MTAR®

email : info@mtar.in website : www.mtar.in

CIN No : L72200TG1999PLC032836

To, **Date: 18.08.2022**

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)**

Dear Sir/Madam,

Subject: Disclosure under SEBI (Listing and Disclosure Requirements Regulations, 2015- Transcript of Earnings call held on 10th August 2022.

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 August 10, 2022.

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

Bagadia

MTAR TECHNOLOGIES LTD. Hyd

Shubham Sunil Bagadia
Company Secretary and Compliance Officer

Building Nation with Exceptional Engineering

"MTAR Technologies Limited Q1 FY 23 Earnings Conference Call"

August 10, 2022

Building Nation with Exceptional Engineering

MANAGEMENT:	**MR. SRINIVAS REDDY - MANAGING DIRECTOR AND PROMOTER, MTAR TECHNOLOGIES LIMITED** **MR. GUNNESWARA RAO - CHIEF FINANCIAL OFFICER, MTAR TECHNOLOGIES LIMITED** **MS. SRILEKHA JASTHI - 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 Limited Q1 FY '23 Earnings Conference Call hosted by Orient Capital. 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 conference call, please signal an operator by pressing '*' then '0' 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, Renju. Good morning, everyone. Myself, Irfan Raeen from Orient Capital. We are an investor relation advisor to the company. I hope that all of you and your families are safe and healthy. On behalf of MTAR Technologies Limited, I extend a warm welcome to all participants on Q1 FY '23 earnings concall discussion. Today on the call. I am joined by Mr. Srinivas Reddy, sir, Managing Director and promoter; Mr. Gunneswara Rao, sir, Chief Financial Officer and Ms. Srilekha Jasthi, Manager Strategy and Operations. I hope everyone had an opportunity to go through our investor deck and press release that we have uploaded yesterday on exchanges and on the 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 statements which are completed based on our beliefs, opinions and expectations as of today. These statements are not guarantee of our future performance and involve unforeseen risks and uncertainties. With this, I hand over the call to Srinivas sir. Over to you, sir.

Srinivas Reddy: Thank you, Irfan, and good morning, ladies and gentlemen. Thank you for taking the time to join us today. Today on the call. I'm joined by Mr. Gunneswara Rao who is Chief Financial Officer and Ms. Srilekha Jasthi, Senior Manager Strategy and Operations and Orient Capital, our Investor Relations partners. We have uploaded our updated yesterday, press release and results highlights on the stock exchange and company website. I hope everybody had an opportunity to go through the same.

In Q1 FY '23 we have posted a revenue of INR 91 crore with an EBITDA of INR 25 crore. Further as mentioned earlier, we are right on track in terms of our revenue guidance growth for this FY '23 which is around 55% to 60% growth is what we're looking at and we'll continue to maintain by end of the year, the EBITDA margins of 30% plus minus 100 basis points. This is what I have mentioned very clearly and we are right on track with that. Further, let me give you a brief overview on the business outlook further. To begin with, we have been extremely excited, actually I would say the word, in terms of the Clean Energy, the way it is progressing especially also with our new capabilities that we have established near the airport on the new plants. The operations of sheet metal have commenced. Exports also have commenced and we have achieved more than INR 8.37 crore as a starter to begin with and it will progress even more further. We are expecting, looking at our order book, we have an order book closure of about INR 765 crore which is very encouraging as well. And the good news is that we are expecting close to about INR 600 crore worth of orders flowing in this quarter itself. So the prospects of moving forward with consistent growth levels even for the future years is very evident right now. Further to this. If you look at the nuclear, we are receiving the orders for the fleet reactors. One of the orders is supposed to come in the last quarter is coming in this quarter. Further tenders have been raised and we are also looking at the Space division releasing further orders to us based on various launch programs that they have right now. And the most important initiatives, the company has taken in terms of the Space program is that we have approached, we have decided, the Board has also agreed upon to develop small satellite launch vehicle, and we are working towards that and hopefully in this quarter, we will be able to take this forward with and in Space to develop a launch vehicle which constitutes 80% of the world market. And that's a huge leap in terms of what MTAR has developed and MTAR has all the facilities to actually bring this launch vehicle which we have been doing most of the work for restores in the past.

Further to this, the products division, it's really progressing very well. Our aim is to develop a very big product portfolio. We have been qualified for roller screws. We have completed the first article and now we are in the verge of converting it into a complete 100% import substitute whereby most of the defense and space programs would stop importing this product moving forward as well. Obviously, the electromechanical actuators, we are in advanced stage as well. We're executing all the initial orders by the department in this current financial year itself. We are moving onto obviously semi-cryo another major achievement that we will be closing out this year for the higher payload for the issue, and we are also looking at various other products like the ASP SMBs which constitute a huge revenue base for the company as a product for the Clean Energy segment. And we're also looking at bellows which will take -- will give us a lot of cost savings in terms of manufacturing in-house, which we were importing earlier. We're right on track with that as well and we are also looking at various other products in Clean Energy segment and also in areas of nuclear space and defense and certain products that we are working on purely based on import substitutes.

So with this, I would hand over the call to our Chief Financial Officer, Mr. Gunneswara Rao to take this further.

