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To,

Date: 21-August-2023

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

Subject: Disclosure under SEBI (Listing and Disclosure Requirements Regulations, 2015) -Transcript of Earnings call held on 11th August 2023.

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 Friday August 11, 2023.

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

**Shubham Sunil Bagadia
Company Secretary and Compliance Officer**



“MTAR Technologies Limited
Q1 FY '24 Earnings Conference Call”
August 11, 2023



MANAGEMENT: **MR. SRINIVAS REDDY – MANAGING DIRECTOR –
MTAR TECHNOLOGIES LIMITED
MR. GUNNESWARA RAO – CHIEF FINANCIAL OFFICER
– MTAR TECHNOLOGIES LIMITED
MS. SRILEKHA JASTHI – SENIOR MANAGER,
STRATEGY AND OPERATIONS – MTAR
TECHNOLOGIES LIMITED**

MODERATOR: **MR. IRFAN RAEEN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the MTAR Technologies Ltd Q1 FY24 Earnings Conference Call. As a reminder, all participant lines will be in 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 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 Orient Capital. Thank you, and over to you, sir.

Irfan Raeen: Thank you, Ryan. Good morning, everyone. On behalf of MTAR Technologies Limited, I extend a very warm welcome to all participants on Q1 FY24 earning phone call discussion. Today on the call we have Mr. Srinivas Reddy, the Managing Director, Mr. Gunneswara Rao, the CFO and Ms. Srilekha, Senior Manager Strategy and Operations. I hope everyone had an opportunity to go through our investor deck and press release that we have uploaded on exchanges and on company's website.

I would like to give a short disclaimer before we start the call. This call may contain some of the forward-looking statement which are completely based upon our belief, opinion, and expectation as of today. This statement are not guaranteed for our future performance and involve unforeseen risks and uncertainties. With this, I hand over the call to Srinivas, sir. Over to you, sir. Thank you.

Srinivas Reddy: Thank you, Irfan. Good morning, ladies and gentlemen. I would like to thank all of you to spend your valuable time to participate in the FY24 Q1 earnings call of MTAR. I have with me Mr. Gunneswara Rao, the CFO, and Srilekha Jasthi, the Senior Manager, Strategy and Operations, and Irfan from Orient, Capital. We have uploaded the investor presentation on stock exchanges and website and hope all of you have gone through the same. The company performed very well during the first quarter year on year basis and details will be shared by the CFO subsequently.

I will briefly explain the financials related to the growth and would like to highlight the future outlook and achievements which are related to current year and the future growth of the company. As mentioned earlier, we have given a guidance of 45% to 50%, which translates to about 830 to 860 crores of revenues, and continue to confirm the same guidance moving forward. We have a strong revenue growth over the next three quarters during FY24 to meet the revenue guidance.

We have historically delivered more than the guidance numbers, and in FY23, we have achieved revenues of INR574 crores as against initial guidance of INR515 crores. The breakup of sales for FY24 in comparison to FY23 will give a clear picture on revenue and margin trajectory for FY24. Please note that the revenue numbers being given will be within a plus minus 5% as I mentioned earlier. So if you look at the revenues, other than the hot boxes and sheet metal being supplied to Bloom, from FY23 to FY24, in the case of FY23, we had done a revenue of 121 crores in the other segments, as against what we are going to do about close to 315 crores this year.

So that's a substantial jump of revenues being generated rather than bloom hot boxes and sheet metal. This is a very encouraging aspect which I would focus more upon. This clearly indicates the increase in gross margins being happening because most of the domestic revenues are being achieved in the forthcoming quarters and we have a substantial jump in revenues in this segment, Ardent Bloom, hot boxes and sheet metal from the now 112 crores to 315 crores. The breakup of the Hotboxes, which most of you will be interested, in Q1 we have done 950 Yuma Hot Boxes with 32 electrolyzers. We have been given a clear dispatch plan by Bloom during the current financial year. So in Q2 we'll be doing 418 Yuma Hot Boxes and 440 Yuma Santa Cruz hot boxes, which is an advanced version of Yuma and 66 electrolyzers.

And in Q3 we will be doing 1,144 Santa Cruz hot boxes and 44 electrolyzers and in Q4 we will be doing 1718 Santa Cruz hot boxes Plus any new orders for electrolyzer which are expecting by the end of the year. So Santa Cruz is an advanced version of Yuma which will generate 65 kilowatts as against 50 kilowatts of Yuma. This we have been working with Bloom over the last quarter to make certain design changes to increase the output of the Yuma unit itself.

This has been a remarkable achievement with very low production costs by both the team members. So coming back to the EBITDA percentage and PAT, we had given a guidance of 28% plus minus 100 basis points and we continue to maintain the same margin guidance going forward for FY24. Now MTAR margins for this quarter has been at 22.4%. We'll improve quarter-on-quarter basis based on higher revenues as I mentioned earlier, both in the domestic and as well as in the export sector, resulting in, obviously, resulting in reduction on the other expenses and employee benefit expenses percentage wise with respect to revenues.

The other expenses during this quarter are marginally higher because we had to outsource LSM coating as MTAR will get qualified for LSM coating by December end. Then increased costs due to power consumption rates, insurance costs for employees, increase in property taxes, etc. The employee benefit expenditure stands at 16% presently, will be at 12% for FY24, and other expenses which stand at 11.5% will drop to about 9% for FY24 over the quarters. So we will end the year with EBITDA margin of close to 28% plus or minus 100 basis points.

Further, the gross margins for Q1 standing at 49.9% will eventually improve to 52% for FY24 based on increased revenues from domestic sectors quarter on quarter basis. PAT for the year will approximately stand at 18% with plus minus 50 basis points for FY24, which is a substantial jump compared to FY23. We are looking at INR145 crores to INR150 crores of PAT for FY24 as compared to INR104 crores for FY23. Quickly coming on to the order book, we have closing order book of INR1,078 crores as of June 30 and we have received orders for INR50 crores approximately for the first quarter.

Major orders from clean energy, nuclear, space and defence are expected during the upcoming quarters and we will continue to confirm that our closing order book will be at INR1500 crores for FY '24. We are expecting close to INR1200 crores of orders during the year from various sectors over the next three quarters. We are expecting close to INR500 crores of orders from nuclear division, INR550 crores from clean energy segment, and rest from the other segments and new customers.

