Operator: Ladies and gentlemen, good day and welcome to the MTAR Technologies Ltd. Q2 and H1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this 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 Ms. Vidhi Vassa from MUFG InTime. Thank you, and over to you, ma'am.

Vidhi Vassa – MUFG InTime: Thank you. Good morning, everyone. On behalf of MTAR Technologies Ltd., I extend a very warm welcome to all participants to the Q2 and H1 FY27 earnings discussion call. Today on our call, we have Mr. Srinivas Reddy, Managing Director and Promoter; Mr. Guneshwer Rao, Chief Financial Officer; and Ms. Srilekha Jasthi, Head of Strategy and IR. I hope everybody had an opportunity to go through our investor deck and press release that we have uploaded on the exchanges and on the company's website.

I would like to give a short disclaimer before we begin the call. This call may contain some forward-looking statements that are completely based upon our beliefs, opinions, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

Now, I hand over the call to Srinivas sir. Over to you, sir.

Srinivas Reddy – Managing Director and Promoter: Hello and good morning to everyone. Thank you for taking the time to join us today.

Today on the call, I am joined by Mr. Guneshwer Rao, Chief Financial Officer; Ms. Srilekha Jasthi, Head of Strategy and Investor Relations; and Orient Capital, our investor relations partner.

We have uploaded our updated investor deck, press release, and results highlights on the stock exchanges and the company website. I hope everybody had an opportunity to go through them.

I am pleased to share that we have delivered another strong quarter, continuing our track record of consistently surpassing the performance of previous quarters. During Q2 FY27, we registered revenue of 186.8 crores with an EBITDA margin of 24.4% and year-on-year EBITDA growth of 483.3%, reflecting our record quarterly performance and sustaining growth momentum. We expect this momentum to continue into the second half of the fiscal year, with H2 of FY25 anticipated to be stronger than H1, supported by our robust order book and continued focus on execution.

However, our growth journey is not merely about delivering a robust set of financial numbers. It is equally about strengthening our presence across key business segments, building differentiated capabilities, and strategically positioning ourselves in high-growth sectors ahead of broader market adoption. Over the decades, we have established a strong reputation for our niche product portfolio and our ability to identify emerging opportunities, develop specialized capabilities, and establish an early presence in sectors with significant long-term growth potential. This forward-looking approach continues to remain an integral part of our business model and long-term growth

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strategy.

Against this backdrop, I would like to share our outlook on emerging opportunities across our key business segments, including clean energy, comprising civil nuclear and fuel cells, aerospace and defense, along with the progress we are making in our new business verticals such as data center infrastructure solutions and oil and gas, which we believe will contribute to our next phase of growth as well.

Starting with civil nuclear, as you are all aware, we have been building specialized capabilities for this sector since the inception of our company. Over the decades, we have patiently invested in strengthening our manufacturing capabilities, and we now see significant opportunities emerging as the Government of India targets achieving 100 GW of nuclear power capacity by 2047. We have a closing order book of 895 crores, supported by order inflows from Kaiga and Gorakhpur and also from refurbishment programs. As you are aware, we have played a significant role in the prototype fast breeder reactor program, having supplied the majority of the assemblies for the reactor core. Leveraging this technological expertise, we have also submitted our budgetary quotations for the upcoming fast breeder reactor program, with the tenders expected to be floated over the coming years.

In addition, the company is actively submitting quotations to private-sector players intending to bid for the four proposed 700 MW nuclear reactors at Mahi Banswara, further strengthening our pipeline of opportunities in the civil nuclear program. With respect to execution of our existing orders, we expect a meaningful ramp-up during H2 FY25, followed by significant revenue growth from FY26 onwards. Given our long-standing experience, established capabilities, and strong positioning in this sector, we believe civil nuclear will be an important growth driver for the company in the coming years.

Moving on to clean energy and fuel cells, this sector continues to witness accelerated growth, supported by strong industrial tailwinds and increasing demand for reliable and sustainable power solutions. Our Phase 2 capacity expansion is nearing completion, with the facility expected to be operational by the end of November. Phase 3, which will enhance our manufacturing capacity multifold, will be housed in a new dedicated facility, with the overall expansion expected to be completed by June 2025.

As discussed during our previous earnings call, the facility being developed for fuel cells is designed to accommodate multiple products under one roof, enabling us to achieve greater scale, improved operational efficiency, and better utilization of resources. In parallel, we have significantly strengthened our workforce by onboarding skilled personnel to support the anticipated growth. We have substantially completed our training activities and made considerable progress in implementing various automation processes in the manufacturing area, and these initiatives are aimed at improving productivity and supporting a seamless ramp-up in production as capacities will be in place in the near future. The company also continues to witness steady growth in the hydropower and wind energy segments, and we continue to pursue select products in these segments.

Moving on to aerospace and defense, we continue to witness phenomenal growth in our MNC aerospace business, while actively participating in several prestigious programs across domestic

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defense and space as well. Our MNC aerospace business continues to witness robust demand, with products that have already been qualified seeing a significant ramp-up in volumes. We expect to complete the qualification process of the first articles for one of our key customers during the current financial year, with volume deliveries under long-term agreements commencing from the next fiscal year.