Gunneswara Rao Pusarla: Thank you, Mr. Srinivas Reddy. Good morning everyone and warm welcome to our earnings call today. I will take you through the financial and operational highlights post which we will open the floor for the question and answers.

So our revenue from operations stood at INR 91 crore in Q1 FY '23 as against INR 54 crore in Q1 FY '22 which translates to 68.4% increase on year-on-/year basis. And we posted an EBITDA of INR 25 crore in this quarter FY '23 as compared to INR 14.5 crore in Q1 FY '22 which is 72.5% increase over year-on-year basis and the profit before tax also is higher which stands at INR 22.2 crore in Q1 FY '23 as against INR 12.6 crore in Q1 FY '22. This is 77% increase on year-on-year basis. And also profit after tax now at INR 16.2 crore in Q1 FY '23 as against INR 8.7 crore in Q1 FY '22 which is 86.2% increase on year-on-year basis. So our diluted EPS also stands at 5.3 for Q1 FY '23 as against 2.8 for Q1 FY '22.

So when compared to Q-o-Q basis, the revenue and gross profit is lower by single-digit percentage only. As Mr. Srinivas Reddy reiterated, we will maintain y 55% to 60% guidance revenue growth and EBITDA margins we will continue by year-end, by end of this financial year. And our order books also, we have a strong order book as of 30th June 2022, which is around INR 765.6 crore. So we have taken a lot of improvement initiatives in working capital reduction base and all. Our working, our operating cash flows also calls to INR 16.2 crore in Q1 FY '23 as against negative INR 6.9 crore in Q1 FY '22. Working capital days has reduced to 249 days in Q1 FY '23 from 275 days in Q4 FY '22 due to various steps we have taken in the reduction of working capital.

As mentioned by our MD, we are taking several initiatives to develop new products across the different sectors and we are strengthening our technical and corporate teams to cater to the high growth of the company, which is set to witness growth in the coming year. So with this, I open the floor for discussion.

Moderator: The first question comes from the line of Deepak Krishnan from Macquarie. Please go ahead.

Deepak Krishnan: Just probably one maybe a bookkeeping question. What was the number of hot boxes and overall your marquee local boxes done in this quarter.

Srinivas Reddy: I think we have done about around 725 kind of 726 boxes in this quarter and I think Keeylocko we have done 10 numbers. That's what we have done this quarter.

Deepak Krishnan: Sure sir and just probably from a growth guidance I think while we've done very well in the Clean Energy segment growth and revenue and as well as order book, maybe some of the other segments the growth was relatively slightly softer. So if I look at our overall guidance of about 55% for the year, how do you kind of look at it between Clean Energy and other segments and what would be the key drivers for these other segments to pick up in the coming months.

Srinivas Reddy: So if you look at Nuclear, we are working on some long projects which the deliveries will happen starting from Q2 onwards, going right up to Q4. So the kind of like we are working on projects like fuel machining head and the other projects which will start delivering from quarter 2 onwards and obviously the Space program itself, we are in advanced stage of delivering the semi-cryo engine, the first of the product in Q4, which is a major kind of an achievement which we have been working for quite number of years and that's for the new product that they're launching. So the other segments are also on track in terms of the deliverables that we envisage and that's why we are pretty much confident about the 55% to 60% growth on revenues that we are looking at. If you come to Clean Energy, it's really, we are right on track in terms of trying to capture the kind of demand that we are envisaging, not only for this year, for next year. Our expansion plans the bottleneck areas are being plugged in to take care of the future growth requirements as well

Deepak Krishnan: Sure, sir. Just probably one other question from my end. You've indicated about INR 600 crore of orders in the coming quarter. Could you just broadly give us a range across segments. What are the drivers for that?

Srinivas Reddy: The main driver for that is, we're expecting close to about INR 500 crore of orders which the number which I have said is more or less in the pipeline for sure. These INR 500 crores are concerning with respect to the Yuma units for Q3 and Q4 for next year. And then we have the Keeylocko units coming in which is about, the Yuma units about INR 175crore and there has been a correction in the Q1, Q2 purchase orders with an upscale of about INR 14 crore, INR15 crore there. We're looking at about INR 190 crore. And then we're looking at Keeylocko at about INR 240 crore of orders being received and another very important thing is the product which we have developed called the ASP for the fueling system and that we are expecting in orders worth of about INR 90 crore as purely as a product to be delivered for them to the customer. These are the various areas and also for the electrolyzers they plan to give us about 200 numbers to begin with. So all these orders are expected in this quarter. That constitutes about INR 500 crore and with the existing order book of INR 760 crore we are looking at that number and the rest of the INR 100 crore is going to flow in from Nuclear, Defense and Space. That's the breakup of the entire INR 600 crore what I can see right now.

Deepak Krishnan: Sure, sir. Just probably one final question from my end. Just on the Space program wanted to understand in terms of CAPEX requirement for the new initiative that you indicated and like where are we in terms of development because you've indicated that the Semicryo Engine would be delivered in Q4 itself.

Srinivas Reddy: The space, if you are talking about the launch vehicle--

Deepak Krishnan: Yes, launch vehicle, yes.