We now have well-diversified customer base and enough new customers in the pipeline and the details are clearly listed in our presentation. Another very important aspect is that our defense license is cleared by the committee, by the Ministry of Defense, and it took almost 18 months and we are hoping to receive the license by next week based on the indication given to us.

This will enable us to supply directly to Air Force, Navy, etc, and also help us to associate with multinationals to bid for the major defense projects moving forward. MTAR will also work on developing its own products to directly supply to defense. And this aspect is now being analyzed by the design and production team and we'll update the investors at appropriate time.

We have two very good projects in the pipeline apart from the various customers that we are working with. One is the Fluence Energy and the other is EnerVenue both the companies are in energy storage systems. Fluence is in final stage towards releasing the letter of intent for 1000 units along with prototypes with revenues of approximately INR130 crores which will be executed in FY'25 purely for the Indian market.

We are expected to commence exports to Asian countries, Australia, New Zealand etc. from the Indian facility and should be around INR400 crores business over the next three years. We will be able to achieve that kind of revenues over the next three years.

Discussions are going on with respect to establishing units in Europe and USA by MTAR. This is very exciting for us, which will generate substantial revenues for the company, close to even thousand crores and more, once the units are established. Fluence will also associate with MTAR to having a center of excellence, engineering excellence to improve and to on their systems moving forward. And they have shortly said MTAR is the only company which can work with them in terms of manufacturing the fully assembled kits for them.

EnerVenue is another company which deals with nickel hydrogen batteries instead of lithium and another exciting prospect in the energy storage systems. This is in the preliminary stage of discussion and hoping that we could set up manufacturing unit in India once the MOU is signed with the company.

On the product development side, we have submitted the first articles of roller screws to DRDO and it's been tested now under load conditions in the electromechanical actuators and we are hoping to get this certification finally by this quarter and the market potential for this both domestic and export should be tune of INR80 crores to INR100 crores. The second one is the electromechanical actuators which I want to update is that we have we are supplying four different types of EMS this financial year, close to about INR7.5 crores, and the business of EMAs will grow in the product division year-on-year basis.

We're also starting a new product called Dielectrics in this quarter, and we should get qualified by March end. The potential business for this would be close to about INR250 crores per year. As you are all aware that we have developed the ASPs as a product and production ramp-up has commenced already and will generate revenues of approximately INR110 crores this year and next year we are expecting the revenues to go up to INR140 crores to INR150 crores.

Valves for defense, we have received orders for first articles and we have commenced the design and development of the valves and we are expecting to commercialise these valves by the end of the year. We will have more details on the numbers of valves as we make progress further. The semi-cryo engine we are rolling out this year for sure and which increases the payload capacity from 4 tons to 6 tons in GSLV Mark 3.

We have the order for six engines, and each of the engines costs about INR5 crores, and here the raw material is issued by the department itself. As you are all aware, we have qualified for all types of bellows which have been indigenized completely and we are now this will reduce our cost substantially instead of importing these bellows and that process is already been established right now and MTAR has designed and developed its own bellow machines as against buying machines worth INR12 crores, we are able to establish the facility for less than INR2 crores.

Designing & building special purpose machines at low cost is another strength of MTAR. The SSLV project is on track. We have recruited enough team members headed by [Padmasree Awardee, Dr. Vedachalam for this project. We will provide more details during the next earning call as and when we progress further on this. And as mentioned earlier, we are slowly entering into the export market of ball screws.

Collins and IAI, all these companies have approached us. We are trying to work on the first articles right now. Apart from the ball screws that we are supplying to various organizations within India, being 100% import substitute. Cable harness systems is getting qualified in this quarter itself, which will be a very good progress in the electronic solution what we have initiated earlier. And the most important aspect is once you get the defense license, we are simultaneously working on identification of various defense products. The studies underway and for the commercial viability in terms of addressing the needs of the end users and defense organizations within India.

Finally, I would say that the net working capital base is indicated at INR278 days, but we have received funds of about INR87 crores from Bloom energy in the first week of July, which would have actually been at 226 days instead of 278 days. And we have given a guidance of bringing it down to 200 days, we stick to that guidance, and we are right on track with it. We are reducing our inventory levels, we are working on the receivables, and as well as the credit that we can receive from the market from various suppliers. So we are sincerely working towards this to achieve the year-end guidance is what we are looking at and we are hoping to be on track on that as well.

With this, I would like to hand over the call to our CFO, Mr. Gunneswara Rao, to take it forward and take it through the financials.

Gunneswara Rao:

Thank you, Mr. Srinivas Reddy. Good morning everyone and a warm welcome to our earnings call. I will take you through the financial highlights, post which we will open the floor for questions and answers. The company has registered a strong growth in top line and bottom line on Y-o-Y basis in Q1 FY '24. Our revenues from operations stood at INR152.6 crores in Q1 FY '24 as against INR91 crores in Q1 FY'23. Which translates 67.6% increase on year-on-year basis.

We have reported an EBITDA of 34.5 crores in Q1 FY'24 as compared to INR25 crores in Q1 FY '23, which is 38.3% increase on year-on-year basis. Our profit before tax stands at INR27.3 crores in Q1 FY'24 as against INR22.2 crores in Q1 FY '23 which is 22.8% increase on year-on-year basis. The company's profit after tax is at INR20.3 crores in Q1 FY'24 as against INR16.2 crores in Q1 FY '23, which is 25.4% increase on year-on-year basis.

As discussed by our MD, our working capital days stands at 278 days in Q1 FY '24 as compared to 230 days in Q4 FY '23. The reason mainly because receivables stands at 147 days as against 132 days in the last quarter. Had we received that INR87 crores payment from the Bloom a week earlier we would have witnessed a reduction of 52 days in our receivable days, which will come down to 226 days on the total net working capital days.

We have given a year-end guidance of around 180-200 days, which we are sticking to that guidance. We are working on inventory reduction and lot of other measures we are taking. And also we are actually applying for GST refunds. We got INR3 crores of GST refund in the last quarter. We are filing further GST refunds from the government so that we can reduce our inventory days.

Also as reiterated by our MD, our annual guidance will be 45% to 50%. In the coming quarters, we will achieve the target with a mix of revenue with 40%, 60% for H1, H2 respectively.

With this, I will open the floor for discussions and questions and answers. Thank you everyone.

