MTAR Technologies Ltd

Nifty: 25,144 CMP: Rs. 6,057 Target Price: Rs. 7,090 Rating: BUY

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WHERE ADVISORY MEETS EXCELLENCE

Aerospace & Defence

MTAR's 2QFY27 revenue grew 200% YoY (+13% QoQ) to Rs 4,068mn (est Rs 3,692mn), driven by the Clean Energy- Fuel Cell, Hydel & Others segment (+243% YoY to Rs 3,339mn), while Aerospace & Defence (+164% YoY), Products & Others (+42% YoY) and Civil Nuclear (+8% YoY) also supported overall growth. EBITDA rose 483% YoY to Rs 992mn (est Rs 886mn) and EBITDA margin expanded 1,184bps YoY (+80bps QoQ) to 24.4% (est 24.0%), supported by operating leverage and better scale utilization. PAT came in at Rs 598mn (est Rs 484mn) against Rs 46mn in 2QFY26. 1HFY27 revenue grew 163% YoY to Rs 7,675mn with EBITDA margin of 24.0%. Management maintained FY27 guidance of ~80% revenue growth with 24% ±100bps EBITDA margin and expects H2FY27 to be stronger than H1FY27. Order book stood at ~Rs 59,800mn (vs Rs 51,434mn in 1QFY27 and Rs 25,820mn in 4QFY26) on order additions of Rs 12,072mn in the quarter, dominated by clean energy (~82%), followed by Products & Others (~11%) and Aerospace & Defence (~7%). Management is targeting working capital of ~100 days for FY27, aided by customer advances and better payment terms.

Management Call Highlights

- FY27E guidance: revenue growth +80% YoY, EBITDA margin 24% ±100bps; management will not change guidance mid-year but expects to do better on both revenue and margin; H2FY27 stronger than H1FY27
- Order book ~Rs 5,983cr (vs Rs 5,143cr in 1QFY27); 2QFY27 order additions of Rs 1,207cr. Clean energy is ~82% of the order book
- Record H1FY27 order inflow of Rs 4,102cr; management expects to sustain the momentum and a strong closing order book at FY27-end. Demand for hotboxes exceeds capacity
- Working capital at 50 days in Sep-26 (172 in Mar-26); H1FY27 operating cash flow Rs 350cr; GST refunds of Rs 70-80cr p.a. expected
- Segment reclassification: ~Rs 60cr of box-build revenue (and ~Rs 60cr of order inflow) was booked under clean energy instead of Products & Others; Products & Others revenue was ~Rs 125cr (vs Rs 65cr shown). Company to re-upload the investor deck
- Phase 2 hotbox capacity expansion (~30% above existing capacity) will be operational by end-November 2026; Phase 3 (multifold capacity, new dedicated facility) will be completed by June 2028
- Total capex ~Rs 500cr (~Rs 100cr incurred in FY26, ~Rs 400cr in FY27): Rs 350cr for fuel cell and Rs 150cr for other verticals; 75% through debt and 25% through internal accruals. Rs 50-100cr annual maintenance/growth capex
- Expect ramp-up in volumes in MNC aerospace (Rs 150cr+ revenue targeted in FY27). First-article qualification for a key customer this year, with long-term-agreement volumes from FY28
- Data centre infrastructure: first article orders of ~Rs 45cr; Phase 1 facility ready by December and Phase 2 by June 2027. Customer has indicated ~8x the first-article requirement, i.e. Rs 350-450cr potential over the next two years
- ROCE ~23% in FY27 (17.2% in FY26), Rs 107 cr net debt after investment
- Majority revenues will be in FY28 and FY29 for nuclear. 2 years for the current orderbook execution
- Mahi Banswara order-Rs 700-1000cr potential
- Product and others- Exports of ballscrews commenced. Rs 500cr revenue guidance. 1-year orderbook for products and orders.