Srinivas Reddy: Yes, so we have started our work on the design of it. We have submitted our proposal to in space, and also to HO, and that's where we are right now and the design phases has already started in the company. And we don't need any additional CAPEX for this. More or less everything MTAR has in-house. We have been working with the ISRO for about 35, 40 years right now. So there will not be any additional CAPEX requirement for this for now, at least for the first 3 launch vehicles. So that's the plan. So mostly in all probability if everything goes well we should be able to hopefully sign the MOU in this quarter itself. And that's something which is very, very exciting for all of us and but we're really looking forward for this because it is a very exciting challenge that we want to take up but not at the cost of adding too much of CAPEX for this since we have all the stability also.

Deepak Krishnan: Sure. Generally, what would be the typical order size for the launch vehicle that MTAR would cater to.

Srinivas Reddy: See, it's too premature to say that right now, Deepak. Where it goes is that once we develop, we are trying to develop the engines for that and once we do that, the launch vehicle itself will support something from the Avionics and the rest of things obviously the PMO office are clearly set to support the private industry in terms of better cost basis. So that's where we stand. So the numbers are yet to be rolled out but right now we are in the design stage. But it will be a substantial increase of revenues from the Space program once we are able to successfully launch or release this launch vehicle once it's done.

Moderator: Next question comes from the line of Sandeep Tulsiyan from JM Financial. Please go ahead.

Sandeep Tulsiyan: First question is on the overall order inflow guidance. I think in the past call we had guided we will get somewhere about INR 800 crore to INR 850 crore of inflows and with execution what you are targeting for the current year includes somewhere close to INR950 crore, close to INR1000 crore order book at the year-end. But in the recent call you are now increasing the guidance because you are seeing in addition to INR 200 crore we're doing 1Q INR 600 crore is what you expect in 2Q itself. So from a full-year perspective, just wanted to know where your new guidance will be from an order inflow perspective or will it still remain in this range for rest of the year.

Srinivas Reddy: As of now, Sandeep, the orders that I said we are expecting about INR 600 crore is going in this quarter 2 itself. And we really have to have more clarity in terms of the second half of the year but when I say INR 1000 crore the closing order book we are doing substantial revenues for this year as well. So we are talking about the net order book closure of INR 1000 crore. That might go up but I would like to keep it at INR 1000 crore for now. Based on the progress by end of quarter 2, then I would be able to give you more clarity on where we stand but there will not be any downside to this for sure.

Sandeep Tulsiyan: Understood. Second question was on your working capital improvement. I think the company took a stance last year that with increasing raw material prices, uncertainty of supply chain, you had stocked up a lot of inventory and both these scenarios seem to be easing out now. So from a sustainable level you come down from, say, 275 days to 250. What should be sustainable. Should we look at 200 days going forward or is it too ambitious or should we even look further. If you can guide us where you are headed to by end of this year from the net working capital cycle perspective.

Srinivas Reddy: If I ignore the external factors for a minute, then we are looking at slightly below 200 itself. Our focus is to reduce it below 200 level itself. The only issue is it all depends on the external factors as well. They are becoming very dynamic from time to time but internally as far as we are concerned as a team, we are working towards reducing the number of working capital days. Our target is definitely slightly below 200 and let's hope that by end of this year, we will be able to achieve that.

Sandeep Tulsiyan: Understood. Third question was on Bloom Energy's yearly outlook. I think they have guided for a very strong second half of this calendar year, 30,70 kind of a ratio, first half to second half. And when I look at your quarterly volumes, you just mentioned, 726 intent, roughly 7-36 units you've done which is you're broadly 250 units kind of a monthly run rate and based on the annual guidance that you gave, your monthly run rate needs to be stepped up to something like 350 units plus, between 350 to 400. So just want to understand from a capacity perspective, are we geared up to deliver this kind of volumes on a monthly basis or will you need additional investments or do you still hold on to that guidance. If you can just give some more color how these numbers will pan out on the SOFC unit side please.

Srinivas Reddy: See, the SOFC units. If you look at our Q2 for this quarter, for example, we are looking at 1000 plus units going out. Now the capacity is beyond -- so basically our capacities are getting in place which I've explained earlier, which are expanding up to an annual requirement of 9,000 units in all the products and that's getting ready by mostly by September, October. So, that's where we are looking at. So basically, the volumes will be much higher in the next 2 quarters for sure in this calendar year and whatever numbers we are supposed to deliver to Bloom will be adhered to and in spite of whatever anyone says there are still issues of supply chain but we are able to take care of that issue as well based on our inventory levels. So we are pretty much confident to achieve those deliverables over the next few quarters.

Sandeep Tulsiyan: Got it. And one last question from my side is on the Nuclear energy segment. Of course, we were L1 on some orders by March. And I think they haven't been booked looking at the order book numbers that you reported, which you guided will be booked in 2Q. But from an execution perspective, it is very chunky in some of the quarters. So we've hardly done some INR 3.5 crore of revenue in first quarter. So from a full-year perspective, how do you see this number panning out because that's the area where you need maximum ramp-up to meet your guidance or do you still think you can do INR 80 crore, INR 90 crore kind of an annual top line or are you looking at a very high number of INR 90 crore and it should be trimmed lower. If you can guide how this revenue build up should happen in the Nuclear segment please.