Moderator: Sure, thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepak Krishnan from Macquarie. Please go ahead.

Deepak Krishnan: Hi, sir, and thank you for the opportunity. I just wanted more clarity on this increase in other expense, if I kind of look at it. Are the ASP or any of the product divisions you know generally EBITDA margin dilutive to our overall mix and you know what gives us confidence that we'll sort of come back to this 27%, 28% range indirectly implying that certain quarters you know we should reach 30% plus EBITDA margin.

So you know just clarity and comfort on what drives other expense lower going ahead, even though sort of revenue increases. Maybe if you could highlight those?

Srinivas Reddy: So as I said, the other – increase in other expenses towards the plasma coating or LSM coating for the ASPs, which we have to do in Taiwan, we are not yet qualified for that. We manufacture the whole thing and we outsource it. Right now, MTAR is establishing that facility and once we do that, we'll be doing it in-house itself.

As of today, we are outsourcing that and there has been an increase in certain other aspects of property taxes which have been booked this quarter and also on the insurance, employee insurance benefits and things like that which has been booked in this, which is higher than the previous year.

So, overall, if you look at it, compared to the revenues, what we are going to generate over the next three quarters, as I mentioned, clearly, the other expense percentage will drop to about 9%

over the revenue guidance, what we have given. And including the employee benefit expenses will drop from 16% to 12%, which is a substantial reduction and compared to last year.

And this would obviously ensure that our margins will improve drastically. And we are confirming that our margins would be at the level what I've mentioned very clearly. And another important aspect is that the product mix is going to be much better in the next three quarters where the gross margins for the domestic segment are much higher. And which I said that last year we had done around INR112 crores and this year we're doing INR315 crores higher than Bloom hot boxes and the sheet metal supplies that we're doing to Bloom.

And that's a very, very positive sign and I would actually focus more on that. So that would improve our gross margins to about 52%. So we'll eventually achieve our margins quarter on quarter. There will be an improvement in the margins and we will average much higher EBITDA margins moving forward and at the end of the day, at the end of the year, we'll be able to achieve our target EBITDA margins of 28% plus minus 100 basis points.

Deepak Krishnan:

Sure, sir. Thanks for the answer. Maybe just I wanted to check on the Fluence potential that you've indicated of 1000 units, you know INR130 crores revenue potential and you know establishing units in US and Europe so how does this entire thing work like who would undertake the capex for the US and Europe investments and you know what are the longer term targets we have with Fluence?

Srinivas Reddy:

See as of now the way we had a series of meetings with Fluence and we are in the final stage of closing out the Letter of Intent from Fluence for the Indian market for 1,000 units per year. And also they're looking at exports from India to Asian countries and also to Australia, New Zealand, etc. That's the target for the Indian facility. Another important aspect is the way they looked at MTAR and the kind of engineering know-how what we have.

They've also indicated that they would, they have in fact advised us to also start units in Europe and USA. We have to formulate all those things in terms of the capex requirements and all that, which we're working on it right now. We'll have more clarity probably in a couple of months time but that's a very clear indication from their side.

The reason being in the US, as you know Deepak, we have the IRA credits, the Inflation Detection Act which was announced there. So we have a lot of subsidies coming out, manufacturing in the US, that's what they want And also similar support we are getting from the European Union in terms of manufacturing in Europe for the European needs.

So if you're able to do these two units, it'll be a requirement of almost like close to 10,000 units per year in these two continents. So that's a major achievement, I would say. So we are really focusing on that and we have to establish how we are going to go about it, what kind of decisions that we need to take. So that will give us substantial revenues for the company moving forward.

So that's where we are right now. So this particular project is very exciting for us in terms of our growth, what we're anticipating in various segments, especially by associating with Fluence Energy in a big way. So another company is EnerVenue, which we're in initial discussion. So let's see how it goes, and then we take it forward from there.

Deepak Krishnan: Sure, maybe just one last question for me. Just wanted to understand the outlook for Bloom orders because technically, historically, we've reported them in June and September. So maybe, by when can we expect the Bloom order for next year to kind of come through? And just a follow up on the Fluence project, what are we exactly contributing over there and what capabilities are we sort of utilizing that MTAR has and that Fluence specifically wants from MTAR?

Srinivas Reddy: So the answer to your first question is the Bloom orders for the next calendar. We have orders till December end. So for the next calendar, we're expecting the orders to come in either in this quarter or beginning of next quarter. So that's on track. So in fact, if you have studied the recent Bloom report as well, they have recorded the highest revenues for the last quarter and they are expecting the overall revenues to be about 1.4/1.5 USD billion this year.

So they are growing at that rate, so there is no issues of getting orders from Bloom. That's an ongoing process. We either receive it in this quarter or beginning of next quarter. So that's on track. As I said, we'll be getting an order inflows of INR1,200 crores this year. Most of those orders will come in over the next quarters, and that's not an issue at all, including the nuclear division as well.

And coming back to Fluence, it's a complete assembled unit is what we're going to supply to them ultimately. So that's what the plan is. So that's what we're going to do in India. They're going to also have an engineering excellence center established with us because they're very much impressed with our capabilities in what we are doing in MTAR today. And that's where we are. So that's something they have done a lot of due diligence within the country and finally they have shortlisted MTAR to be their partner in India and elsewhere as well.

Moderator: Thank you very much. We take the next question from the line of Deepesh Agarwal from UTI Asset Management. Please go ahead.

Deepesh Agarwal: Yes, good morning, gentlemen. My first question is if I look at your revenue for clean energy, there seems to be a decline on a sequential basis. What explains this decline from, say, INR140-odd crores to INR100-odd crores, 105 crores?

Srinivas Reddy: Good morning. There's no decline as such. See, what has happened is Bloom has given us a dispatch plan of late, which I mentioned very clearly. I've given you the numbers as well. So overall, during the financial year, we'll be closing out on all the order book positions what we have with Bloom. So only thing is they have spread the dispatches quarter-on-quarter basis, based on looking at their own inventory levels. And also they wanted to streamline their own inventories, but the overall dispatches would remain the same.

