

- ❑ In Q1 FY25 the company reported a revenue Rs. 128.3 Crores against Rs. 152.6 Crores in the same quarter last year, a degrowth of 15.9% whereas on QoQ basis there was a decline of 15.9% on QoQ basis.
- ❑ The company reported EBIDTA of Rs. 16.6 Crores in the quarter ended in Jun'24, a degrowth of 51.9% from Rs. 34.5 Crores in the same quarter last year whereas on quarterly basis there was a decline of 8.9%
- ❑ The company reported a Profit after Tax (PAT) of Rs. 4.4 Crores in the quarter ended Jun'24 as compared to Rs. 20.3 Crores in the same quarter last year, a degrowth of 78.2% YoY whereas on there was a decline of 9.1% on QoQ basis.
- ❑ As on Q1 FY25, the company had an order book of RS. 894.2 Cr. out of which 68.8% of the revenue from Clean Energy, 18.3% of the revenue is from space sector, 6.9% revenue from Defense sector and rest 5.9% revenue was from Products & others.
- ❑ The company secured orders worth ₹104.94 crore across various sectors, including Clean Energy – Civil Nuclear Power, Fuel Cells, Hydel, Space, Defence, Products, and others, during Q1 FY25.
- ❑ On 7th August 2024, received export orders totaling USD 16.73 million (approximately ₹140 crore) in the Clean Energy – Fuel Cells vertical. Of this, USD 9.10 million worth of orders will be executed in FY 2024-25, with the remaining orders to be dispatched by Q1 FY 2025-26. They signed a long-term agreement with Israeli Aerospace Industries (IAI) for potential orders valued between USD 90 million and USD 120 million, to be executed over the next 15 years.
- ❑ Geographically, the company generated 83% of its revenue from exports, with the remaining 17% coming from domestic sales in Q1 FY25.
- ❑ Annually, the company expects to execute orders worth ₹120 crore to ₹130 crore in the Space sector, with approximately ₹50 crore in orders slated for delivery to ISRO and the remainder to multinational aerospace customers.
- ❑ The company anticipates achieving its highest-ever revenue of approximately ₹200 crore or more in Q2, with an EBITDA margin of 20%, plus or minus 100 basis points. Despite the negative short-term outlook, we remain optimistic about the long-term prospects, therefore we maintain the **HOLD** rating on the stock and the unchanged target price of ₹ 2,150 per share.

Key takeaways from Concall

- ❑ The company projects record revenues of approximately ₹200 crore or more in Q2, with an EBITDA margin of 20%, plus or minus 100 basis points. Additionally, the company anticipates executing around ₹104 crore worth of orders in Q2 and ₹323 crore for FY '25 in the Clean Energy segment.
- ❑ The company anticipates delivering approximately ₹16 crore worth of orders in Q2 and executing around ₹62 crore in FY '25. Additionally, the company expects to secure orders worth about ₹600 crore from Kaiga 5 & 6 in the second half of this year.
- ❑ The company projects a robust closing order book of approximately ₹700 crore in Civil Nuclear Power by the end of the fiscal year. Additionally, the company anticipates a three-fold increase in Space sector revenues in FY '25 compared to FY '24.
- ❑ The company targets an EBITDA margin of 20%, plus or minus 100 basis points, in Q2, with sequential improvement expected, reaching 22%, plus or minus 100 basis points, annually. EBITDA and PAT margins are expected to improve from Q2 and H2 FY '25, driven by revenue growth of 30% to 35% CAGR and greater operating leverage.
- ❑ In Clean Energy, the company executed approximately ₹86 crore worth of orders in Q1, ending with an order book of ₹468 crore. Last week, the company secured orders worth around ₹140 crore and expects to execute about ₹104 crore of orders in Q2 and ₹323 crore for FY '25 in Clean Energy.
- ❑ In the Space sector, the company executed approximately ₹8.5 crore worth of orders in Q1 and expects to deliver around ₹12 crore in orders to ISRO and ₹25 crore to various MNC customers in Q2. Annually, the company anticipates executing ₹120 crore to ₹130 crore worth of orders in Space, with about ₹50 crore allocated to ISRO and the remainder to MNC Aerospace customers.
- ❑ The company is currently deploying Capex in the Aerospace sector and anticipates beginning its implementation in the Oil & Gas sector either this quarter or the next. Initially, the company will utilize its existing Capex allocated for the Oil & Gas fleet for the first articles, but it will need to invest an additional INR35-40 crore to set up a separate facility.