Srinivas Reddy: Yes, well, it's not about trimming over, Sandeep. It's very clear, we are working on some long cycle projects which are going to -- dispatches are going to start from Q2 onwards like fuel machining head and coolant channel assemblies and all that. So all that is happening in the next 3 quarters. So we'll be right up there in terms of the plant dispatches in couple of units that we are manufacturing the nuclear products and that's right on track with us and so that will be done as per the quarter wise we will be able to adhere to that schedule what we have mentioned earlier. So there should not be an issue with that.

Sandeep Tulsiyan: What revenue should we expect in the segments for full year.

Srinivas Reddy: Roughly around INR 85 crore, INR 80 crore to INR 90 crore is what we are looking at. So let's say because we're working on the fuel machining head, the dispatches are going to start from this quarter to next quarters and also on the coolant channel assemblies and all of them. So we're looking at that's a good number in what we are looking at compared to the previous year. So that's how the progress is going to happen.

Moderator: The next question comes from the line of Renu Baid from IIFL Securities. Please go ahead.

Renu Baid: Yes. Thanks and good morning, sir. Congratulations for good results. I had 3 questions. First if you look at the Bloom Energy portfolio now that Keeylocko electrolyzers plus ASP which is a new product for which we are working, it has started to stack up plus there would be sheet metal and some electronics also where we are getting in. So if you look at our addressable market with Bloom, so on a per unit basis if one has to compare how has the addressable market for us improved in terms of the percentage share of the cost of the hot box or the modules. If you can give some insight in terms of, you know, how have we been able to increase the wallet share with the customer.

Srinivas Reddy: First thing is, if you look at the enclosures we got qualified for enclosures as well this quarter and now we are going to start the deliverables on -- we have received 700 numbers of enclosure orders. So we will start those deliverables starting from this quarter to next quarter. And that's the addition wallet share that we are looking at. So moving forward from next calendar year, which I have not included in my order book inflow on the additional wallet share that we're looking at. We are looking at almost 2000 plus numbers of enclosures going forward as well. And apart from this, we are working on lot of sheet metal assemblies for Bloom which is going to US and to South Korea as well. And we are qualified for 67 of such assemblies, which we have done and this is something, so what ultimately is going to happen is the hot box will go into the enclosure with all the sheet metal assemblies and moving forward, the electronic side, the integration is what we are looking at, fully integrated system and that's the plan as far as -- probably the electronics would take a little bit more time but that's the goal in which we want to move and logistically also it makes lot of sense for Bloom to get a full system in terms of savings in logistics cost as well and everything happening under one roof. So that's the goal in what we are moving ahead with.

Renu Baid: Right. So basically, in terms of the number of modules which you were catering to addressing within the hot box, if you can just help us to highlight, which are the different modules that we are today working on or already supplying to BE.

Srinivas Reddy: First is the Yuma boxes is what we are supplying. Then, we have the Keeylocko is another product that we're working on which we are going to supply, which is getting ramped up next calendar year with our 1,600 numbers and then we have the electrolyzers which now we are going to deliver 60 numbers in the coming quarters and then we move on to about initially they said they will place an order for 200 numbers, so next year, but that is just the initial order. But we are not a real ramp up in electrolyzers happening the subsequent year in a big way. Because the demand for Yuma and Keeylocko is growing up in a big way and then electrolyzers will ramp up in FY probably subsequent year. Apart from this, we had the ASPs, which I said, which is going to be around INR 90 crore to INR 100 crore of business coming in just by the product itself. So as I said, our product portfolio is going to really improve a lot based on our innovations that we are doing right now. And then the electrolyzers, sorry the enclosures what I've said, it's almost like about $12 to $15 million worth of enclosures that we are going to get an opportunity for next calendar year apart from the 700 what we are doing right now. And the assemblies if you look at it, it's almost like about $10 to $15 million worth of sheet metal assemblies that we are working on which will happen next year as well. So there is a large kind of increase in terms of wallet share and in terms of the innovations what we are doing for Blue. If you look at the bellows, if you look at the ASPs and now we are working on the heaters for the electrolyzers which right now they're importing from US, we have started our work on developing these heaters as well for them and the ceramic assemblies as well. So, it's a continuous innovative process to make sure that there are lot of cost savings, even for MTAR as well. So that's where we stand right now.

Renu Baid: Right. So aligned with this as our value-added and localization for various components and products increase for the footprint that we're are doing for Bloom, how should we look at the impact on margins because currently the portfolio broadly tends to be dilutive at the gross margin level. The operating leverage kicks in. But with these new products coming in where the value addition is higher, how should we read on the impact of gross margins and EBITDA margins in say financial '24, '25 as the value of these businesses and our revenue mix continues to increase.

Srinivas Reddy: The important thing is whatever savings we are looking at in terms of cost savings, in terms of indigenisation. I'll give you a simple example in terms of bellows, we have already started manufacturing our own bellows instead of importing from US but we are maintaining our price as per the market prices are concerned. Now, the savings in bellows itself for next year would be close to about INR 18 crore or so. So, but are giving it to Bloom at a price, which is very reasonable for them. In spite of that the value add we are looking at is close to that number. So similarly, with the other products like ASPs, so ultimately what's going to happen is we are going to actually overall, we are going to reduce our cost by about 3% to 5% in terms of these innovations and that would definitely improve further our margins going forward as well.