As I mentioned earlier, in Q1 if you have done 950 of Yuma units and 32 electrolyzers. Let's come to Yuma, then in Q2 I'm very clearly indicating the numbers that we're going to do 480 in Yuma and 440 Santa Cruz, which is an advanced version of Yuma. And in Q3, we'll be doing 1,144. And in Q4, we'll be doing 1,718. These are the indications given by Bloom, and we are following that dispatch plan. So ultimately, during the year, we'll be executing what we're looking at, what we have done, INR440-odd crores last year. This year, we'll be doing, including

Hydel, we'll be doing about INR590 crores. So, there is a substantial jump in terms of revenues in the clean energy segment as well during the financial year.

Deepesh Agarwal: And can you highlight what's the, our realization gap between, say, Yuma hotboxes and these advanced hotboxes?

Srinivas Reddy: The realization is about around \$800 more for the advanced version of Santa Cruz.

Deepesh Agarwal: Understood. And even on the space side, space segment, we see some decline this quarter. Anything material to read into this?

Srinivas Reddy: Absolutely not. Basically space, as we have indicated in our presentation, we have shown INR6.9 crores. And this year we have a target in this segment of INR 70 crores. So we are right on target with that. As I mentioned earlier, most of our domestic execution is happening over the next three quarters. And if you look at it, as I mentioned in my earlier explanation, that if you compare FY '23 to FY '24, other than Bloom, hot boxes, and sheet metal, we'll be achieving a number of from INR112 crores to a level of INR 315 crores, which is nearly equivalent to the total revenues what we have done for FY '22.

So that's something which I'm really excited about, right? So that's been our main focus, how to generate more revenues in every other segment. So that's a very positive sign for us, which will also improve our gross margins going forward as well.

Deepesh Agarwal: Sure, and lastly, on Fluence, what is the gestation period in terms of capex because we are yet to start the capex for that requirement?

And secondly, would the margin profile and working capital similar to company average for the Fluence business?

Srinivas Reddy: See, basically it's a different product altogether, but what's important to note is that we'll be able to do the prototypes and the first 500 units within the existing facility itself. But ultimately to do the 1,000 units, we need to construct a separate facility within the same Adibatla plant what we have in between the two fabrication and the ship metal operations that we are doing right now to begin with.

So, overall the margins, if you look at it, which will be probably closer to Bloom, what we are looking at, but the operating leverage is much higher. It's a different product. We are establishing all that, but it will definitely generate good enough EBITDA based on the operating leverage what we have with Fluence as well.

Deepesh Agarwal: Understood. Thank you and all the best.

Srinivas Reddy: Thank you.

Moderator: Thank you. The next question is from the line of Bala Murali from Oman Investment Advisors. Please go ahead.

- Bala Murali:** Yes, good morning, sir. So regarding the Yuma hotboxes, we have a guidance of 7,000 boxes this year. I think we'll be short of some boxes as per guidance now.
- Srinivas Reddy:** So the 7,200 included electrolysers, Yuma and Keeylocko. So Keeylocko, the design changes are happening as I said earlier. So we have not even considered that in our revenue breakup as of today. So in spite of that, we have shown a revenue growth of 45% to 50%. Once that is established, then we'll be able to add on to our numbers. So we are working on it right now.
- Bala Murali:** Okay, sir. And in the nuclear power segment, as of now we have around INR180 crores of order book, but the reactors which are under construction have a good scope, but still we have low order book on that. And from the upcoming reactors, we're expecting a 5,000,- 7,000 order book. So is it possible? But why are nuclear reactors under construction who have very low contribution of order?
- Srinivas Reddy:** We don't have any low contribution, Bala. See, basically what's happening is that whatever orders we have for the reactors which are under implementation, we are executing them right now. And some of them are long cycle orders, some of them are short cycle orders. But the new tenders which have come, I have explained in the earlier earnings call, the Kaiga 5 and Kaiga 6, which have been declared as mega projects, which will be given to a private industry, industries like Tata or L&T of the world, over becomes an L1.
- MTAR is qualified for 16 such packages in those reactors and we are expecting about INR500 crores worth of orders coming in and for which tenders have already been floated and in fact the last date is around August 14, or something like that for that, I guess. So we're expecting those orders coming by end of this quarter, by end of this year from these companies. So let's see how it goes.
- Bala Murali:** Like in the annual report, it's mentioned that around INR7,000 crores to INR8,000 crores is possible for MTAR to gather from these reactors. So it will be...
- Srinivas Reddy:** I am talking only about two reactors. There are more than 10 reactors which are in the pipeline. So once all those -- those will be direct orders. So only they are doing an experiment with a couple of nuclear reactors, directly giving it to a private company, much larger company. You can also do civil construction as well, right? So they're trying to experiment that way, they can implement those things much faster than what NPCIL is doing right now. But there are a lot of other 10 more reactors that are coming in, which will be dealt directly with the companies what the way doing it earlier as it is.
- Bala Murali:** And lastly, on electrolyte side, electrolysers, 143 notes guidance, I think it's almost similar to last year. Do you have any discussions with any domestic customers to supply electrolysers? Are there any possibility to ramp-up this figure by the end of the financial year?
- Srinivas Reddy:** The ramp-up is going to happen mainly for exports. That's what I said, that by end of the year we should have the order book position being booked for electrolysers as well for next calendar year in a big way. So we are waiting for that and it's already been proven what electrolysers we have shipped to Bloom. So I've explained that in the earlier on this call as well. So we're

expecting this vertical to actually eventually in a year or two to grow even bigger than you are. That's where the whole world is looking at. So let's show it was.

Bala Murali: Small follow up on this, other than Bloom or in discussion with any other customers that supply of electrolysers domestic or international?

Srinivas Reddy: No, we are discussing but the issue here is that, are they in line with the volume that Bloom is doing right now? So there is no comparison. We have studied that, looking at Plug Power, Ballard Systems, Ohmium is another thing which India is trying to do, they're doing their prototypes right now. So we will be seeing the eventual possibility of working with any of these companies moving forward once, because we have the base platform to work with any one of them. We have the technology to do it. So let's see how it goes as they ramp-up their own volumes based on their prototype afterwards.

Bala Murali: Okay, that's all. Thanks a lot and all the best for your future.

Srinivas Reddy: Thank you.

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

Mohit Kumar: Good afternoon and thanks for the opportunity. My first question on the margin, when do you expect the margins to improve sequentially? Are you expecting quarter-on-quarter and on the average are you expecting 28%, is that number right?