To support the anticipated increase in volumes across various customers, we have established multiple units within our existing dedicated aerospace facilities. In parallel, we are actively working on inquiries for new products from existing customers and intend to pursue opportunities with new customers following the completion of the first-article qualifications being done for the existing customers. Over the past 3 years, we have established customer-specific manufacturing capabilities at an accelerated pace, including our dedicated aerospace facility and NADCAP-approved special-process facility. We have come a long way from generating revenues from a small number 3 years ago to aspiring to achieve about 150 crores-plus revenue purely from our MNC aerospace business during the current fiscal year, which we expect to grow further on a year-on-year basis.

We believe our sustained investments in building specialized capabilities, including our NADCAP-approved special-process facilities and dedicated aerospace manufacturing infrastructure, coupled with an expanding portfolio of qualified products and long-term customer relationships, have laid a strong foundation for scaling our MNC aerospace business in the coming years.

Moving on to domestic defense, we are strengthening our focus on high-value structural assembly programs for fighter aircraft. We are currently undertaking structural assembly projects, including the main landing gear support structure assembly and fuselage door assembly for the Advanced Medium Combat Aircraft program. We are also expected to receive volume production orders for actuator assemblies for the LCA Tejas program in the coming period. In addition, we anticipate significant order opportunities for various other assemblies and electromechanical actuators, which are expected to further strengthen our presence in the domestic defense sector.

In the space segment, we continue to witness steady growth, supported by our long-standing association with ISRO. We continue to supply critical propulsion systems and electropneumatic modules for PSLV and GSLV launch vehicles.

To conclude, we are well positioned for the next phase of growth in aerospace and defense, supported by our increasing participation in prestigious domestic and global programs, which provide us with multi-decade growth visibility. To cater to the anticipated increase in demand and support our long-term growth ambitions, we are also evaluating the establishment of new greenfield manufacturing facilities, with further developments expected over the coming quarters.

Moving on to our diversification into data center infrastructure solutions, which forms part of our clean energy vertical, we are currently working on the execution of the first-article orders valued at approximately 45 crores. To support this initiative, we are also establishing a manufacturing facility and are in the process of establishing the necessary infrastructure and capabilities. This facility should be operational in a full-fledged manner by the end of March 2025. We have significant potential for scalability following the successful completion and qualification of these first articles,

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with the business having the potential to scale up to 350 to 450 crores over the next few years. With the rapid expansion of data center infrastructure globally, we believe this emerging business vertical presents a substantial growth opportunity, enabling us to further diversify our product portfolio and strengthen our presence in high-growth sectors.

Moving on to oil and gas, our dedicated manufacturing facility is expected to become operational by the end of November, while development and first-article qualification have already been completed with [cut off]

Management: {? military ?} and further first articles with other customers are currently in progress.

With the necessary infrastructure and capabilities being established, we anticipate a meaningful ramp-up in production volumes from FY28 onwards, positioning this vertical as another growth driver for the company.

I am also glad to share that we have commenced exports of ball screws as well, marking a significant milestone for the company. This achievement demonstrates our capabilities in developing import-substitute products, not only to meet domestic requirements but also to cater to global programs, further strengthening our confidence in expanding our presence in international markets.

In addition, our net working capital days continue to remain among the lowest in the industry, reflecting our prudent working capital management and disciplined approach to capital allocation. Our operating cash flows continue to witness significant growth, further strengthening our financial position and supporting our ongoing expansion initiatives.

Our CFO will provide a detailed overview of our working capital position, cash flow performance, and overall financial management.

We have witnessed record order inflows of 4,102 crores during H1 FY27, reflecting robust demand across our business segments. With strong industry tailwinds and a growing pipeline of opportunities across the sectors in which we operate, we expect to sustain this momentum in the coming quarters and anticipate a strong closing order book by the end of FY27.

With this, I would like to reaffirm that we have a robust roadmap for the next 5 years, supported by significant growth opportunities across our business segments and continued investments in building specialized capabilities.

While our long-term growth outlook remains strong, execution continues to be our key priority in the near term, as we remain focused on translating these opportunities into sustainable growth.

I would like to take this opportunity to thank all our shareholders for their continued trust and confidence in the company. We remain committed to delivering sustainable growth and creating long-term value for all our stakeholders. With this, I would like to hand over to our CFO, who will provide a detailed overview of the company's financial performance.

Management: Good morning, everyone. Thank you for joining us today. I am pleased to share that we have delivered the highest-ever quarterly revenue of 406.8 crores in Q2 FY27. This is strong

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growth over the same quarter last year and over the previous quarter, driven by good execution across our product portfolio.

Let me take you through the financial performance. On a year-on-year basis, revenue from operations was 406.8 crores against 135.6 crores, a growth of 200%. EBITDA was 99.2 crores against 17 crores, a growth of 483.3%. Profit before tax was 80.3 crores against 5.7 crores, a growth of 1,314.6%. Profit after tax was 59.8 crores against 4.2 crores, a growth of 1,309.5%.

On a quarter-on-quarter basis, revenue from operations grew by 12.8% from 360.7 crores to 406.8 crores. EBITDA grew by 16.6% from 85.1 crores to 99.2 crores. Profit before tax grew by 19.1% from 67.4 crores to 80.3 crores. Profit after tax grew by 19.1% from 50.2 crores to 59.8 crores.

