have a real dedicated plant for this, which is going to grow very rapidly over the next 5 to 10 years, the way things are going right now, and t we are right on time with the kind of facility we have. And this sector would grow very rapidly moving forward as well.

Moderator: The next question is from the line of Vipraw Srivastava from PhillipCapital.

Vipraw Srivastava: Quickly, sir, on the hedging policy, given that we have received a very large other income because of currency depreciation, so any light you can throw on the hedging policy? And what kind of other income we can expect in coming years?

Srinivas Reddy: GR, you want to answer that, please?

Gunneswara Rao: Can you come again?

Vipraw Srivastava: Sir, on the hedging policy, sir, given that there is a lot of currency depreciation which has happened, and hence, you have received other income, so what is the hedging policy? And what kind of range we can look at for FY '27?

Gunneswara Rao: On the revenue side, you are talking, correct?

Vipraw Srivastava: Other income, sir. Currency depreciation and other income coming in.

Gunneswara Rao: Other income is INR25 crores, mainly because of the foreign exchange gain we have received in this year. So we will anyway, it is a realized, mostly it is realized, and –and an unrealized forex gain also is there. And in the current financial year also, we have witnessed we have spoken to the bankers, The U.S. the dollar will be in the similar range, and/or rupee will depreciate.

That is what the forecast is showing. So, that way also, we will gain in terms of the foreign exchange fluctuations will help us because more than 70% of our revenue is from the exports only. Imports are maximum 30% to 35%. So thereby, we will gain on this also.

Moderator: The next question is from the line of Meet Jain from Motilal Oswal.

- Meet Jain:** Very good set of numbers and very strong guidance. Sir, most of the questions are answered. My one question is regarding this AMCA jet orders. So I just want to understand can you throw some more light on this, A, what kind of quantum of the size? And at what level currently are we in this, and which are the customers for this?
- Srinivas Reddy:** No, basically, it's in the initial stage right now. Srilekha, you want to answer this question because you are handling this? Are you there?
- Srilekha Jasthi:** It's a INR4 crores order, Meet.
- Meet Jain:** Okay. So what we understand earlier that we were -- so, we were...
- Srilekha Jasthi:** See, there are...
- Meet Jain:** Yes. I was not able to hear you earlier.
- Srilekha Jasthi:** Okay. So it's a INR4 crores order which we got, and it's the first structural assembly which we managed to win for AMCA. So right now, they are floating the tenders for structural assemblies, and we have started participating in all the tenders. And we are one of the 8 qualified vendors for these structural assemblies.
- Meet Jain:** So this is similar to what we were doing along with Adani Group that we didn't receive? Or is it something different? Because that was also for AMCA project.
- Srilekha Jasthi:** That is different tender. Yes, that is different and this is different because both are for AMCA. That is for the entire integration of AMCA aircraft. But parallelly, there are tenders going on for structural assemblies of AMCA. And there are only 8 qualified vendors who can participate in these structural assemblies.
- Meet Jain:** Understood. Second question is on this new client that we added, SLB, in both our oil and gas and clean energy. So going ahead, whatever revenue that we record, we'll be putting in the same head of as a fuel cell? Or we'll be creating a separate head for this?
- Srinivas Reddy:** No, it will be in the Clean Energy segment as such, Meet, as far as the data center infrastructure is concerned. As far as the assemblies for oil and gas will go into the oil and gas segment.
- Meet Jain:** So currently, sir, we are doing this prototyping work for them right now, right?
- Srinivas Reddy:** Yes, that's right. We are doing the prototype work, as I mentioned. And they are in multiple segments, not only in oil and gas, but also into the infrastructure building for the data centers, so both. So they'll go in the respective segments.
- Meet Jain:** Understood. And sir, last question on this like as you mentioned that we have received some better payment terms and also we see some advances, capital advances that came from the customers. So this will be a normal let's say, norm going ahead? Or this is a onetime advance that we received?

Srinivas Reddy: It's not about anything, when I say we're talking about better payment terms, it's multiple factors, right? It is not about advances. It's about better payment terms in terms of credit period and all multiple factors which we have negotiated. It's not just one customer, with multiple customers.