Srinivas Reddy: See, as I mentioned earlier, the margins will improve quarter-on-quarter basis and eventually we will achieve the target margin given by the 28% plus minus 100 basis points by the end of the year. I've also explained the product mix, what's going to happen over the next three quarters. And we're very clear that we'll be able to achieve those margins, what we have said initially. And also the revenue guidance, what we have given.

Mohit Kumar: My second question on the nuclear division, when do you, so are the tenders out as of now, Are the tenders being submitted? And when do you expect the decision to be made by the NPCIL?

Srinivas Reddy: See that for Kaiga 5 and Kaiga 6 the tenders have been floated for the private industry, they call it as mega project and companies like L&T and Tata are bidding for it and a lot of other companies are also doing it. So qualification is going to be a serious criteria there. So in that tender, the preconditions are that MTR is qualified for 16 such packages on the engineering side, because qualification is a very tough process for nuclear reactors. So we'll automatically be – whoever wins the project will be having an opportunity of INR500 crores-plus to work with them to supply all the equipment to NPCIL.

Mohit Kumar: Can you expect this to get finalized by Q3 or Q4 or do you think it is speedable to be finalized?

Srinivas Reddy: I'm thinking more on the Q4 side because it takes at least four months to five months. These are all fast-track projects, so hopefully they'll do it as quickly as possible. But worst is definitely not later than Q4.

Moderator: Thank you. The next question is from the line of Jonas Bhutta from Birla Mutual Fund. Please go ahead.

Jonas Bhutta: Congratulations on the great job. I had a question on the working capital. So while we appreciate that, had the Bloom Energy payments come by the end of June, our working capital would be a lot lower than what's reported. But if you can just walk us through the roadmap to the 200-day target that you have for the current year, there was going to be a substantial decline in inventories that was going to fund a lot of that reduction and we have not seen it to the extent, but if at all, progressively how do you see this happening? And I am sorry if this is a repeat because I missed the initial comments on this.

Srinivas Reddy: See, as we said earlier, it is only one week delay has happened from the Bloom. We received on the first week of July, with reasons known to the Bloom, which is actually 226 days, with the higher revenue in next three quarters, where we are very confident on adjusting our inventory days to around 200 days by end of this financial year. The only reason is now we are working on various measures to reduce our inventories, collection monitoring on day-to-day basis. And improving our payable days also by talking to the vendors. And also the operating leverage like higher revenue will definitely will help us to reduce the inventory days. So there is no problem we are in track on that.

So like even if you see presently also, the inventory days has come down like, raw material is at 140 days now, last time it was 154 days. WIP slightly higher 99 days to 92 days last quarter. So payable days has also come down now which has actually impacted almost 21 days higher working capital days. So we are working on various measures. Earlier we used to pay advances, now LC terms we are bringing it to the many customers, many suppliers. So definitely this is going to be around 200 days by end of this financial year.

Jonas Bhutta: Understood. So my second question was on this defense license that you just mentioned about, what opportunities does it open up us to there was these ball screw and roller screws that were and the and I think even the actuator. So if you can just elaborate on how this defense license really helped us?

Srinivas Reddy: See, basically what happens with defense license are two things that can happen. One is what's most important is that we'll be able to directly supply to the end user like Air Force, Navy, etcetera. So that's something which we can do as a direct supplier to these organizations.

Secondly, it will also give us an -- and that's obviously whatever products we have and also the products that we are investigating to develop for the defense requirements in India, we'll definitely work on that. MTAR has a very strong R&D team to do that. And the second aspect is also it helps us to associate with certain multinationals to bid for major defense projects in India, having their defense license with us. Otherwise, we will not be qualified for that.

So we have -- it's a very stringent process to get the defense license. It has to be cleared by about 28 departments to 30 departments across the country, having a team shift in every area. So we have been cleared by the final committee itself, by the Ministry of Defence, and hopefully we

should have this license in hand hopefully by next week itself. So that opens up a wide array of opportunities that we can address over the years.

Jonas Bhutta: But this really doesn't help our, the product that we were developing, which did have a defence application. So this license has nothing to that. So those will have their own path of.

Srinivas Reddy: Yes, they have their own path, these products can also be utilized in the fully integrated systems, right? So that will also help us a lot.

Jonas Bhutta: Got it, and my last question was on the capex. So FY '22 and '23, we spend about INR100 crores each. This year we've guided for some bit of moderation because most of our capacities on sheet metal and the Adibatla plants, itself coming up. What is the other guidance for FY '24 for this in terms of capex? And if this fluence thing does play out, what is the total capex?

Srinivas Reddy: No, capex will be which... Gunnes, you want to answer this?

Gunneswara Pusarla: Yes. This year we are planning to have a total capex of INR42 crores- INR45 crores, which includes fluenceenergy also we have earmarked around INR25 crores so far. First 500, whatever we are going to make within our existing facility and also more than 500, it requires some more capex. So, the total capex we are estimating for the first thousand boxes will be around INR30 crores- InR35 crores, but it is going to be – not going to be spent in this financial year everything. So, it will be around INR35 crores for the first thousand boxes. Any incremental thousand box, the capex requirement is only INR15 crores.

Jonas Bhutta: Understood. Great. Thanks a lot and all the very best. Thank you.

Moderator: Thank you. The next question is from the line of Utkarsh Maheshwari from Reliance General Insurance Company. Please go ahead.

Utkarsh Maheshwari: Good morning, sir, I just want to understand. you mentioned that, we should be doing INR315 crores of revenue x of clean energy. So what should be the mix of these products? I believe nuclear will not contribute meaningful as you believe the orders may get delayed or they might be coming in only at the end of the year. So, probably it will sit in the order books but not in the execution side. So what should be the tentative breakup for the INR315 crores of revenue what we are talking about?

Srinivas Reddy: So you're talking about INR315 crores from the other segments are they Bloom hot boxes...

Utkarsh Maheshwari: Other segment, the non-green?

Srinivas Reddy: Yes, so I'll give you a rough break up. So, Nuclear is charging about INR60 crores of revenues coming in, Space about INR70 crores. And the Defence would be around INR15 crores because we are yet to get the Defence license. That will take some time in terms of execution. That will help us for the future years. And products and others would be around INR123 crores. So there's a very clear break up on this, in terms of what we can do that INR315 crores. That's what it is.

