23 September 2026
Company Update | Sector: Others

MTAR Technologies

BSE SENSEX	S&P CNX
74,828	23,447

CMP: INR7,289 TP: INR9,000 (+23%) Buy

Bloomberg	MTARTECH IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	224.2 / 2.3
52-Week Range (INR)	8715 / 1784
1, 6, 12 Rel. Per (%)	7/112/297
12M Avg Val (INR M)	4157
Free float (%)	71.0

Financials & Valuations (INR b)

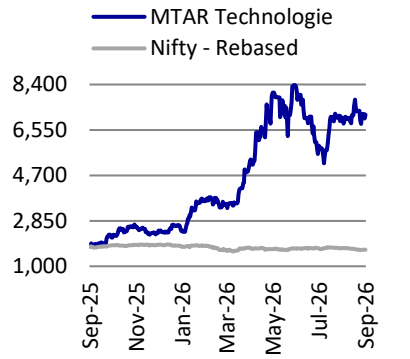
INR b	FY26	FY27E	FY28E
Sales	8.8	16.2	27.7
EBITDA	1.7	3.9	6.7
Adj. PAT	1.0	2.5	4.6
EBITDA Margin (%)	19.5	24.0	24.3
EPS (INR)	31.5	80.3	149.5
Growth (%)	83.1	154.9	86.3
BV/Sh (INR)	267.4	347.7	497.2
Ratios			
Net D:E	0.2	0.1	0.2
RoE (%)	12.5	26.1	35.4
RoCE (%)	11.3	20.7	28.0
Valuations			
P/E (x)	230.8	90.6	48.6
EV/EBITDA (x)	131.4	57.8	33.5
FCF Yield (%)	0.1	0.0	-0.4

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	29.4	30.4	31.7
DII	22.4	27.7	23.5
FII	24.8	17.3	7.6
Others	23.5	24.6	37.3

FII includes depository receipts

Stock Performance (1-year)



Beyond fuel cells; multiple growth engines taking shape

MTAR Technologies (MTAR) is a pioneer in precision-engineered products and solutions, with over five decades of manufacturing legacy and established capabilities across clean energy – civil nuclear, fuel cells, aerospace & defense (A&D), and other strategic sectors. We believe MTAR is entering a multi-year growth phase, scaling beyond fuel cells, as civil nuclear, A&D, data center infrastructure solutions, oil & gas, and space are expected to provide additional avenues for diversification.

- Bloom's opportunity is expanding beyond data centers into the broader AI infrastructure ecosystem. Bloom now has ~two dozen AI infrastructure customers with ~250MW contracted capacity, while its recent MiTAC partnership extends fuel cell adoption to AI-server manufacturing.
- Beyond fuel cells, India's nuclear build-out is creating a multi-year manufacturing cycle. The government is targeting 100GW by CY47, with 10 indigenous 700MW pressurized heavy-water reactor (PHWRs) approved. Based on our estimates, MTAR's product portfolio provides exposure to ~INR1.1–1.9b per 700MW PHWR reactor, implying a cumulative opportunity of ~INR195b over CY25-47.
- The company has forayed into the high-growth data center infra components segment, with an initial order of ~INR450m from *SLB N.V.* This has ~INR4-5b revenue potential post commercialization of the first article, with first-article qualification and conversion into long-term agreements (LTAs) serving as key triggers for scale-up.
- In A&D, multiple programs are moving from qualification to commercial production. It is expected to clock INR6-7b revenue in 3-4 years (INR2b in FY27) vs INR1b in FY26, supported by MNC customers including GKN, Thales, and IAI, alongside domestic Tejas/AMCA opportunities.
- O&G is emerging as a new export-led growth avenue, with MTAR developing Class-A components (precision-engineered products capable of operating under high-pressure and high-temperature environment) for SLB and a greenfield facility for Weatherford, targeted by Sep'26. Successful qualification and commercialization could unlock recurring global orders and increase wallet share with SLB across O&G and data center applications.
- Further, India's space economy could grow from ~USD8.4b to ~USD44b by CY33, and MTAR's established ISRO qualifications provide an entry point into the rapidly growing private-space ecosystem. Over the past 4+ decades, MTAR has supplied critical products for Chandrayaan-3/Aditya-L1 and Gaganyaan.
- Overall, the company is moving from a concentrated precision-engineering supplier toward a broader multi-vertical manufacturing platform, with civil nuclear, A&D, data center infra components, and oil & gas creating multiple medium-term growth options beyond fuel cells. We estimate a revenue/EBITDA/PAT CAGR of 78%/98%/118% over FY26-FY28. We reiterate our BUY rating on the stock with a TP of INR9,000 (based on 60x FY28E EPS and translating into a ~0.5x PEG ratio on FY26-28E EPS CAGR).