When it comes to margins, our gross margin improved to 46.8% from 45.5% in the previous quarter, mainly because of a better product revenue mix. EBITDA margin was 24.4%, compared to 12.5% in Q2 FY26 and 23.6% in Q1 FY27. This improvement came from higher revenue, a better mix, and operating leverage. PAT margin was 14.7%, compared to 3.1% in Q2 FY26 and 13.9% in Q1 FY27.

Earnings per share was 19.45 for the quarter and 35.78 for the first half of the year.

When it comes to the balance sheet and cash flow, our working capital days came down to 50 as of September 2026 from 172 days in March 2026. This was helped by better margins and tighter working capital management. By the end of FY27, we expect to maintain working capital at around 100 days. This is due to the higher revenue forecast for H2 of FY27 and also FY28. ROCE is expected to improve to around 23% by the end of FY27 from 17.2% in FY26.

Our cash flow from operations was 350 crores, a positive number in H1 FY27, compared with {? 39.8 crore ?} in H1 FY26. This was driven by stronger profitability and better working capital management, and it gives us a solid base for our capacity expansion and future growth.

Our total debt is around 465 crores, of which 189 crores is long-term debt and 276 crores is short-term debt. Having said that, our investments stand at 358 crores. This literally means we have around 107 crores in debt after adjusting for the investments.

When it comes to our outlook, we continue to expand capacity in new high-growth verticals. Our immediate priority is to complete these expansions on time so that we can execute smoothly. We remain confident of achieving our annual guidance. With this, I would like to open the floor for questions and answers. Thank you very much.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Abhijit Singh with Systematix Group. Please go ahead.

Abhijit Singh – Systematix Group: Thank you for the opportunity, sir, and good to see some great results. My first question is on the fuel cell business. Sir, after Phase 2, what would be our hot-box

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capacity there? Given that our customer Bloom Energy has reported strong results and upgraded guidance as well, how do we see order inflows looking going forward over the next 2 to 3 years in the medium term from this particular segment? That is my first question.

Management: The Phase 2 capacity, as I said, is a smaller expansion, about 30% higher than our existing capacity. The multifold expansion, as I said, should be ready by June of next year. The order inflows are continuous. We are receiving substantial orders, and the demand is a lot more than what we can meet. The most important thing is to get the expansion plan in place, which we are working on. Fortunately, we are exactly on the timelines that we have mentioned, and we are working towards that.

Abhijit Singh – Systematix Group: And sir, for this Phase 3 expansion, how much capex are we undertaking in total, including Phase 2 and Phase 3, and how do we plan to fund that?

Management: {? CR, ?} you want to answer that?

Management: Yes, actually, our total capex planned for the company is around 500 crores, of which 350 crores is for the fuel cell business and the remaining 150 crores is for other sectors such as oil and gas, aerospace, and other verticals. It is planned to be funded 75% through debt and 25% through internal accruals.

Our debt position, as of today, is, as we said earlier, 189 crores of long-term debt. We have comfortable debt-equity ratios, so there is no issue as far as raising funds is concerned.

Abhijit Singh – Systematix Group: Right. And sir, lastly, on the aerospace and defense business, I think you mentioned that we are expecting an actuator assembly order from the Tejas program. Apart from that, what are the other programs for which we are developing products, or where do we expect some kind of production order to move in the next year or next 1 to 2 years in the defense space?

Management: As I clearly mentioned, we are working on some of the prototype orders for the AMCA projects, and all these are going to move into volume production much later. We are working on various areas where we have potential business in the future, which I mentioned earlier as well, and that is what we are trying to do right now.

Abhijit Singh – Systematix Group: So, right now, in terms of volume, it is only Tejas, right? Are there any other programs?

Management: We are working on the AMCA programs also, in the case of landing gear support structure assemblies, fuselage core assemblies, and things like that. It is a continuous effort to add to the product portfolio across the various programs that we are working on right now, which will eventually get into volumes at a later date.

Abhijit Singh – Systematix Group: Understood, sir. Thanks a lot for answering, and I will get back in the queue.

Operator: The next question comes from the line of Vipraw Srivastava with PhillipCapital. Please go ahead.

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Vipraw Srivastava – PhillipCapital: Hi, sir. Good morning. Great results. Given that we are expecting a higher ramp-up in H2 compared to H1, what is the view on EBITDA margins? Can we see a further expansion of EBITDA margins from here on, or are they expected to remain around 24% only?

Management: We will definitely have an improvement. As I said, we are going to stick to our guidance. We do not want to change our guidance in the middle of the year on a quarter-on-quarter basis. We initially gave guidance of 80% revenue growth and a 24% EBITDA margin. However, I have always said that we will perform better than that, both in terms of revenue and EBITDA margin. Let us see how it goes, but we are definitely confident that we will be on the higher side of the guidance that was given.

Vipraw Srivastava – PhillipCapital: Fair enough, sir. This rapid improvement on the working capital side, which we have been seeing for the last 2 quarters, I wanted to understand whether this is going to be sustainable or whether it is primarily because of the capex spending happening on the AI side and, hence, we are seeing this from the end of Bloom Energy. What is the view on working capital days? Are they expected to remain sustainable over the next couple of years?