Renu Baid: Sure. Secondly, now if you look at the nuclear part of the business, while the new order inflows fleet reactors have been a bit more bumpy, if you look at some of the peers like Larsen they have been reporting on quite a few large sets of projects and orders from NPCIL. So apart from the 2 orders where we have been L1 in terms of the fuel handling systems in the last quarter, how should we look at pipeline of the fleet projects and what in your view would be the order inflows coming in the next 18 months from NPCIL related to these peak tenders.

Srinivas Reddy: Frankly Renu, like we have been L1 in March itself for one of the projects we received an order for one project. The other project we are hoping to receive last quarter but they're saying now we will be seen in this quarter. Now we are receiving tenders from NPCIL on regular basis. We are quoting for them. And basically, our execution cycle for NPCIL we will have enough orders on hand to execute and our growth plan. We have taken such orders which are realistic in picture. So overall most of the fleet reactors orders, the tenders get floated in 3 different phases. Right now, the Phase 1 is on and then we move onto Phase 2 and Phase 3 and this is a program which will go on for the next, close to 10 years actually because there are 14 such reactors. So earlier we used to have a bumpy cycle but now with this kind of program we will have consistent uniform kind of a growth happening in Nuclear year-on-year basis, because we are building up our order book in the Nuclear segment based on the fleet reactors what on annual right now.

Renu Baid: Okay. So, on an average INR 200 crore plus of order inflow from the Nuclear segment should be sustainable in the next couple of years.

Srinivas Reddy: Comfortably, I would say that.

Renu Baid: Sure. And lastly, we did see a good improvement in terms of the net working capital cycle to 249 days. If you can give from elaborate details or insights in terms of what steps have we taken to reduce this net working capital cycle and going forward, what could the incremental reduction that we're targeting in the next 12 to 18 months on these.

Srinivas Reddy: GR, you want to answer that.

Gunneswara Rao Pusarla: Yes. So we are actually improving the credit period from the vendors earlier it was using because of the COVID reasons there were lot of vendors, we were paying advances. Now we are actually targeting 60 days credit period from the vendors, that is one. And second thing is daily monitoring of our receivable, weekly monitoring of receivables are in place and also, we are trying to reduce our inventory levels. So that is also we are monitoring on day-to-day basis and definitely with the higher revenue growth and we are looking for around 200 or less than 200 days by end of this financial year. That is our target as of now.

Renu Baid: Sure. And any progress in terms of the bill discounting options that you were exploring for export customers.

Gunneswara Rao Pusarla: Actually, there are 2 kinds of bill discounting and the recourse and non-recourse bill discounting are there. Today, we have bill discounting limits are there with the customers but thing is it will not go off from balance sheet. It will still stay in the balance sheet. Only in the case of non-recourse only we will get benefit. So non-recourse in India, many of the Indian banks are not doing this non-recourse receivable purchase program. So that we are actually trying to do with some foreign banks we are trying to talk to them. Maybe we will succeed in that. Let us see what will happen in the coming quarters.

Moderator: Next question comes from the line of Deepesh Agarwal from UTI AMC. Please go ahead.

Deepesh Agarwal: Yes, good morning sir. Congratulation for good set of numbers. Sir, my first question is the INR 500 crore order from Clean Energy segment, is it executable over next 6 months.

Srinivas Reddy: The INR 500 crore we checked that will come in this quarter. So this is in relation to the next calendar year. We already received an order for INR 175 crore earlier which you have seen and this is in addition to that. So all this is executable in one calendar year from January to December of next calendar year.

Deepesh Agarwal: Understood, understood. Sir, it's heartening to see new customers again added. Can you talk about some of the large projects you are working with new customer and what is the revenue expectations from the new customer in let's say 2 to 3 years?

Srinivas Reddy: See, we are working progressively with -- which is [Indecipherable]. We are doing lot of first articles. team is also coming this month to discuss long-term relationship with MTAR. Similarly, GE Renewable have started discussions with us and we are expecting orders flowing in from them. All this is under the Clean Energy segment, it is the hybrid projects under the fabrication plant what we have in Adibatla and even GKN Aerospace, so all -- so we are being very cautious in adding these customers in terms of looking at the kind of volumes that we can generate with them because a lot of effort goes into first articles. So whatever customers we're adding are supposed to be very excellent customers in terms of the expanding in international market and we'll continue to work with them and the volumes will get built up over the next one year or so and that's where we are right now.

Deepesh Agarwal: Okay. Sir, on actuators and the roller screws, the understanding was it is INR 80 crore to INR 100 crore opportunity each. So, can you help us understand how long or what would be the gestation period in substituting the imports. Can it happen in next 2 years or would it be more gradual?

Srinivas Reddy: See, roller screws are concerned it is something reality. In the 40 years, 50 years or 40 years or so we have been importing it from [Indecipherable] Sweden. Now for the first time in the history in the country, we have developed. It took us 2 years to develop the roller screws, and we have also had our first articles ready what the DRDO labs has given us, and today we are in a situation where it's only a nod from the government to ban the imports and go ahead with MTAR. It can happen in a month or it can happen in 2, 3 months max. So that's where we stand and that I would really appreciate my entire team to actually achieve this. And that's why I said, the product portfolio of MTAR is going to really improve in terms of roller screws, ASP assemblies, ball screws, the electromechanical actuators as well. So over the next 2 years we would find a very good basket of these products generating enough revenues with good margins going forward.