The way we are growing, we felt that we are in a position to discuss with our customers and ensure that we are on track with their requirements and the kind of volumes that are going up and the demand which has been created, so we are able to do that in a more efficient manner right now. And this will be a continuous process.

There's nothing like onetime, as you mentioned. It will be a continuous thing, and we'll sustain it moving forward as well to maintain our working capital and the number of days and operating cash flows.

Meet Jain: Okay. That's great to know. And sorry, one more question. Sir, the 80% kind of growth that we envisage for FY '27, how it will be back-ended for H2, it will be major, or it will be well spread out between all the quarters?

Srinivas Reddy: That's a very good question which you asked. So if you look at last year, it was we had a weak first half, right, and a strong second half. But this year, it will be we'll have a very good first half and a much better second half. That's what we want to do.

Moderator: The next question is from the line of Piyush Sevaldasani from Sundaram Alternate.

Piyush Sevaldasani: Congrats for a good set of numbers. Sir, my first question is on the gross margins. There is a 190 basis point sequential dip. So can you please help us understand the reasons for that? Has there been any renegotiations with our customer in Clean Energy?

Srinivas Reddy: Absolutely not. It's not about negotiation on the price. It's about deliverables right now. So there is enough requirement by not only in one customer, but various customers that we have. And it's purely because of the last quarter was mainly certain costs have gone up because of all of you are aware about certain geopolitical situations.

Our input costs have gone up on the operations side. But that's very marginal. So I think, as I mentioned earlier, we are pretty confident and strong enough right now to adhere to the margins that we have said right now and also the revenues that we have declared the guidance what we've declared. So there is no question of reduction in prices or anything like that. That's not the case.

Piyush Sevaldasani: Sure, sir. Sir, my next question is on the capex plan where you have talked about this INR250 crores to INR300 crores and the multifold capacity expansion, which we have talked about. So sir, this would ideally lead to a much higher, much, much higher asset turn for us versus what we are currently doing. So do you think...

Srinivas Reddy: Yes, go ahead.

Piyush Sevaldasani: So do you think this is sufficient enough to cover for growth for the next 2, 3 years?

Srinivas Reddy:

No. See, we are going step by step, right? When I say multifold capacity expansions in various sectors, it's purely based on the demand what we have, not just for this year, for the coming years as well. So we are planning year-on-year basis. So that's how we are implementing the whole plan based on the customer needs and which is very promising for us right now.

And since we are in this line for many years, it becomes that much more easier for us to implement the capacities and also to execute them. See, execution is the most important aspect of it, and we are pretty confident about it.

The way we are increasing our headcount, the management bandwidth and also training the required people to get them qualified, we are doing that ahead of time. And we always had these capacities in the past as well ahead of time and which has actually given us a very good result because of having such capacities, and we are doing the same thing even now. And this time around, it is purely based on the demand which has been told to us and the visibility which has been given by our customers. That's how we are moving forward.

Piyush Sevaldasani:

Got it. And sir, lastly, on this nuclear execution, we have, I think, around INR700 crores of order book. So what kind of revenue should we assume for this year? Because I think you have said that in next 3 years, we assume the execution of the current order book.

Srinivas Reddy:

Yes. See, we have to execute over the next 3, 3.5 years. Some of them are like close to 4 years, but most of the orders should get executed in the next 3, 3.5 years. So you'll see a real upsurge in revenues in the current year, moving forward as well, even higher revenues.

That's why I mentioned that we are in a very sweet spot in terms of Nuclear division because we never had this kind of order book in the past, and this order book will continue to grow actually because a lot of even if you look at over the next 2, 3 years, a lot of private players are also coming with this program, nuclear program, which is announced by Government of India. And so, we have enough infrastructure to handle this because we have been in this line for 35plus years. So this will be on the growth path for sure.

Moderator:

The next question is from the line of Dhavan Shah from AlfAccurate Advisors.

Dhavan Shah:

My question is on the guidance. Like, there is a strong visibility from the Bloom, plus other segments are also doing well. So what is our internal guidance? By when can we achieve INR5,000 crores of revenue?

Srinivas Reddy:

That's a very long-ground question anyway. So I can't talk about it right now when we're going to achieve INR5,000 crores. But the way we are moving forward, I think we are on track with that number probably let's see, I can't just say anything right now about that. But one thing I can promise you that we are on track with that.