Management: What we have achieved is through various initiatives in the company, such as advances from all customers across all sectors. We have also negotiated better payment-cycle terms, and we are getting a GST refund of around 70 to 80 crores per year, which we expect to receive. We are working on all the elements of working capital.

However, when you look at it, although we have not given any official guidance, you may be aware of various articles. Next year, as our targets are higher, the working capital cycle will definitely be higher. By the end of this financial year, we are targeting 100 days. In the long term, our goal is to maintain it at around 150 days, for which we will continue to do whatever is required organically and monitor working capital on a weekly basis.

Vipraw Srivastava – PhillipCapital: Sure, sir. Thank you. Thanks a lot.

Management: Thank you.

Operator: The next question comes from the line of Balasubramanian with Arihant Capital. Please go ahead.

Balasubramanian – Arihant Capital: Good morning, sir. Thank you so much for the opportunity. If you look at it, more than 25% of revenue comes from products that have been developed over the past 4 to 5 years. I just want to understand the new verticals, especially data centers and {? SLP ?} classic components, which are all at the first-article stage. What kind of cumulative investments are required, and how do we view the new verticals in terms of revenue over the next 4 to 5 years?

Management: I have already mentioned this. Our oil and gas facility is going to be ready by the end of November, but we are simultaneously working on the first articles in our existing unit. Volumes should begin from FY28, which will be substantial. For the data center business, the first article itself is 45 crores. I have said that the volume growth here can be between 350 and 450 crores of revenue. The facility for the data center infrastructure business should be ready in all respects by the end of December. We are working towards all this, and everything is on track as planned.

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Balasubramanian – Arihant Capital: Yes, sir. On the data center side, after this 45-crore first article, I think the customer has mentioned 8 times the requirement. Is it correct to understand that there could be another 350 to 400 crores of order inflows, especially in the data center space?

Management: That is exactly right, and that is how we are ensuring it. We are splitting Phase 1 into 2 phases. The facility for Phase 1 of the plant should be ready by the end of November or the beginning of the second half of December, and Phase 2 will be ready by June of next year. We are on track with the customer's requirement. As you said, it is 8 times the first article.

Balasubramanian – Arihant Capital: Okay, sir. You are guiding for 80% revenue growth, but if you look at inventory, it is nearly 680 crores, almost 5 months of your FY27 revenue guidance. Should we assume that 80% is a very minimum base case, with perhaps a 100% to 120% growth rate in Q3 and Q4?

Management: No, I will not be able to comment on that. I have said that we do not want to change the guidance in the middle of the year. What we initially said was 80% growth, but we will definitely do better than what we have said, both in terms of revenue and margins.

Balasubramanian – Arihant Capital: Okay, sir. My last question: if you look at defense and aerospace, we did 100 crores in FY26. In H1 FY27, we did 80 crores. It may reach 150 to 200 crores by FY27. But we have guided for nearly 600 to 700 crores by FY30. Similarly, on the product side, we did 134 crores in FY26, but the guidance is more than 1,000 crores by FY30. I just want to understand these large claims. What kind of capacity or capex do we need to achieve those aspirations? You can also mention the customer-alloy-backed side.

Management: The product division is something we have been working on for quite some time, and we are also implementing the capacities required for it, which is part of our capex plan that I explained earlier on a phase-wise basis. Our growth trajectory for this, as I said earlier, will grow rapidly on a year-on-year basis. It is backed by clear customer forecasts and orders, and the capacities are being put in place. I do not think we should have any issues achieving the ultimate goal of the number we mentioned.

Balasubramanian – Arihant Capital: Okay, got it, sir. Thank you.

Operator: The next question comes from the line of Nihit Jain with Systematix AMC. Please go ahead.

Nihit Jain – Systematix AMC: Hello, am I audible?

Management: Yes, you are audible.

Nihit Jain – Systematix AMC: Hi. Congratulations on a very strong set of numbers. My first question is a clarification on working capital days. You also said that this year we are going to end at around 100 working capital days, and the long-term sustainable guidance is 150 days. Am I correct?

Management: Yes, you are correct.

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Nihit Jain – Systematix AMC: This 100 days, as you mentioned, is because of the GST refund and other measures. You also mentioned earlier...

Management: The 100 days is after receiving all those benefits and taking all those actions. The reason is that H2 will be stronger compared to H1, as our MD said. When we do more in Q4, those amounts will be in receivables. Also, for next year's execution, we need to bring in materials at least 1 or 2 months before the year-end. Therefore, we will have more inventory for next year's stronger execution targets. We have to bring in those materials, and that will actually generate revenue only in the next year. That is the main reason.

Otherwise, if everything proceeds in the same manner, we would be at 50 to 60 days only. But we are on a growth trajectory, so that will increase. The incremental revenue will require incremental working capital, as you know. That is why our long-term target is 150 days over the next 2 to 3 years, and the target by the end of the year is 100 days.

Nihit Jain – Systematix AMC: Understood. On the receivables side, have we got clients to agree to provide advances for the orders?

Management: Whatever enabled us to achieve 50 days, we received advances from customers across all sectors of our existing customer base. We received advances and negotiated better commercial terms with our customers. This includes civil nuclear power, the hydel sector, and fuel cells. We are negotiating advances with every customer.