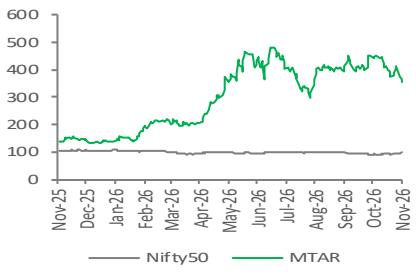
Valuation and Outlook

We maintain a BUY rating on MTAR Technologies with a target price of Rs 7,090, valuing the company at 50x September 2028E EPS of Rs 141.8, which is 17.1% above the current market price of Rs 6,057. Our valuation reflects strong earnings visibility from its established Bloom Energy relationship, a robust order book and growing exposure to the SOFC and AI data-centre power opportunity. We estimate revenue/EBITDA to grow at a CAGR of ~71%/~91% over FY26-FY28E, with EBITDA margin expanding from 23.2% in FY27E to 24.5% in FY28E on operating leverage and capacity ramp-up. We use a moderated 50x multiple to allow for valuation normalisation as the AI-led opportunity gets priced in, despite the scarcity premium.

Key triggers are the ramp-up of hotbox capacity, rising Bloom Energy deployments and execution of nuclear and aerospace & defence programmes. Key risks are elevated valuations, customer concentration with Bloom Energy (~60% of revenue), execution of the planned capex and working capital requirements.

Shareholding (%)	Sep-26
Promoters	29.23%
FIIs	20.87%
DIIs	27.09%
Public	22.80%

Relative Price Performance



Key Data	
NSE code	MTARTECH
Bloomberg code	MTARTECH IN
Outstanding Shares (mn)	30.76
Market cap (Rs mn)	186,298
52 Week High/low (Rs)	8,715/2,238

(RS. mn)	FY26	FY27E	FY28E	CAGR
Revenue	8,761	16,048	25,602	71%
EBITDA	1,712	3,725	6,272	91%
EBITDAM	19.5%	23.2%	24.5%	497bps
PAT	947	2,157	3,931	104%
EPS	30.8	70.1	127.8	104%
P/E (x)	196.7	86.4	47.4	

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Quarterly Results

Particulars (Rs mn)	2QFY27	2QFY26	YoY	1QFY27	QoQ	1HFY27	1HFY26	YoY
Revenue	4,068	1,356	200%	3,607	13%	7,675	2,922	163%
EBITDA	992	170	483%	851	17%	1,842	454	305%
EBITDAM	24.4%	12.5%	1184bps	23.6%	80bps	24.0%	15.6%	845bps
PAT	598	46	1204%	502	19%	1,101	158	596%
EPS	19.45	1.49	1204%	16.33	19%	35.78	5.14	596%

- Revenue grew 200% YoY (13% QoQ) due to strong growth in clean energy- fuel cell, hydel & others (243% YoY) and Aerospace & Defence (164% YoY); civil nuclear grew 8% YoY while Products & Others grew 42% YoY (down 77% QoQ after a strong 1QFY27)
- EBITDA grew 483% YoY (17% QoQ) due to strong growth in revenue and reduction in employee costs (from 24% to 12% of revenue) and other expenses (14% to 10%), although some of it was offset by higher COGS (49% to 53%). EBITDA margin increased by ~1,184bps YoY and 80bps QoQ to 24.4%.
- PAT grew 1,204% YoY to Rs 598mn on a low base (Rs 46mn in 2QFY26), driven by operating leverage; other income was Rs 85mn (incl. forex gain of Rs 23mn) and finance costs were Rs 162mn

Revenue Mix by industry

Revenue mix	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Clean Energy- Civil Nuclear Power	54	51	62	70	32	55
Clean Energy- Fuel Cell, Hydel & Others	1,050	974	1,956	2,173	2,208	3,339
Aerospace & Defence	250	166	309	314	364	438
Products & Others	210	165	453	501	1,004	234
Total Revenue	**1,564**	**1,356**	**2,780**	**3,058**	**3,608**	**4,066**