Dhavan Shah:

By FY '30, is it possible?

Srinivas Reddy:

Hopefully, yes. Let's see how it goes. I can't commit right now on that, but we have a clear road map to be where we want to be by FY '30.

Dhavan Shah: Understood. And how much capex do you have to do to achieve that kind of revenues? Any incremental capex apart from this INR250 crores?

Srinivas Reddy: No, we will be having incremental capex year-on-year basis. That's very clear in terms of additions of capacity year-on-year basis, based on clear visibility given by various customers of us. And each year, we'll evaluate that, and we'll plan it ahead of time. So that's an ongoing process, the kind of growth that we are looking at right now.

Dhavan Shah: But as per your estimates, how much capex we have to do to achieve INR5,000 crores of revenue? Internally, is it like INR500 crores, INR600 crores? How much is our internal estimates?

Srinivas Reddy: We can't exactly specify that right now, but probably between INR500 crores to INR700 crores, I guess.

Dhavan Shah: And we are also building the greenfield capacity. So, that would be enough to achieve this kind of growth?

Srinivas Reddy: Yes, absolutely. I mean, we are building the infrastructure for the future growth and also adding equipment in a phased manner based on the requirement of the customers, and that should be more than enough.

Dhavan Shah: Understood. And when can we see the operating leverage play out? Because I think the product mix is also changing from clean fuel to other segments, maybe a year down the line. So how do you see the operating margins play out once we'll achieve this scale?

Srinivas Reddy: So the operating leverage will improve because of we'll have better operating leverage because of the kind of revenues or volumes that we are doing right now. And it's not only in one product, but multiple products that we are working with the customers. And we'll start seeing that from the current financial year itself.

Moderator: The next question is from the line of Gaurav Nagori from Avendus Spark.

Gaurav Nagori: Just in continuation to the question which was previously asked, can you share more details on what kind of components that you are supplying to these data center solutions? Is it part of MEP or part of racks or any more details? And what is the value add-in those components by MTAR? That's question one.

Second is on the execution and the margin risk. And where I'm coming from is that, obviously, orders inflow is obvious. And looking or hearing the commentary of your clients, it's given that orders should come in. But what we hear is that your peer or the competitor is also increasing capacity in their home market, and you are also expanding the capacity as well. So do you foresee margins kind of be at risk in the longer term?

Or in the near term, because the raw material and multiple commodities have seen a sharp price hike, it would be difficult for you to pass on these increase in the price to the client? So these are my 2 questions.

Srinivas Reddy:

So to answer the first question, we are dealing with the various assemblies required to build the data center infrastructure. And the value addition is close to about 70% in this area, and it's pretty profitable. And it's not -- it's very specialized job that we are doing. And we are doing the first articles right now. We'll know more about it as when we finish the first article, which is about close to INR35 crores. That itself is a big number.

And as far as the capacities that we're looking at, see, we're not looking at competition. See, the most important thing for MTAR is what we have done over the last 12, 15 years and how we have partnered with our customers in ensuring that being very innovative in our approach, bringing automation into play, doing various other innovative aspects with the customer.

There's enough on the plate for us to work on. And there is the most important aspect is that there is pressure on deliverables more than anything else right now to ensure that we deliver everything what they need, and we are focusing primarily on that.

Gaurav Nagori:

Okay. Okay. So I mean, if you can just elaborate a little bit more on margins? Because in this quarter also, we have not seen much operating leverage benefit in the gross margins and the EBITDA margins and despite a good run rate in this quarter. And given that we have seen a sharp inflation across categories, do you foresee I mean, what gives you confidence that margins would see expansion on this orders inflow?

Srinivas Reddy:

See, it's not only about one sector, right? If you look at the current financial year, we were last year, we were working on various aspects in different sectors in first articles. We are building the WIP for various nuclear programs and all that. So you will see the margins coming into play because of not only one sector but multiple sectors that we are dealing with, right? And the kind of volumes that we are looking at this year like last year, we had it's not about 1 quarter, right?

If you look at last year, we had certain impact because of geopolitical situation, but we are beyond that right now because we evaluated everything and we studied that. And that's why we have said we are in a much stronger position moving forward as well.