Utkarsh Maheshwari: So you don't believe that, you don't expect any kind of slippages in this particular number?

- Srinivas Reddy:** Absolutely not as I said, whatever revenue guidance we have given, this is all part of that and we always talk to our guidance in terms of revenues as well as margins and we write up there over the quarters.
- Utkarsh Maheshwari:** You did mention about some design changes in the Keeeylocko this thing hot box, so what is any timelines, when do we believe that the revised timelines will be coming? Because you have not mentioned in the dispatch schedule, what you have already mentioned. So when do we see that the changes in design may think coming in the Keeeylocko hot box and probably is there any increasing realization for us as a result of the design change?
- Srinivas Reddy:** See, right now, already there is an improved design version of Yuma into play right now. We started manufacturing it already, right? We call it as Santa Cruz. Now, Keeeylocko is something which we need to add. Still, they have not yet indicated to us, how long it's going to take, but we have not considered those numbers at all in our business plan for this year so let's hope that see I can't predict the design changes where exactly it's going to happen but we'll have more clarity probably in the next one two months. So as and when we have the clarity, we'll update all the investors on that but that's not going to affect our growth target, what we have in for this year or future years.
- Utkarsh Maheshwari:** Okay, fair point. we also did something on that SSLV plant, so where have we reached in that journey?
- Srinivas Reddy:** No, we are there already, we have recruited the right people for that as I mentioned earlier as well and we are right on track with our timelines. We said it's about a four years timeline, four plus years timeline to actually come up with our first commercial flight. So we are right on track with that. We are working on it. It's a design and development process. So we have a full fledged team working on that right now.
- And we are really excited with that because that's going to be a game changer for MTAR over the next four years. So we are working on it. We're putting our best efforts. So we are on track with that. And we'll update you with more clarity on what exactly, we have achieved and what we are going to do in the SSLV in this financial year, what are the milestones that we are going to achieve over the next year as well.
- Utkarsh Maheshwari:** You have said that, you have already hired the employees. What is the total count and what could be the total amount in terms of value, in terms of employee cost?
- Srinivas Reddy:** We have hired about, more or less, about 18 to 20 people at various levels for the design and development work of SSLV and they are working on it. It's not a major amount. I can't quantify the amount right now, but it's a, we have a lot of in-house facilities as well, right? So a lot of cost is absorbed within the system itself, apart from the van for what we're looking at. So it's being done at a very, low-cost basis, because we have all those facilities, and we're already dealing with space, so that's reducing our cost drastically in terms of developing this project.
- Utkarsh Maheshwari:** Okay. So, there is no increase in cost for us, on a relative basis?

- Srinivas Reddy:** Yes, we are working on very reasonable cost because we have all those facilities on hand and it's only on the employees and the team, which is working on it. Those costs are being incurred. Other than that, there is nothing much.
- Utkarsh Maheshwari:** Fair point, thanks a lot, sir.
- Gunneswara Rao:** As of now, we have not incurred any major cost other than manpower cost. So as our MD says, we have all facilities, support manpower, everything is available. So this is not going to be any substantial amount for this financial year.
- Utkarsh Maheshwari:** Fair point, thanks a lot, sir. I'm done.
- Moderator:** Thank you. The next question is from the line of Amish Kanani from JM Financial. Please go ahead.
- Amish Kanani:** Yes, hi sir. Sir, given that there is some payment delay from one of the major customers and globally interest rates are going up, is there a change in the payment terms that we have seen or it is that, they have kind of, as also you indicated, there's a change in the production schedule that probably they are planning, which is their plan of inventory management and stuff like that. So if you can give us some sense, where is it their own inventory management or payment terms?
- Gunneswara Rao:** As of now, there is no change of payment plans. Even if there is a, next quarter, the revenues will be higher. But payment terms are based on the delivery to USA, 45 days from that. So that is going to be there in future also. And by end of the year, as our MD said, our revenues will be higher than the last financial year. So that's not an issue at all. And we are getting all payments on time. Only last 18 months, I have seen only two, three instances where there is a slippage to the next week it happened.
- Amish Kanani:** Okay. Got it, sir. And sir, in terms of our plans for this electronic control system, cable harness assembly, if you can give us some sense of how it is progressing and what are the plans there, maybe for say FY '25, because that segment also looks very interesting from a growth perspective?
- Srinivas Reddy:** As I said earlier, we've already established the facilities for the cable harness, and right now we're getting qualified for Bloom, and we're also working with various domestic organizations and multinationals as well to get qualified. So we are on track with that. So this year, we are going to qualification process on that area and once we do that then we will be able to start generating revenues from that area as well.
- So we are progressing pretty well because right now we have established everything and we are also releasing the first articles to Bloom in this quarter itself. And once that's done, we'll be able to supply those things to them. Similarly, we're working with a lot of other defence organizations, getting qualified within India itself to work on this. So ultimately, the game plan is to be a fully integrated company, which I mentioned earlier, over the next two years, and we are trying to do that.

- Amish Kanani:** And, sir, the related question is the products as a percentage of our overall sales is increasing, which you know will give us revenue beyond our order book. The question is how does the gross margin as a segment, is it increasing our gross margin and EBITDA margin or it's dilutive just as a group?
- Srinivas Reddy:** No, the product-based gross margins are pretty high. It's beyond 60%, around 60% plus. So that should not be an issue at all. Most of our products are doing very well. Some are even more. Some are, we average out at about 60%.
- Amish Kanani:** Okay, thanks. Thanks a lot and all the best, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjaya Satapathy from Ampersand Capital. Please go ahead.
- Sanjaya Satapathy:** Yes, sir. Thanks a lot for the opportunity and the impressive top line growth. But as has been the case for the last couple of quarters, there have been issues relating to working capital and margin, which you were saying that will improve. One question is that, this nuclear power order that you are talking about INR500 crores, is it for any specific plant, that Kaiga 1 or 2 which you have been talking about?
- Srinivas Reddy:** It's for Kaiga 5 and 6, there are two new reactors, which are coming in, right? So that's for the entire package.
- Sanjaya Satapathy:** Those two plants, are they not being held up due to some NGT, environmental permission issues?
- Srinivas Reddy:** No, not at all. Not these two plants at all. So already they have Kaiga 1, 2, 3 and 4 in operation, right? So now this is 5 and 6. There's no issues with this at all.
- Sanjaya Satapathy:** And sir, my last question is on that, you're talking about expanding, setting up factories in Europe and US. So this client of yours, is it like bulk of the revenue will accrue to you outside of India and even though gross margin will be good there, managing the manpower etc.. could be a different ballgame altogether?
- Srinivas Reddy:** I don't think so. We have already started working on it. A lot of the employees will get trained in India itself and we have already discussed with the concerned organizations or departments in Europe and as well as in the US. So that's not an issue at all. So some of them will be being posted there. So we have very good plans for that. We are working on it. So that should not be an issue.
- Sanjaya Satapathy:** What will be the overall capex towards this particular client's business?
- Srinivas Reddy:** No, this is a very large revenue-based project. So it will not be much, but we still have to work on those numbers. That's what I've said that right now, there's a lot of interest for the customer for us to establish it there, so working out on the numbers. So once we have more clarity, we'll be able to do that.
- Sanjaya Satapathy:** Understood. Thanks a lot, sir.