Order Book breakup

Orderbook breakup	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Clean Energy- Civil Nuclear Power	1,504	6,514	6,791	6,841	8,128
Clean Energy- Fuel Cell, Hydel & Others	7,197	11,807	13,220	34,306	40,760
Aerospace & Defence	3,268	3,257	3,615	3,806	4,303
Products & Others	998	2,371	2,195	6,481	6,634
Total order book	12,967	23,950	25,820	51,434	59,826

Key highlights from Bloom Energy's 3Q CY2026 Earnings Call-

- Revenue $1.24bn (+138% YoY, +16% QoQ) - record quarter; product revenue $1.07bn (+179% YoY), crossing $1bn for the first time
- Non-GAAP gross margin 34.5%, operating margin 23.1%; adj. EBITDA $299mn (~24% margin)
- Non-GAAP EPS $0.94 (GAAP $0.78) vs. $0.15 a year ago
- FY2026 revenue guidance raised to $4.4-4.6bn (~122% YoY at the midpoint) - third raise this year; non-GAAP operating income $960mn-1.03bn, EPS $3.10-3.40, gross margin ~34%
- Operating cash flow -$27mn; FCF ~-$181mn on capex of $154mn; cash $2.5bn. Management said the cash use is "not the beginning of a trend"
- Capacity approaching 5GW annually; management said Bloom "will not be the bottleneck" for customers' data centre timelines
- Customers: Oracle project delivered in under two months; Nebius 300MW on track; AEP/Google 700MW of carbon-capture-enabled systems; conditional US Army award
- Margin pressure from ramping new production lines and expedited deliveries

Change in Estimates

Particulars (Y/E March)	Old Estimates		New Estimates		Change in Estimates	
(Rs mn)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	15,672	25,241	16,048	25,602	2%	1%
EBITDA	3,746	6,184	3,725	6,272	-1%	1%
EBITDA margin	23.9%	24.5%	23.2%	24.5%	70bps	-1bps
PAT	2,139	3,791	2,157	3,931	1%	4%
EPS (Rs per share)	69.5	123.3	70.1	127.8	1%	4%

- FY27E revenue is raised 2% to Rs 16,048mn (+83% YoY), slightly ahead of the ~80% guidance.
- FY27E EBITDA margin is cut ~70bps to 23.2% as we model higher employee costs in 4QFY27 (~18% of revenue). The implied H2 margin of ~22.5% looks conservative against 24.0% in 1HFY27.
- FY28E revenue and EBITDA are raised ~1% each, with margin unchanged at ~24.5%, backed by the order book and Phase 2 hotbox capacity.
- PAT/EPS are raised 1% in FY27E and 4% in FY28E.

Financials

Income Statement

Y/E Mar (RS. mn)	FY25	FY26	FY27E	FY28E
Revenue from operations	**6,760**	**8,761**	**16,048**	**25,602**
Cost of materials consumed	3,420	4,584	8,399	11,521
Gross profit	**3,340**	**4,177**	**7,649**	**14,081**
Gross margin	49.40%	47.70%	47.70%	55.00%
Employee cost	1,238	1,500	2,261	4,480
Other expenses	895	965	1,662	3,328
EBITDA	**1,208**	**1,712**	**3,725**	**6,272**
EBITDA margin	17.90%	19.50%	23.20%	24.50%
Depreciation	322	347	404	644
EBIT	**885**	**1,365**	**3,321**	**5,628**
EBIT margin	13.10%	15.60%	20.70%	22.00%
Other income	51	234	214	120
Interest cost	222	294	646	493
Exceptional items	-	38	-	-
Profit before tax	**715**	**1,268**	**2,889**	**5,255**
Tax	187	321	732	1,324
Profit after tax	**528**	**947**	**2,157**	**3,931**
PAT margin	7.80%	10.80%	13.40%	15.40%
EPS (Rs per share)	17.1	30.8	70.1	127.8