Nihit Jain – Systematix AMC: Understood. The second thing is capex. Do we continue to stick to our earlier capex guidance of around 300 crores this year and 200 crores next year, for a total capex spend of 500 crores over the next 2 years?

Management: The 500 crores is by the end of this financial year. Compared with what we have incurred, what is under work-in-progress, and what is going to be incurred, the total is around 500 crores. It all depends on the timely execution of the projects. We are working to complete our expansion plan as committed.

Nihit Jain – Systematix AMC: So, does that mean 500 crores of capex outflow this year, FY27?

Management: Yes, part of it was incurred last year and part this year. By the end of FY27, of the total amount, around 100 crores was incurred in FY26 and 400 crores will be incurred in FY27. These are continuous projects in oil and gas, which, as you know, started in January. We have incurred expenditure from then until the end of this financial year. Therefore, 500 crores will comprise 100 crores in FY26 and 400 crores in FY27.

Nihit Jain – Systematix AMC: Going ahead, because this will be the major capex spend we will see in FY27 and FY28...

Management: Whatever money we are spending is not only for this year; it is also for the next financial year. Every year, we need to incur some sustenance capex as well as growth capex. That will be around 50 to 100 crores a year for the next 1 to 2 years. Whatever capex we are putting in place as of today will generate at least 3 times the revenue that we are currently generating.

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Nihit Jain – Systematix AMC: Understood. The last thing is on nuclear power. We received the major Kaiga 5 and 6 orders in Q2 FY26, and it has already been 1 year, with a gestation period of 3 years. Can we expect major revenue booking from the second half of this year for nuclear power?

Management: Yes, we can expect certain revenues to come in this year, but the majority of the revenues will begin from FY28 onwards, going up to FY29 and FY30.

Nihit Jain – Systematix AMC: And the Kaiga 5 and 6 orders as well?

Management: Yes, because there is a lead time for raw materials, specialized buyouts, and everything else. In any case, we have that much time to execute. I have said that we are completely full on the plate, and we have further orders also coming in. We received even before-dispatch orders as well. This is spread over 3 to 3.5 years, so we are right on track with that, and the major revenues will come in from FY28 onwards.

Nihit Jain – Systematix AMC: So, the 134 crores of nuclear order inflow this quarter is purely for this plant?

Management: Yes, that is right.

Nihit Jain – Systematix AMC: What is the execution timeline for this?

Management: That is 2 years.

Nihit Jain – Systematix AMC: 2 years.

Management: 2 years.

Nihit Jain – Systematix AMC: Okay, okay. Thank you so much.

Operator: Participants, in the interest of time and fairness to others, please restrict yourselves to 2 questions. For any more questions, you may rejoin the queue. The next question comes from the line of Gaurav Rateria with Avendus Spark. Please go ahead.

Gaurav Rateria – Avendus Spark: Thanks for the opportunity. My question is on the new product segment. We have seen a sharp decline in execution this quarter. Was there a one-off execution in the last quarter, when you reported 100 crores of topline in this segment? Secondly, what is the execution period for this new product order book? That is my first question.

Management: You are talking about the product division, right?

Gaurav Rateria – Avendus Spark: Yes.

Management: There was a small error in that. Almost 60 crores was classified under another segment, whereas it was supposed to go into the product division. They are correcting it now. Technically, it is on track compared with what we said earlier.

Gaurav Rateria – Avendus Spark: So, you are saying that of last quarter's 100-crore number, 60 crores was misclassified in this segment?

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Management: No, this quarter, around 60 crores was classified incorrectly, and they are going to correct it now and upload it. Basically, it is around 126 crores for this quarter.

Gaurav Rateria – Avendus Spark: Which segment was it classified into this quarter instead of the product segment?

Management: Yes.

Management: Am I audible?

Management: Yes, I can hear you.

Management: For revenue from products and others, 65 crores has been reported. Actually, it is 125 crores. Basically, we are supplying box builds for multiple customers, which were categorized under the clean energy vertical. We will upload the presentation again. Similarly, in the order book related to products and others, we need to add an inflow of around 60 crores, which will be deducted from clean energy. These 2 changes will be made and the presentation will be uploaded again.

Gaurav Rateria – Avendus Spark: Understood. What is the timeline for execution of this new product order book? Is it 1 year or more than that?

Management: It is all 1 year. These are continuous orders that we are receiving, and you will see growth happening on a quarter-on-quarter basis in the product division. These are all short-cycle orders within 1 year or so.

Gaurav Rateria – Avendus Spark: It means this segment would become a 500-crore-plus annual run-rate segment for you, compared with less than 100 crores in the last few years?

Management: Exactly. We have been working on that for a number of years, Gaurav, as you are aware. It is growing quite rapidly, so we will move in that direction. They will make those corrections and upload the presentation again. That is it.

Gaurav Rateria – Avendus Spark: The second question is on Bloom Energy. Bloom Energy continues to talk a lot about this 800-volt DC architecture and the introduction of products in that segment in the coming period. Have you also started designing or working with them on these new products, and when do you think the ordering for those products would tentatively start for you?

Management: It is too premature to say right now, Gaurav. We are working with them on various projects on a continuous basis. Our team is working on this. We have a separate team for that, which is working on it. We will update you as and when we have more traction in that area.