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Fuel cells – Bloom's AI power opportunity is expanding beyond data centers (FY26: Revenue mix 70%; order book mix 51%)

- **Fuel cell demand is expanding beyond hyperscale data centers into a broader AI infrastructure ecosystem,** with Bloom now serving nearly two dozen AI customers with ~250MW contracted capacity. The MiTAC AI-server manufacturing microgrid highlights emerging demand from AI hardware manufacturing and semiconductor supply chains.
- **Bloom's newly launched product 'Power Connect' (factory-integrated, pre-wired power system design) can reduce onsite installation time by 40%+**, while Brookfield's financing framework increased from USD5b to USD25b, supporting faster project conversion and system deployments.
- **MTAR is well-positioned to benefit from rising Bloom deployment velocity.** With 67% of 1QFY27 order book linked to Fuel Cell/Hydel/Others and capacity expansion underway through FY27, we expect the segment to remain the key growth driver, delivering 77% CAGR over FY26-28.

Civil nuclear: From episodic reactor awards to a multi-year manufacturing cycle (FY26: Revenue mix 3%; order book mix 26%)

- India's planned nuclear expansion (100GW by CY47) is creating a multi-decade opportunity, with MTAR positioned across ~15 critical nuclear-island products. **Based on our estimates, MTAR's product portfolio provides exposure to ~INR1.1–1.9b per 700MW PHWR reactor, implying a cumulative opportunity of ~INR195b over CY47.**
- **The new-build cycle has begun to materialize, evidenced by MTAR's INR5b Kaiga 5&6 order win,** while Mahi Banswara and subsequent 700MW PHWR projects provide visibility for follow-on participation and higher share-of-wallet across future reactor programs.
- **Refurbishment is adding a recurring revenue layer alongside reactor orders**, reducing business lumpiness. With Kaiga execution, refurbishment inflows, and future PHWR projects progressing in parallel, MTAR's nuclear business is evolving into a more visible multi-year manufacturing cycle combining new-build, refurbishment, and maintenance revenues.

Data center infra components: Small initial order; potentially large qualification-led opportunity

- AI infrastructure investment is accelerating rapidly, with global data center spending expected to reach ~USD7t by CY30 and **AI-driven rack power densities rising sharply, increasing demand for power, cooling, thermal management, and supporting infrastructure.**
- **MTAR has entered the value chain through SLB (global energy technology and oilfield services company), receiving ~INR450m of initial orders for data center infrastructure components.** While current orders are qualification-led, successful first-article approvals could open a potential ~INR4-5b revenue opportunity and pave the way for LTAs and serial production.
- **Data center infra components represent a scalable adjacency, leveraging MTAR's existing fabrication, machining, and assembly capabilities.** The key monitorables remain first-article qualification, conversion into long-term production contracts, and eventual dedicated capacity creation, which would indicate the vertical is evolving into a meaningful growth pillar.

Oil & Gas: Qualification with global oilfield majors creates a new export opportunity

- **MTAR is building a new export opportunity in O&G through qualification with global oilfield majors.** The company is developing Class-A components (precision-engineered products capable of operating under high pressure and high temperature environment) for SLB, while a greenfield facility dedicated to Weatherford and other customers is targeted for commissioning in Sep'26.
- **Given the stringent operating requirements of oilfield components, the aforementioned qualification could open up large recurring global orders for MTAR.** Moreover, expansion with SLB could also increase wallet share across both O&G and data center applications.
- **O&G remains an emerging diversification opportunity, with FY27-28 as the key validation period.** We would track first-article completion, commercialization of products, SLB/Weatherford qualifications, facility utilization, and subsequent order inflows.

Space: Established ISRO qualification creates an entry point into India's expanding private space ecosystem

- **MTAR's four-decade ISRO relationship provides a strong qualification base for the expanding space opportunity.** Its components are deployed across PSLV/GSLV, Chandrayaan-3, Aditya-L1, and Gaganyaan, creating an established technical entry barrier.
- **India's space ecosystem could expand from ~USD8.4b currently to ~USD44b by CY33, with private players increasingly entering launch vehicles, satellites, and propulsion.** MTAR can leverage its existing propulsion, structures, actuator, and precision-assembly capabilities to participate across emerging private-space programs.
- **Growth can come from both higher ISRO mission cadence and private-customer diversification.** Key monitorables include new product additions, higher order inflows, private-sector customer wins, and the share of revenue generated from non-ISRO programs. These indicators will help assess whether the Space business can evolve into a broader manufacturing platform for MTAR.