Deepesh Agarwal: Okay. Okay. And sir, lastly if I can squeeze one more. What is the incremental CAPEX for next 2 years given that our new plant is already ready.

Srinivas Reddy: It won't be that much because they have already established all the facilities. Some of them are getting established mostly by September and even the new plant fabrication commissioning should also be ready. And it can be a few bottlenecks areas here and there. Other than that, I don't see much of a CAPEX. But we are moving into the electronics division as well as I have mentioned. So you might see some CAPEX coming in from there. It is very, we want to make MTAR fully integrated company. That's our goal in the next one, one and half, two years. So that's the area, which we are looking at right now. And that's a new capability which we want to add. And that's very exciting for us as well.

Moderator: Next question comes from the line of Shrinivas Aiyer from Rock fort Consultancy. Please go ahead.

Shrinivas Aiyer: Recently India launched SSLV few days back and it was not successful. Looking at that do you feel you will get the opportunity of our own launch vehicle.

Srinivas Reddy: Yes. See ISRO has developed the SSLV, it was a project which they have developed, which is actually 80% of the market. The technology of that is completely different from what we are developing. We are developing with liquid engines. They are going with solid motor systems. So it's a completely different design having 4 stages and we have these 2 stages in our design program. So it's the first of the launch. So probably the second launch what they're going to plan they have 3 launches planned for this year. Hopefully the second launch should go okay for them but there is no competition as such. So ultimately, we'll hand over lot of private companies who are capable of doing it in the long run. So we have first design and develop our own launch vehicle which we are right on top of it. Once we do that, then we'll take it forward and work with inspace, which theyl will collaborate in terms of even -- terms of the working together in terms of avionics and everything and launch pack and that's how it will progress. So that's something which we are really looking forward to moving forward.

Shrinivas Aiyer: Okay. My second is in the last conference call, you did make EBITDA margin around 30% but in the first quarter, it has come down to 27%. Can you explain what are all the factors responsible for that

Srinivas Reddy: There is no specific factors for that. See, basically if you look at our quarter wise numbers we always give guidance over the year. And basically, we will catch up on the margins of 2%, 3% here and there moving forward in the coming quarters. Also, in terms of higher much higher revenues, the kind of guidance we have given of 55% to 60% obviously the margins as well will improve and we'll end up with about 30% with plus minus 100 basis points. There should not be an issue with that.

Moderator: Next question comes from the line of Sandeep Tulsiyan from JM Financials. Please go ahead.

Sandeep Tulsiyan: Yes, hi, sir. I had a follow-up question. Some of these are items which you mentioned, which are import substitution in hot boxes the ASPs and the ceramics and also the bellows which you have done in the path I just wanted to understand the orders for this part of Yuma or the Keeylocko hot box order that you get. These are not over and above, right, the INR 90 crore number that you mentioned.

Srinivas Reddy: No. The ASPs are over and above. Ceramic assemblies and bellows are part of the hot box configuration. But what happens there is that we are doing lot of value add there, so our costs come down a lot in terms of what we can -- in terms of margin improvements. That's what's going to happen. So that's where it stands. So that's how it is.

Sandeep Tulsiyan: I wanted to understand this a little bit better. So when we are supplying the hot box, it is -- it was Xsoft ASP but included the bellows and ceramics, which we were buying out but now we will do bellows and ceramics in-house. ASP was not part of it, will get added over and above this and so is the enclosures

Srinivas Reddy: That's right, Sandeep.

Sandeep Tulsiyan: Okay, sure and just on CAPEX. So you did elaborate on what you will be spending but if you could just give us a numerical number as to how much you will spend in terms of rupees crore for this year and next year.

Srinivas Reddy: We've already said that Sandeep that for the hot box division, the kind of volumes we have, we already put CAPEX in place. It's getting implemented now for about INR 40 crore to INR 45 crore, right? So then the Adibatla plant will get commissioned by September, October, and that's a CAPEX planned much earlier itself. Other than this, the only CAPEX that we can see moving forward is on the electronics which we want to start separately plus a few bottleneck areas depending on the kind of progress we make on various products or various requirements. So I don't see much of a requirement moving forward at least for the next one, one and a half years but it all depends on the kind of demand which is going up day-by-day and how it works out. But we have enough capacity to handle such things. So that's where we stand.

Sandeep Tulsiyan: So should we look at say annual bidding of INR 40 crore to INR 50 crore a year or can it be higher going forward on an annual basis.

Srinivas Reddy: No, it will be less than that. Around INR 35 crore to INR 40 crore a year.

Moderator: Next question comes from the line of Yash Jain from [Indecipherable]. Please go ahead.

Yash Jain: Sir, my question is related with Clean Energy segment. Can you please guide us about the government policies towards the development of hydrogen infrastructure?