Gaurav Rateria – Avendus Spark: And just one last bookkeeping question: of the total receivables, how much would be bill-discounted as of now?

Management: We have not discounted anything. Whatever we have done has been organically generated. Around $1 million is discounted, that is all.

Gaurav Rateria – Avendus Spark: Okay. Thank you for the answers.

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Management: Thank you.

Operator: The next question comes from the line of Balakrishna with Oman Investment Advisors. Please go ahead.

Balakrishna – Oman Investment Advisors: Hi, good morning, sir. Congratulations on a good set of numbers. My question is on the nuclear sector. Regarding Mahi Banswara, if orders come through, what could be our potential from those orders? You said that in the FBR we have around 50 to 100 crores of potential per reactor.

Management: Mahi Banswara involves 4 reactors. It depends on how it is awarded. It is directly given to major private players, similar to what we are doing in Kaiga 5 and 6. Kaiga 5 and 6 comprises 2 reactors, while this involves 4 reactors. Hopefully, we should be close to a number of 1,000 crores, between 700 and 1,000 crores roughly.

Balakrishna – Oman Investment Advisors: On the capex front, over the next 3 to 4 years, what kind of capex are you expecting to plan there?

Management: For nuclear, we have already implemented the required facilities. We do not expect to need additional capex for nuclear, except probably for some bottleneck areas. Other than that, given the kind of growth we are seeing in the nuclear division, we will observe how it develops over the next year and then plan a major facility based on the demand currently being created in the market.

Balakrishna – Oman Investment Advisors: My question is regarding the company overall. Over the next 3 to 4 years, what could be the expected capex?

Management: The capex of around 500 crores that we have planned should be good enough, but it all depends on the situation. There will be some areas where our CFO has mentioned 50 to 100 crores every year, but if any major project comes in, we will probably have to reassess the capex requirement at that time.

Balakrishna – Oman Investment Advisors: I would also like to thank Mr. Gunashekar for reducing the working capital days, as there has been a drastic improvement in the working capital days over the last 2 quarters. That is all from my side, sir. Thank you.

Management: Thank you very much. Thank you very much.

Operator: The next question comes from the line of Vedant with Niveshaay. Please go ahead.

Operator: Sir, have you unmuted the line?

Vedant – Niveshaay: Yes.

Operator: [inaudible]

Vedant – Niveshaay: Hello. Hi, good morning, sir. Thank you so much for the opportunity. Firstly, I wanted to understand specifically the electromechanical actuator program that you mentioned you are working on for ISRO. How large will the opportunity be for us?

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Management: This is an opportunity of approximately 150 crores, and we are expecting these orders to come in at the earliest. We are waiting for that. Normally, it takes time; we do not have a specific timeline because certain organizations do take time to release orders. We have developed all these actuators over a period of time, and we are expecting a good amount of volumes to come in over the years. That is where we are right now.

Vedant – Niveshaay: Got it. Secondly, on fuel cells, a lot of companies are trying to enter that particular market. Nedstack, a Netherlands-based company, is also trying aggressively to enter the Indian fuel cell market. Are we also trying to target these other players for fuel cell products, hot boxes, and so on, or are we working only with Bloom?

Management: It is not exactly that we are working only with Bloom. A lot of companies are trying to do many things, but they need to come up to Bloom's level. That is a far-fetched proposition. Bloom itself took about 12 to 15 years to reach where it is today. We will see how things develop from time to time and take it forward from there.

Vedant – Niveshaay: Got it. Lastly, on the product division, how much revenue do you expect from the product division? You were mentioning a 100-crore run rate, and now you have said that after the reclassification, it crossed 125 crores. Going forward, do you expect to maintain a similar run rate?

Management: Absolutely, yes.

Vedant – Niveshaay: Thank you so much for answering.

Operator: The next question comes from the line of Jenish Karia with Union AMC. Please go ahead.

Jenish Karia – Union AMC: Thank you for the opportunity. Good morning, sir, and congratulations on a very strong set of numbers, both on the operational front and the cash flow front. My question is about understanding the product for the clean energy segment. The hot boxes that we fabricate: are they currently shipped as they are, or do they include critical diagnostic thermal sensors or similar components that are pre-integrated and sent by MTAR? Any sense on that?

Management: It is a complete assembly. I do not want to go into the specifics because of the NDA signed, but it is a complete assembly of the unit that we ship to the customer.

Jenish Karia – Union AMC: Understood. Regarding the assembled parts, are they sourced domestically, or are we import-dependent? Any color on that?

Management: Some of the bought-outs are imported, but most of them are domestic. We have developed a lot of bought-outs that we use in the hot-box assembly as well.

Jenish Karia – Union AMC: So, the vendor ecosystem is well established within India. Do we plan to further integrate internally, or will we remain dependent on the vendor ecosystem that we have developed?

Management: Over the years, we have carried out a lot of indigenization of the various products that go into the assembly, and we will continue to do that moving forward as well. In certain areas

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we have to import, but most of the products are indigenized now.

Jenish Karia – Union AMC: Understood, sir. Thanks for explaining, and all the best for the future. Thank you.

Management: Thanks.

Operator: The next question comes from the line of Mihir Manohar with Trust Mutual Fund. Please go ahead.