Financials:

(In ₹ mn)	Q1-FY25	Q1-FY24	Chg	FY24	FY23	Chg
Net Sales	1,283	1,526	-15.9%	5,808	5,738	1.2%
Operating Expense	1,117	1,180	-5.4%	4,681	4,198	11.5%
EBITDA	166	346	-51.9%	1,127	1,540	-26.8%
Other Income	5	41		58	195	
Depreciation	61	56		232	187	
EBIT	110	331	-66.7%	953	1,548	-38.4%
Interest	48	57		223	146	
PBT	62	274	-77.3%	730	1,402	-47.9%
Tax	18	69		169	368	
Exceptional Items	-	-		-	-	
PAT	44	203	-78.1%	561	1,034	-45.7%
Minority /Other Adj.	-	-		-	-	
Consolidated PAT	44	203	-78.1%	561	1,034	-45.7%

Margins	Q1-FY25	Q1-FY24	Chg BPS	FY24	FY23	Chg BPS
Operating Margin %	13.0%	22.7%	-970	19.4%	26.8%	-743
Net Margin %	3.5%	13.3%	-984	9.7%	18.0%	-836

Consolidated Financials:

(In ₹ mn)	FY-23	FY-24	FY-25E	FY-26E
Net Sales	5,738	5,808	7,550	9,816
Operating Expense	4,198	4,681	5,889	7,607
EBITDA	1,540	1,127	1,661	2,209
Other Income	195	58	75	97
Depreciation	187	232	302	393
EBIT	1,548	953	1,434	1,913
Interest	146	223	287	373
PBT	1,402	730	1,147	1,540
Tax	368	169	264	354
PAT	1,034	561	883	1,185

Margins	FY-23	FY-24	FY-25E	FY-26E
Sales Growth %	78.2%	1.2%	30.0%	30.0%
Operating Margin %	26.8%	19.4%	22.0%	22.5%
Net Margin %	18.0%	9.7%	11.7%	12.1%

(In ₹ mn)	FY-23	FY-24	FY-25E	FY-26E
Liabilities				
Equity Share Capital	308	308	308	308
Reserves & Surplus	5,894	6,456	7,102	7,812
Total Shareholder's Funds	6,201	6,763	7,409	8,120
Long-term Liabilities	777	970	1,213	1,516
Other Long-Term Liabilities	26	26	26	26
Deferred Tax Liability	182	209	238	271
Short-term Liabilities	3,416	2,078	1,268	773
Total	10,077	10,633	10,154	10,707
Assets				
Net Fixed Assets	3,546	4,127	4,746	5,458
Long-Term L&A	0	0	0	0
Non-Current Investments	0	0	0	0
Other Non-Current Assets	86	215	538	1,345
Current Asset	6,967	5,648	4,755	3,852
Total	10,077	10,633	10,154	10,707

Key Ratios	FY-23	FY-24	FY-25E	FY-26E
EPS (₹)	33.6	18.2	28.7	38.6
P/E (x)	52.1	96.0	61.0	45.4
P/B (x)	8.7	8.0	7.3	6.6
ROE	16.7%	8.3%	11.9%	14.6%

Source: Company, Anand Rathi Research

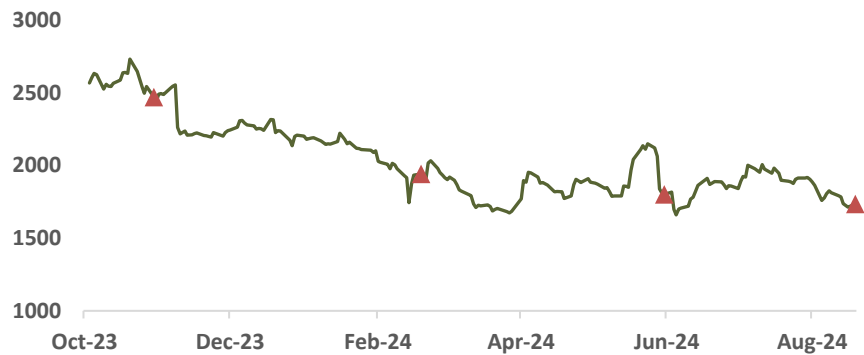
Key Risks:

- Further delay in orders to be implemented for Bloom Energy.
- Failure in execution of projects or the project getting cancelled.



Rating and Target Price history:

MTARTECH rating history & price chart



MTARTECH rating details

Date	Rating	Target Price (₹)	Share Price (₹)
30-Oct-23	BUY	2,970	2,471
19-Feb-24	HOLD	2,425	1,943
01-June-24	HOLD	2,150	1,801
20-Aug-24	HOLD	2,150	1,750

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 20 August 2024 close.

Source: Bloomberg, Anand Rathi Research

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