Srinivas Reddy: The government has already announced some kind of subsidy programs for this. Some budgets have been announced but I always keep saying that ultimately the technology development is what is most important in terms of green hydrogen, the electrolyzers technology which has to be viable and that's where we stand right now. So ultimately, we have to start somewhere to end where we have to do. Today, the climate change is a serious issue, even in you must have read articles all over the world, in US, Europe, everywhere. So there's a lot of serious intent towards this and in fact if you have read the news, the Senate of US has passed a bill for I think about $390 billion towards Clean Energy development. So there are all very encouraging factors because that's where we need to move. So we would see a lot of such support system happening from the governments, various governments and technology will evolve over the next 4, 5 years, and that's where that's the advantage where we are because already we are in advanced stage with our customers to develop these products and that will have a very substantial vertical being built for the electrolyzers itself moving forward in the next one year.

Yash Jain: Okay, Sir, my next question is also related with Clean Energy segment. So can you please guide us about the demand of the electrolyzers in India and your order position for electrolyzers.

Srinivas Reddy: I have mentioned this earlier, Yash. See, we are doing prototypes right now. The batch production is going on for this year for 60 numbers. They're trying to place orders for about 200 more numbers for next year but that number can go up as the progress is made during the current year. And then subsequent year, you can really see a big ramp-up in electrolyzers. So that's where we stand right now and that particular vertical is going to be a parallel vertical with what we are doing in Yuma and Keeylocko units at this point of time.

Yash Jain: Okay, sir. Next question is related with Space segment. Sir, can you please update on the ISRO plan for the next 2, 3 years or the movement of private sector in the Space mission policy.

Srinivas Reddy: See, the Government of India wants ISRO to be more on the R&D side and provide support to the private industry to privatize various launch vehicles moving forward, but it's a process that they want to follow. So for us as far as we are concerned we are not looking at PSLV or GSLV which are way too complicated in terms of handling those systems. But what we are eyeing is the small satellite launch where 80% of the market is supposed to be for that. And that's where we are working on right now.

Moderator: The next question comes from the line of Utkarsh Maheshwari from Reliance General Insurance Company Limited. Please go ahead.

Utkarsh Maheshwari: Could you just give me, elaborate on what kind of category building we are working on this electronics control system. I mean what are capabilities we are targeting and what should be our addressable markets in that category and what should be the timelines we should be working out and what kind of CAPEX we intend to incur.

Srinivas Reddy: To begin with, we are looking at various options. We are looking at cable harnesses, PCBs, box builds like AMS facility which is very much required. A lot of our existing customers are looking forward for it including Bloom as well and various other organizations which we are looking for. We might move into radar business as well moving forward. So we have to see how it goes. Mostly, our focus is on clean energy in terms of the electronics box builds. So this is something which we are looking forward for. And the CAPEX is not that much. Probably we are looking at a budget of about INR 30 crore to INR 35 crore to establish this and we have already started taking in the right kind of team to build the electronics theme over the next 3 to 6 months to address this new capability that we want to add which would make MTAR a fully integrated company in all aspects. As it is today, we are -- for most all the customers we are like one-stop shore under one single roof. They have all the facilities to address their requirements. And with these electronics, it would take the company to becoming a fully integrated company. We are doing fully integrated systems as well right now. So we have substantial knowledge on that which we are adding further very good team members to build this business moving forward.

Utkarsh Maheshwari: So is it fair to assume that majority of the electronics for it will be like complementing your existing product line or it will be like more towards putting a backward integrated model on that.

Srinivas Reddy: Yes, with existing requirements of various customers and also for the new customers as well. So it will be a combination of both.

Utkarsh Maheshwari: And for the radar. I mean, what could be the thinking behind that and what should be the time frame where we can start looking something more curiously into the segment.

Srinivas Reddy: See, we are also working on the mechanical side of the radars. It's not that we are not doing that but what we would like to see is more progressively doing more in Clean Energy segment for fully integrated systems and also for the other systems that we're looking at and we'll have more information on this by end of this quarter in the direction we want to move. And that's where we want to take this forward.

Utkarsh Maheshwari: Fair point. Sir, actually I missed out our involvement in SSLV. I mean what all areas will be covering as a project. I am trying to understand that.

Srinivas Reddy: No, we are going to power, the entire manufacturing of the launch vehicle itself. So the support system from ISRO is going to be on the Avionics, the launch pad and all that which government has already announced will be done at cost basis to promote the private industries. The biggest achievement is to build a launch vehicle. So, that we have all the equipment and capability to do that. And right now, we are working on the designs for it and we will move forward as and when we finalize the design and then we start manufacturing it.

Utkarsh Maheshwari: This will not entail any fresh CAPEX for us.

Srinivas Reddy: No, not required because the testing everything, all the facilities are provided by ISRO including a launch. At the time of the launch also, they'll support us with all the avionics and everything. So it's -- the existing facilities what we have MTAR is putting up to manufacture this.

Utkarsh Maheshwari: Okay. I mean we already have a good base of mind in people in the category who are working already in that segment. So we don't have a problem of getting more people also to work on this.

Srinivas Reddy: Absolutely, yes.

Moderator: Next question comes from the line of Deepak Krishnan from Macquarie. Please go ahead.