Mihir Manohar – Trust Mutual Fund: Hi. Thanks for giving me the opportunity, and congratulations on a great set of numbers. I wanted to understand the Bloom side. If a 5 GW deployment were to materialize by 2029 or 2030, would we further need to expand our capacity beyond 30,000 units? If yes, by how much? If that 5 GW were to materialize, are there any discussions happening on that side?

Management: I do not want to talk about the number of units or anything like that, but our capacities are being implemented to cover the total requirements of the customers. That is where we are. The manifold capacity we are implementing will cover all the requirements of the customers that have been given to us.

Mihir Manohar – Trust Mutual Fund: As of now, there are just 2 suppliers for hot boxes, you and the South Korean company, or is there any other supplier that has developed them?

Management: No, nobody else.

Mihir Manohar – Trust Mutual Fund: Thank you, sir. My second question is on the guidance. I agree that the numbers have been coming in quite well, with very good first-half numbers. When I look at the balance of the year, that translates to around 450 crores of topline, or 450 to 470 crores for a quarter, if I consider 92% to 95% growth. This is despite the fact that we will have a 30% capacity addition from the Phase 2 facility, and the non-fuel-cell divisions are also expected to do quite well. Is there any local challenge, local hindrance, local-government issue, or project-specific issue that is keeping us grounded and preventing us from increasing the guidance? Is there any specific reason for this?

Management: There is no restriction from the local government. They have been very supportive in every aspect. We simply do not want to change our guidance every quarter. That is the decision we have taken. As I said very clearly, we will definitely perform better than the guidance given, but we would like to stick to the guidance given at the beginning of the year. That is all.

Mihir Manohar – Trust Mutual Fund: Understood. So, there is no local state or local-government challenge or hesitation for you?

Management: No, there is no such challenge.

Mihir Manohar – Trust Mutual Fund: Understood. That is it from my side. Thank you so much, sir.

Management: Thanks.

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Operator: The next question comes from the line of Abhijit Singh with Systematix Group. Please go ahead.

Abhijit Singh – Systematix Group: Thank you for the follow-up opportunity. I wanted to understand the impact of the West Asian situation on our business in terms of cost escalations or trade disruptions. Freight costs have been rising substantially. Is there any impact on our export business, shipments, or sourcing?

Management: There is no such impact for us right now because whatever we do is on an ex-works basis, so there is no such impact. There have been certain cost increases in some consumables because of the current geopolitical situation, which we are all aware of. Other than that, I think there are no such issues right now.

Abhijit Singh – Systematix Group: How much is the forex gain in other expenses or other income?

Management: SR, can you answer that, please?

SR: The forex gain in the second quarter is only 2.3 crores out of the total 8.5 crores.

Abhijit Singh – Systematix Group: All right, sir. In the aerospace business, you mentioned that there is a customer for whom we are working on a first article and expect to complete it by year-end. Overall, how many customers do we have in terms of SKUs or number of customers, if you can throw some light on that? What is our pipeline of first articles going forward, and how do we see that business scaling from here?

Management: We are working with 4 different customers. Some are in volume production and some are at the first-article stage. By the end of this year, we will be finishing the first articles and moving to volume production. There are many opportunities on our table, and many new customers are approaching us, but we are taking this step by step to ensure that we cater to the existing customers. The issue here is that the existing customers themselves are increasing their product portfolios with us, so we are proceeding step by step.

We also need to look at our capacities to move forward. That is what we are doing. As I said, the aerospace business is going to grow rapidly, and we are also going to expand in that area over the coming 2 to 3 years to cater to new customers on a step-by-step basis. That is the right and prudent way to do it.

The qualification process for aerospace takes a considerable amount of time, which we have gone through and completed in all respects, including NADCAP and the qualifications of each individual customer. We have been cleared in all of them. That is a major step, and that itself would take about 1.5 years or so. We have completed that as well. We are on track with what we are planning to do.

Abhijit Singh – Systematix Group: Some of our peers have reported strong inflows over the past 1 year, and the entire industry is booming with good inflows. From that perspective, we have been working on these first articles for a long time. I would assume that 1 year, 2 years, or 3 years down the line, we would transition to a higher-volume business in the aerospace segment. That was where I was coming from.

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Management: Yes, absolutely, you are right. It is going to move in that direction, and that is what we are working on. When you talk about first articles, it depends on how many there are and what kind of package you are dealing with. For example, with one customer that was sourcing from 16 different companies, the entire package was given to MTAR to execute as a whole. It depends on the kind of package you are dealing with. That is how it works.

Abhijit Singh – Systematix Group: Thank you for answering my questions.

Management: Yes.

Operator: The next question comes from the line of Devang Patel with Sameeksha Capital. Please go ahead.

Devang Patel – Sameeksha Capital: You mentioned earlier that you expect to end the year with a strong order book. Should we infer that you expect the order book to grow further from where it ended in Q2? On the same point, at what intervals do we expect to receive replenishment orders for hot boxes?

Management: We cannot really say that. We might receive them at the end of the year or the beginning of next year. It all depends on the timing. More than the orders, we have a very strong forecast. Obviously, the manifold expansion is happening because of that. For now, we will stick to what we have said, and we will see how it goes. We will definitely have a very strong order book at the end of the year and moving forward as well.