So if you look at the last year, we had a weak first half in revenues last year. But this year, as I said, our first half itself is very, strong and the second half would be even much better than that. So obviously, the operating leverage will come into play big time quarter-on-year basis as we are ramping up step-by-step quarter-on-quarter basis for the deliverables. And that will help a lot in terms of improving the margins in one given sector. And all the other sectors also, the volumes are going up in absolute numbers.

People talk about percentages, but I would always look at the numbers and how which we are growing in each of these sectors, which is very promising. And that's also contributing a lot to coming with improved margins quarter-on-quarter basis and ending the year at about around 24% EBITDA margins for the year.

Gunneswara Rao:

Just to add to our MD's point, we have spent almost 28% on the fixed cost, both salaries and other expenditure. With increase in revenue, we will have at least 5% operating leverage, we are estimating. Definitely, there is no issue as far as the meeting the EBITDA targets. Even in the conservative scenario also,

Gaurav Nagori: Okay. And is it possible to quantify how much of the new product development cost is expensed out in P&L in FY '26?

Gunneswara Rao: This is a continuous process. Even last year also, we were working on first articles in aerospace and other things. And this year, we are completing the mostly all the first articles of all the customers in aerospace. So we will have a volume production in the future. With the same set of people and machinery, we are going to do much more revenue than what was done in the last financial year.

So this first article new product development is a continuous process in the company. Every year, we are incurring that expenditure, which is already factored in our actual margins and also whatever margins we have communicated to shareholders in this call.

Gaurav Nagori: All right. Okay. Okay. But is it possible to quantify, in FY '26, as a percentage of revenue, how much FX [FAI expendable 0:53:20] revenue?

Gunneswara Rao: It's not so much because if you look at our revenue, mostly 90% of the revenue is only from the existing products, what we are doing. Only oil and gas already we have done the first article. And the facility is coming up in September of this year. So we are going to do that production around the next 6 months, we are doing the volume production because already we have done the first article. So other clean energy sectors, we have already done.

Only in the aerospace, first articles are happening. And this year is almost is completing by September, all the September or December maximum, it is completing. So it is not a sizable material amount to quantify. That's what I want to say.

Moderator: The next question is from the line of Abhijeet Singh from Systematix.

Abhijeet Singh: Congrats on a great set of results. First question is on the nuclear business. Our capabilities and capacities in the nuclear business, are they fungible across reactor technologies, let's say, PSWR, fast breeder? So in case one picks up faster than the other, are we placed to supply across these technologies? And how does the scope change if that happens?

Srinivas Reddy: No, all the assets are fungible. Whether it is FBR or PSWR, that doesn't really matter. The technology is different, but the machineries and all are fungible across both the reactors. So that's not an issue at all. And we have built our own machines earlier for taking care of the FBR reactors, and we continue to operate those machines, very specialized machines, and they are fungible as well across all sectors. So it's not an issue at all.

Abhijeet Singh: Right. And sir, you mentioned that you're expecting an order inflow from other nuclear equipment reactors in FY '27. So the quantum for that would be similar to the one that we received in FY '26? Or there would be a change?

Srinivas Reddy: No. Can you repeat your question?

Abhijeet Singh: Considering the order inflow expected in FY '27 from nuclear, the quantum of that would be similar to that one that we received in FY '26 of about INR5 billion?

Srinivas Reddy: No, no. We can't quantify that. We have refurbishment of reactors and the new reactors. So it depends on the timing of the tenders and when the department would release the orders. So it will be major orders that will flow in, but I can't assure the timing of that. So, as and when they come in, yes, the quantum would be similar.

Abhijeet Singh: Secondly, on the refurbishment part of the nuclear business, so what is the kind of nature of the order? What is the scope of our business in the nuclear for refurbishment orders? And how to look at it from the perspective of frequency, let's say, how many orders do we expect per annum in the next 2 to 3 years?

Srinivas Reddy: It depends upon the refurbishment of the reactor. Yes. So basically, it depends on the refurbishment of the reactors when they are due. And we have already we got some orders for the refurbishment of various reactors. Overall, it's 5 reactors.