- Moderator:** Thank you. The next question is from the line of Anika Mittal from Nvest Analytics Advisory. Please go ahead.
- Anika Mittal:** Hello. Good morning. Sir, Bloom Energy has recently launched advanced PHP solutions for net zero heating and cooling. So, will there be any positive impact on the company or can we see any order coming from Bloom Energy on this side?
- Srinivas Reddy:** Yes, we're expecting a lot of things happening between Bloom and MTAR. So as and when things happen, we'll update all of you. But it is going in the right direction and, it's very exciting for us also, the kind of revenue growth, they have shown in the last quarter Bloom by itself. So ultimately that's going to even help MTAR moving forward. So that's. where we are.
- Anika Mittal:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is on the line of Deepak Narnolia from Aditya Birla Capital. Please go ahead.
- Deepak Narnolia:** I had questions about your sales trend and margins. So, basically this quarter your clean energy sales was INR105 crores. So, like in our last meeting you had mentioned that there would not be any delivery of Keeylockoo boxes this year. So how many Yuma boxes are there in this quarter, sir?
- Srinivas Reddy:** Which one?
- Deepak Narnolia:** This Yuma boxes?
- Management:** Yuma is about 950 boxes we have done. See, I have explained this earlier. We are doing 950 boxes.
- Deepak Narnolia:** I missed actually.
- Srinivas Reddy:** Okay, no problem. I will explain you again. We have done 950 units this year, this quarter. And I've given a breakup of the next three quarters as well, which we are right on target. We are doing about 418 plus 440, that's about 958 for next quarter and 1,144 for Q3 and 1,718 for Q4. These are the clear indicated numbers given to us for dispatches.
- Deepak Narnolia:** So, the total in the year would be, sir?
- Srinivas Reddy:** The value of clean energy revenues would be close to about INR590 crores to INR600 crores for this year as compared to INR441 of last year.
- Deepak Narnolia:** Okay. And sir, your other product segment also significant growth is expected in this year because of this ASP product delivery and how is the ramp up in that segment is going on in this quarter?
- Srinivas Reddy:** Yes, so last year we have done INR23.7 crores. So, this year in the products division and others we will be doing INR123 crores.

Deepak Narnolia: And sir second question is about your profit margins. So, there is a significant decline in this quarter. I mean, the last eight quarters, you haven't delivered this kind of margin. Although, this is a decent number, but still in comparison to your past trend this looks relatively poor and I think this quarter there was a significant increase in your other expenses. So, what exactly is it because of product mix or any what particular reasons are if you can elaborate on this?

Srinivas Reddy Yes, I explained this earlier, probably you missed out on that. So, as I said clearly, if you look at our product mix moving forward over the next three quarters, if you look at last year to this year, we are doing, last year we have done INR112 crores higher than Bloom hot boxes and sheet metal. This year we will be doing around INR300 crores plus, INR315 crores is what I have said.

So, that is substantial jump where the gross margins are much higher and we have also given a revenue guidance of 45% to 50% which translates to INR830 to INR860 crores and in that we have INR315 crores of higher gross margins that we are looking at. So, overall the gross margins would improve from 49% and odd to 52% quarter-on-quarter basis. And there will be a reduction of other expenses percentage from 11.5% to 9% over the quarters by end of the year and employee benefit expenses percentage would come down from 16% to 12% percent by end of the year.

So, we have very clear track in terms of confirming that we would achieve the overall EBITDA of – don't look at this particular quarter, but overall for the year we will be definitely achieving our revenue targets plus the margin indicators of 28% plus minus we are very clear on that act.

Deepak Narnolia: And sir, one more question if I'm allowed to, in your working capital, sir.

Srinivas Reddy: Go ahead.

Deepak Narnolia: In the working capital, sir, apart from this Bloom receivables, which you received in the month of July first week as you have mentioned in the presentation. But your payable days have also again declined. So, as far as I remember, till last quarter, you were working aggressively in your payment terms and getting increasing your payables. So, again, this has shown a reversing trend. So, is there any particular reason for that?

Gunneswara Rao : Can I say -- see today the payable days has come down because there are domestic programs we are buying the material. As you know, we have received nuclear power project orders for FMBC & FT systems. These are all the specialized steel we have to buy. Earlier we used to pay advances now some LC conditions, but it is not like 90 days, 120 days.

As far as steel manufactures as you know we can't have so much leverages. So, it is because of mix of the suppliers which contributed lower payables days. But having said that we are trying to maintain 200 days by end of this financial year that is our target we are working on that.

Deepak Narnolia: But sir as you mentioned that your non Bloom revenue will be significant ramp up this year and for that don't you think that procurement your payables will remain at this kind of level if it doesn't increase further, how will you decrease it further?

Gunneswara Rao: Like last year we have some kind – as you know there were supply chain issues last year and we used to inventory for 6 months. Now we are working on inventory levels, we are not purchasing for 6 months or so. We are actually inwarding material maximum. So, 60 days to 90 days before we are inwarding the material.

Many of the material we have already received for the coming quarter sales and the next two quarter sales we have already have the material for which we don't procure and we will procure for a fourth quarter. For example, we will procure in the third quarter, that's not a problem. Already there were some actions because of which our inventories already existing. So, there wouldn't be any problem in working capital reduction.

Deepak Narnolia: Okay sir. Thank you.

Moderator: Thank you. The next question is from the line of Arafat from InCred Capital. Please go ahead.