Devang Patel – Sameeksha Capital: Secondly, you mentioned earlier that working capital has come down and that we are getting better payment terms. What advances do we now receive as a percentage of orders, and can we expect the improvement that has occurred to be sustained?

Management: SR, do you want to answer this?

SR: There are various percentages. It is not linked only to percentages; it also depends on future orders. Civil nuclear power provides advances of 30% to 40% as per the tender document. In the case of other customers, we negotiate in various ways. It depends on the customer. Some settle at 20%, some may provide 20%, and some may provide advances against future deliveries. It is a mix of many things.

Whatever we do, we ensure that there is no impact on our profitability. That is how we always make a decision. We also do not want to increase working capital and debt. Our aim is to obtain more advances wherever possible, and it depends on the customer; the percentages vary from customer to customer.

Devang Patel – Sameeksha Capital: Those were my questions. Thank you.

Management: Thank you.

Operator: The next question comes from the line of Parth Thakkar with JM Financial. Please go ahead.

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Parth Thakkar – JM Financial: Thank you for the opportunity. What is driving product revenue, and can you also clarify the overall guidance for product revenue?

Management: Product revenue is being driven by various factors. We are looking at various products that we have developed. In the case of ball screws and roller screws, we have to liberate bearings. Ball screws also contributed to exports this quarter. Then we have various other assemblies that go into different sectors, including box builds for different customers. It is a combination of several things that we are doing, and we will consistently grow in this area. We have been working on it for quite some time, and we are working on further products as well to add to this portfolio.

Parth Thakkar – JM Financial: What would be the revenue guidance for this particular vertical for this year?

Management: It should be close to around 500 crores.

Parth Thakkar – JM Financial: Thank you. Those were my questions.

Operator: The next question comes from the line of Ashlesh Sheth with Ventura Securities. Please go ahead.

Ashlesh Sheth – Ventura Securities: Thank you for the opportunity, sir, and congratulations on a good set of results. Firstly, I wanted to ask about the concerns regarding a slowdown in AI capex. What are we doing as a company to mitigate those risks?

Management: Can you repeat your question?

Ashlesh Sheth – Ventura Securities: My question was about the risks of an AI capex slowdown. We have seen these concerns over the past few days in the US, that AI capex might actually slow down. As a company, what are we doing to mitigate this? Have we explored any alternative strategies?

Management: This is all unwanted speculation, but we are growing in different segments, as you have seen very clearly. We are not dependent on only one segment. All this is unwanted speculation that people are talking about, but we have a very strong forecast

Management: ...which has been given by customers, so there is no issue with that.

Ashlesh Sheth – Ventura Securities: Okay, got it, sir. Could you help us understand how much of the current order book will actually be executed in the next 12 to 18 months versus the portion of the order book that gives us long-term visibility? More importantly, what revenue conversion of the order book do you expect structurally going forward when the nuclear and aerospace parts of the order book scale up? Do you see the revenue conversion ratio declining?

Management: I do not see any decline. Most of our order book, as you have seen, is not spread over a period of 10 years. Nuclear is spread over a period of 3 to 3.5 years. Fuel cells are spread over 1 year or whatever the period is. Basically, the majority of our order book is to be executed within a period of 12 to 18 months. That is how it works. It is not an order book that is to be executed over the next 10 years. It does not work like that with MTAR. Whatever order book we have shown is

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within the time frame I have mentioned to you.

Ashlesh Sheth – Ventura Securities: Lastly, I wanted to ask about the asset turnover that we are targeting. We are targeting 3 times. Can you give us the asset turnover for the different verticals that we might look at? What asset turnover do you expect for our fuel cell business, aerospace, oil and gas, and those verticals?

Management: SR, do you want to answer that?

Management: Asset turnover is different for different sectors, but it is confidential. We cannot share the sector-wise figures as of today because of some NDAs we have signed with certain customers or sectors. As you know, our gross block is not very high as of today. If you look at our debt, our fixed assets are not significant. Even if we incur 500 crores, the gross block will become 1,000 to 1,200 crores at maximum. As I said, we will generate 3 times the revenue compared with what is targeted for this financial year.

It is somewhat difficult to answer that question because all our assets are fungible across all sectors. That is also a difficulty in answering the question. Our aim is to maintain at least 3 times the revenue from the existing capex and whatever we have in the company.

Ashlesh Sheth – Ventura Securities: How much of our assets will actually be fungible?

Management: The entire asset base is fungible except in some areas. Because of the scale of operations, we cannot use 100% of it. Across all the units, suppose we have 16 units; around 15 units are fungible. The equipment across those 15 units is fungible.

Ashlesh Sheth – Ventura Securities: Okay, sir. Perfect. Thanks for answering all my questions, and all the very best for the future.

Management: Thank you.

Operator: Ladies and gentlemen, due to time constraints, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Management: [pause] I would like to take this opportunity to thank all the shareholders for their continued trust and confidence in the company. I would also like to thank every team member of MTAR for their committed work and for being part of our growth trajectory. We remain committed to delivering sustainable growth and creating long-term value for all our stakeholders. I would like to thank each one of you for attending this earnings call. Thank you so much.

Operator: Thank you, sir. Ladies and gentlemen, on behalf of MTAR Technologies Ltd., that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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