Deepak Krishnan: For the follow-up opportunity. Just probably one question just from a sourcing perspective, are we seeing any benefit because of the Taiwan related issue because one of our key competitor is from Bloom business and also secondly just Bloom yesterday on its earnings call indicated that the Inflation Reduction Act which is basically to help decarbonization, they will get extra incentives if this also -- so any impact of either of the two on your order book or how do you kind of look at both these new 2 items.

Srinivas Reddy: What is the first question, Deepak, can you repeat?

Deepak Krishnan: Yes, just any impact from this Taiwan related issues in terms of you gaining market share in near-term because of -- there are being more supply chain issues over there.

Srinivas Reddy: Yes, I think, I can't comment on the China, Taiwan issue right now. But, yes, basically, if things go serious then probably MTAR will get the entire profit share of business what we are doing right now. As it is, we have a majority share but we have to see that. I don't pray for frankly. All of us would like to have peace in every area. So let's see what happens but as of now the only dependability for Bloom is with a company called Karvi in Taiwan for the hot boxes. They have a minority share as of today, but we are all geared up to address the Bloom in case they have issues there. So that might happen or might not happen. It's something that is very external, Deepak. Nothing to do with us. So let's see what happens. And secondly yes, you are absolutely right. With the new senate, what you said and we have mentioned earlier also that will give a big boost for Bloom in terms of the support system in the US and that would, that's something which is encouraging actually even for us. So that's where we are.

Deepak Krishnan: Sure sir. Any just in terms of addition of customer for the technology of SOFC. Any thought process on adding 10 base customers or other customers, essentially focus on.

Srinivas Reddy: See, if you realistically look at -- I've been doing my own research on this and if you look at Plug Power for example they are in different technologies. But if you look at realistically the volumes they are looking at as of today, it is probably far, far less than what where Bloom is right now. So as and when they're ready in terms of outsourcing it, making entire OEM we are open to it. But that only time can say that, Deepak.

Moderator: Next question comes from the line of Shreya Malhotra from Yashvi Securities. Please go ahead.

Shreya Malhotra: Good morning. Sir, I just wanted to know with respect to the work you do with Bloom Energy, sir, do we have any exclusive supply agreement with Bloom Energy. And my other question would be other than Bloom Energy what -- who more are the more customers that we have in this, with the same product lines in Clean Energy.

Srinivas Reddy: We don't show any exclusivity with any customer for that matter. So MTAR doesn't work like that, so we don't have any exclusivity. But if you look at our customer base we work like partners. It's not like a buyer and sellers' relationship. I keep saying that because lot of technology is involved there. And as far as the other customers are concerned, I just mentioned that about the kinds of volumes that other customers are looking at. If they are ready to outsource it, they are developing, if you look at companies like Plug Power or any other companies for that matter which are looking at it. So whenever they are ready MTAR has the platform to address their issues. It's more like see how well they can develop their own product and how they can outsource it.

Shreya Malhotra: Okay. And sir, would like, would it be the products that we are supplying to Bloom Energy which will be similar to that product or what are we developoing something new for our customers in collaboration with them.

Srinivas Reddy: Everyone has their own technology. If you look at Plug Power, it's the PEM technology, polymer electro membrane technology. Bloom is an SOFC technology. So each one has their own kind of technologies. Bloom is a leader in what they're doing right now. So, but we will be able to address their requirement because we have the base capabilities to address any of these technologies. That should not be an issue.

Moderator: The next question comes from the line of Neeraj Runthla from Mega Profits Consulting. Please go ahead.

Neeraj Runthla: I had a question on the new lines that may be set up by you once India gains the outlook on the national hydrogen mission. So what is MTAR's plan to set up new production lines in India with respect to the huge demand that may come up.

Srinivas Reddy: As I said earlier, see, when we are saying the new line we are all geared up for that whenever it happens. It might take a year or couple of years I guess, but as I mentioned earlier, we have increased our wallet share to an extent and moving into fully integrated systems. That's the first step for the establishing a full-fledged line. So as and when it happens, we'll address that. We will be ahead -- we are very proactive in addressing such issues. So we'll get the go ahead call from Bloom to do at the appropriate time. So we'll definitely address that at that point in time.

Neeraj Runthla: I also had a follow-up question. It's about SSLV. So what kind of business are we looking at with respect to value in terms of MTAR achieving through SSLV only in next 2, 3 years.

Srinivas Reddy: I don't have the numbers right now. We are in the design stage. But what I know as far as the commercial are concerned, the opportunities it covers 80% of the world market being -- and India being the most economical in terms of these launches. India itself would have about 10 to 12 launches and then you're looking at the launches for the other customers internationally. So that would be a big step forward for MTAR as well in Space sector and that's why we are putting all our efforts in working on the design and development of the launch vehicle.

Moderator: Thank you. Due to time constraints we have reached the end of the question-and-answer session. I would now like to hand the conference over to Mr. Srinivas Reddy for closing comments.

Srinivas Reddy: So I would like to thank all of you for sparing your time to join us for this earnings call and as I have always mentioned that we're putting our best efforts in terms of innovation, and we strongly believe and I continue to believe that innovation is the main forte for MTAR, and the rest all is just a byproduct of that and which you are literally seeing in terms of what we are doing right now and we'll continue to progress the way we are progressing in moving forward as well. Thank you so much.

Moderator: Thank you. On behalf of Orient Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.