So we've got some orders on those refurbishment reactors. We're getting some more in this quarter. So basically, this was the pool and channel assembly that we are looking at in the refurbishment area, which we have been doing for ages right now. So that's an ongoing process. So each time they declare as and when they need to refurbish reactor, and such reactors is an opportunity for MTAR to cater to the requirements of the NPCL to handle these reactors.

Moderator: The next question is from the line of Aman from Astute Investment Management.

Aman: My first question is on the nuclear side. So we are mostly doing products which are related to, say, machining head and all those things. You have talked about we are also trying to enter Calandria and all those products. So can you give an update by when do we expect the approval and when we can start bidding for such products so our addressable market per reactor also increases?

Srinivas Reddy: No. Technically, we are already qualified for Calandrias and End shield. And like for the Mahi Banswara ASHVINI project, they have intimated to us the tenders will come in this year for that and which we have qualified for that. So we'll be able to participate. And for the first time, we'll be doing it.

We have the infrastructure, and we are qualified for that right now. So we'll be participating in that, and we are expecting the orders in that area as well this year. That's an increase in wallet share and what we can contribute to NPCL.

Aman: Sure, sir. That is helpful. And you have talked about scaling from Q1 itself. Is it on track? Or there is some delay and only Q2, Q3, we can see scaling of nuclear business?

Srinivas Reddy: No. Nuclear business would scale. Primarily, the way we are looking at is by the time we get the raw materials in place and all that, we are working on it, we already have orders, earlier orders where it's in advanced stage of execution. So you will really see the scaling up going from Q2 onwards in a big way.

Aman: Sure, sir. My next question is on oil and gas side. You very nicely explained the chicken and egg situation, where customers were looking for us to put the plant. And finally, the plant is

coming on line now by September. So could you talk about what kind of peak sales we can do from that plant?

And also, is there a brownfield capacity expansion that is possible? Because a lot of these customers want big plants, and they have very big timelines, next 3, 5 years' visibility. So could you talk about a little bit on that part?

Srinivas Reddy: See, the plant, the way we have built the infrastructure and the equipment and machinery, it's a multifold plant in various requirements of a number of other customers as well. So if you look at 3 to 4 years' horizon, we are looking at about the oil and gas plant, which is getting commissioned in September can grow up to INR450 crores to INR500 crores of revenue in that one plant itself.

Aman: That is helpful. Finally, on aerospace side, you talk about significant order from actuator assembly, which we are expecting from LCA Mark 1A Tejas. So is it like INR50 crores, INR100 crores?

Srinivas Reddy: I think it's about INR130 crores to INR150 crores. And that we have done it. We got qualified, we have supplied them, and we are doing that. And we are expecting that order. We're supposed to get it in the last quarter itself, but hopefully, we should get that in this quarter.

Aman: And sorry, for, say, X number of years only, and this we can expect to be repeated every year for at least 2, 3 years?

Srinivas Reddy: We have to see that. Like basically, it's a Free-issue material. What you're talking about here is the order what I'm talking about is raw materials issued from the department. So it's just the value-add what we're looking at. And so, let us get the first batch of orders, and then we'll see how it goes. It also depends on the programs that they want to set up, right?

Moderator: Due to time constraint, we take this as the last question. I now hand the conference over to the management for closing comments.

Srinivas Reddy: So I'd like to thank first all the MTAR team members for a phenomenal job done last year, but we're also focusing on the future years as well. And the way things are going, we are very positive about how we are going to grow in the current year and maintaining sustaining our margins and as well as the implementation of various capacity expansions that we are looking at in the current year.

So, a lot of focus is being done in these areas as well. And we are very confident of moving ahead and surging ahead with the growth that we're looking at, not only for this year but years to come. We have a clear road map for the next at least for the next 5 years, we have a very clear road map of what we need to do to build this company to a much greater level. That's for sure.

And I would also like to thank all our shareholders, investors for imposing faith in us over the years. And moving forward as well, we would assure that we'll adhere to whatever we have mentioned in terms of our guidance and as well as the margin profile that we have explained.



Thank you so much, all of you, for sparing your time to join us in this earnings call. Thank you so much.

Moderator:

Thank you. On behalf of MUFG Intime, that concludes this conference. Thank you for joining us. You may now disconnect your lines.