Arafat: Hi, sir. Thanks for taking my question. I'm audible?

Srinivas Reddy: Yes, you are. Go ahead.

Arafat: Yes. So, I just want to understand, let's say, now that revenue is led by Bloom energy only, so by when do you expect that the non Bloom energy will exceed 50%? So, any timeline in terms of years?

Srinivas Reddy: We are looking at that. See, I said very clearly, right, earlier also that the other segments are generating INR315 crores this year as against INR112 crores or INR105 crores last year. That's a substantial jump. That's a big indicator for all of you to know that that's a big number to look at it and so obviously hoping that next year with the Fluence coming in and other projects coming in we should come to that level what you're saying.

But at the same time Bloom is growing every year. So, there's nothing wrong with that right. So, we're also developing, so what you should look at is the absolute numbers. How we are growing with the other numbers because the value added is more in the other numbers. So, the INR315 crores from INR112 crores is a substantial jump, which is a big indicator for all of you to know that the company is really diversifying in terms of execution of the projects as well in the other segments.

Arafat: Okay. And sir he last question, again, on the new product pipeline and again new client except Fluence. So any things on that?

Srinivas Reddy: We have given a lot of customer base in the pipeline in the presentation, you can have a look at it. They're all very good companies which we are working upon and also we have received orders of some of the customers which you have shown under the existing customer base what we have there. So, it's very clear indication that we are really diversifying big-time in terms of customer base as such.

Arafat: Okay, okay, fine sir.

Srinivas Reddy: Thank you.

- Moderator:** Thank you. The next question is from the line of Rajesh Kothari from Alpha Accurate Advisors. Please go ahead.
- Rajesh Kothari:** Thank you, sir. Thanks for providing an opportunity. A few questions from my side. Over the next two years, three years by FY'25, FY'26, how do you see the overall revenue mix? That's question number one. Question number two is I missed your opening remark, but your product business has contributed significantly in first quarter, and despite that your margins are less. So, just trying to understand what led to that, and you mentioned that margins will improve because of the various things, but despite the high product segment, how your margins came down?
- Srinivas Reddy:** See, as far as the margins, technically, we have done, as I said earlier, the first point is that we have created a manpower base, keeping that 45%, 50% growth in mind. So, we need highly technical and skilled manpower, which is already in place, which is getting absorbed by the company in the first quarter. Point number one.
- So, point number two is the products, what we have done is about INR23 crores as against 123 for the entire year. So, that's just about 15% of our overall revenues, right? So, we are looking at INR830 crores, INR860 crores, that's the kind of revenue guidance we have given and we have all that in place. So, when I said that employee benefit expenses because of these higher revenues over the next three quarters will drop by 4% and other expenses overheads will drop by about 2.5%, 3% so that's how...
- Rajesh Kothari:** No, but your GP also reduced no your GP also reduced am I right? I mean...
- Srinivas Reddy:** GP is at 49.96 as compared to 48% last quarter so that is improved about 52% moving forward because of the higher domestic sales that we are going to do over the next three quarters.
- Rajesh Kothari:** Got it. And if you can answer my first question, how do you see over the next three years in terms of the overall revenue and how do you see the mix within the revenue?
- Srinivas Reddy:** See, I have clearly said in my last earnings call, we are looking at, we have a clear roadmap of MTAR being a INR3,000 crores revenue-based company by FY'28. And it will be well diversified over various customers that we have. Looking at like, for example, Fluence is coming in. We're looking at a lot of other new customers if you look at our presentation. So, the revenue mix will be more or less distributed very evenly.
- It also depends on how Bloom grows, right? So nothing wrong with that, but the other segments also will grow very well over the next five years, especially once we get our defence license, our opportunities also will go up in defence area as well. So, let's see how it goes.
- Rajesh Kothari:** I see, so, FY28, of course, as you as you said you are targeting INR3,000 crores revenue, but if you look at say a little bit in the same midterm plan say FY'25 or FY'26 you said you are also evaluating the setting up capacity in USA because of your request from a customer can you elaborate little bit on this, what basically -- what kind of capacity what we are looking for what kind of a segment what you are looking for?



Srinivas Reddy: See these are the units which are for energy storage systems I've explained that clearly right now we're going to establish it in India and the next step is to do it in Europe and US as well based on the customer request right they shortlisted MTAR as the only company which can work on this, the kind of engineering knowhow we have.

And all these things are going to generate much higher revenues for us moving forward. If you look at the U.S and Europe operations, we are looking at almost like 10,000 units per year requirement. So, starting with 1,000 units for only India operations as of now is what we are going to establish here, but again that's going to grow based on the export opportunities we have in Asia, Australia, New Zealand, etcetera.

The idea of implementing these projects in the US and Europe is because of the subsidies and the support that each of the governments are giving back there for local manufacturing is that what we are looking at right now.

Rajesh Kothari: Oh I see and this basically in case if we take it forward does it require a significant capex or it is basically medium sized capex and since you mentioned that let's assume you know 10,000 units per annum, let's assume, hypothetically this is basically translates into what kind of a revenue opportunity?

Srinivas Reddy: It's more than INR1,000 crores is the kind of opportunity we're looking at. And one more thing is the kind of support we get in Europe that very well that European Union supports in terms of funding, in terms of manufacturing units in Europe and also in U.S there's a lot of higher accredited entities especially the inflation detection act which has been announced by the government there. So, it makes a big difference in terms of getting that kind of support in terms of tax rebates and various other things that we can get from them.

Rajesh Kothari: Great sir. I see great sir, super. Wish you all the best. Thank you very much for your insights.

Srinivas Reddy: Thank you.

Moderator: Thank you very much. Due to time constraints, we'll have to take that as the last question. I would now like to hand the conference back to Mr. Srinivas Reddy for closing comments.

Srinivas Reddy: Thank you, everyone, for joining us today in this earnings call. I really appreciate your interest in MTAR Technologies. So, as I said earlier, I would like to reiterate once again that we are right on track with our revenue guidance and margin guidance as well and over the year, we'll definitely achieve the guidance what we have given we have never failed in the past we neither fail in the future as well. Thank you once again for all your support.

Moderator: Thank you very much on behalf of MTAR Technologies Limited that concludes the conference. Thank you for joining us ladies and gentlemen you may now disconnect your lines.