Balance Sheet

Y/E Mar (RS. mn)	FY25	FY26	FY27E	FY28E
Share capital	308	308	308	308
Reserves and surplus	6,982	7,918	10,075	14,006
Trade payables	1,061	1,499	1,451	4,349
Borrowings	1,773	3,692	3,978	4,478
Other liabilities	1,180	4,017	6,694	6,694
Total liabilities	**11,303**	**17,434**	**22,506**	**29,835**
Net fixed assets	4,893	5,316	9,697	11,553
Inventories	3,461	5,005	3,517	9,118
Investments	0	2,153	3,620	0
Trade receivables	2,098	3,368	2,330	6,313
Cash and bank balances	169	212	1,045	554
Other assets	682	1,379	2,296	2,296
Total assets	**11,303**	**17,434**	**22,506**	**29,835**

Key Ratios

Y/E	FY25	FY26	FY27E	FY28E
Liquidity Ratios				
Current ratio (x)	2.13	1.55	1.13	1.25
Quick ratio (x)	0.24	0.36	0.35	0.26
Cash ratio (x)	0.01	0.01	0.05	0.02
Asset utilisation				
Asset turnover (x)	0.6	0.5	0.71	0.86
Fixed asset turnover (x)	1.55	1.76	1.87	2.46
Returns				
ROA	4.70%	5.40%	9.60%	13.20%
ROE	5.70%	12.20%	23.20%	31.80%
ROCE	8.70%	8.80%	16.20%	20.20%
Ex-cash ROCE	8.20%	7.30%	15.10%	19.80%
Margins				
EBITDA margin	17.90%	19.50%	23.20%	24.50%
PAT margin	7.80%	10.80%	13.40%	15.40%
Effective tax rate	26.10%	25.30%	25.30%	25.20%
Leverage				
Debt to equity (x)	0.24	0.45	0.38	0.31
Net debt (Rs mn)	1,603	3,480	2,933	3,924
Interest to avg debt	12.50%	8.00%	16.20%	11.00%
Working capital (days)				
Net working capital days	243	286	100	158
Inventory days	187	209	80	130
Debtor days	113	140	53	90
Creditor days	57	62	33	62
Growth & cash conversion				
Revenue growth YoY	16.40%	29.60%	83.20%	59.50%
EBITDA growth YoY	-2.90%	41.80%	117.60%	68.40%
PAT growth YoY	-5.80%	79.20%	127.90%	82.20%
CFO / EBITDA (x)	0.84	1.15	2.02	-0.26
Valuation				
P/E (x) at CMP		196.7	86.4	47.4
EV/EBITDA (x) at CMP		109.4	50.3	29.9

Cash Flow

Y/E Mar (RS. mn)	FY25	FY26	FY27E	FY28E
PBT	716	1,261	2,889	5,255
Depreciation and amortisation expense	322	350	404	644
Finance costs	222	294	646	493
Changes in working capital	-89	419	4,303	-6,686
Taxes	-134	-248	-732	-1,324
Cash flow from operations (A)	**1,036**	**1,969**	**7,510**	**-1,618**
Purchase of property, plant and equipment	-1,003	-1,336	-4,000	-2,500
Purchase/Sale of investments	0	-2,150	-1,467	3,620
Net cash (used in)/ generated from investing activities (B)	**-1,027**	**-3,526**	**-6,339**	**1,120**
Borrowings	-137	1,920	286	500
Finance costs paid	-222	-289	-646	-493
Net cash flow from / (used in) financing activities (c)	**-358**	**1,548**	**-345**	**7**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**-349**	**-9**	**826**	**-490**
Cash and cash equivalents at the beginning of the year	392	19	10	836
Effect of exchange differences on restatement of foreign currency on Cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the end of the year	19	10	836	346
Free cash flow	33	633	3,510	-4,118

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