A&D: Transition from qualification to commercial production can drive a sharp revenue ramp (FY26: Revenue mix 14%; order book mix 12%)

- **A&D is transitioning from qualification to commercial production, with engine components, storage boxes, and multiple other programs already moving into serial production/LTAs.** MTAR's MNC customer base has also expanded from Rafael/Elbit to GKN Aerospace, Thales, Thales Alenia Space, IAI, and Collins Aerospace.
- The revenue ramp can be meaningful as these programs commercialize. **A&D revenue was only ~INR1b in FY26 but could reach INR6–7b over the next 3–4 years, with MNC Aerospace expected to deliver 45-50% CAGR over the next five years.**
- **Domestic defense provides a second growth engine alongside the MNC ramp-up.** Existing capabilities across Tejas actuators, airframes, wing-kits, structural assemblies, and next-generation propulsion, coupled with potential AMCA/Tejas Mk-IA/Mk-2 programs, could materially expand MTAR's share of India's aerospace supply chain.

Valuation and view

- MTAR has a strong order book of ~INR51.4b as of Jun'26, driven by a healthy pipeline across clean energy (fuel cells), A&D, nuclear sectors, and products & others. The commercialization of new products and onboarding of new clients across segments are expected to drive further growth. Incrementally, enhancing wallet share with existing customers will also accelerate growth. MTAR is foraying into new high-growth sectors, which will contribute meaningfully over the coming years. We anticipate these initiatives to translate into strong growth and margin expansion.
- The company targets 4-5x asset turns on incremental capex (INR5b by FY28), with ~70% of the investment directed toward the fuel cell segment. Fuel cell phase-2 expansion is expected to be commissioned by Sep-Oct'26, followed by a multi-fold phase-3 expansion by Mar'27. The current order book is expected to be executed over the next three years.
- **We estimate a CAGR of 78%/98%/118% in revenue/EBITDA/adj. PAT over FY26-FY28. We reiterate our BUY rating on the stock with a TP of INR9,000 (based on 60x FY28E EPS and translating into a ~0.5x PEG ratio on FY26-28E EPS CAGR).**

Fuel cells – Bloom's AI power opportunity is expanding beyond data centers (FY26: Revenue mix 70%; Order book mix 51%)

- **The fuel cell demand is moving from a data center-specific opportunity to a broader AI infrastructure power ecosystem.** Bloom stated that all major US hyperscalers and more than 12 US neoclouds, AI labs, and colocation operators have validated Bloom's power solutions for AI factories.
- As AI-driven demand accelerates, manufacturers across the AI supply chain are facing a growing need for incremental power to expand capacity, while grid interconnection and infrastructure upgrades can take time. This is creating an opportunity for onsite fuel cell power to enable capacity additions without waiting entirely for grid expansion.
- More importantly, Bloom's Aug'26 MiTAC announcement indicates that the addressable market is expanding upstream into the AI supply chain. Bloom is deploying an islanded fuel cell microgrid at MiTAC's AI-server manufacturing campus in Fremont, while its **AI infrastructure customer base has reached nearly two dozen customers and ~250MW of contracted capacity from almost zero two years ago.**
- This suggests that fuel cell demand can increasingly come from semiconductor/AI-server manufacturing, component suppliers, and advanced manufacturing facilities, in addition to hyperscale data centers.

Exhibit 1: US power constraint: Why onsite SOFC matters for manufacturing

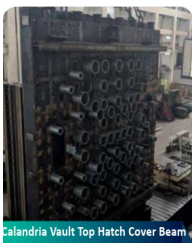
Constraint / evidence	Latest data point	Why it matters for SOFC / Bloom
Large-load interconnection is becoming a bottleneck	❖ FERC in Jun'26 ordered all six US regional grid operators to reform or justify their tariffs for connecting data centers, manufacturing facilities, and other large loads, specifically citing the need to accelerate integration of large electricity users. (Federal Energy Regulatory Commission)	❖ Shows the constraint is not simply "high electricity demand"; **getting large blocks of power connected to the grid quickly has become a bottleneck**.
New facilities are becoming much larger	❖ FERC data shows that average US data-center size increased from ~25MW in 2020 to ~80MW for facilities entering service in 2025. Such facilities can require new generation or transmission infrastructure to interconnect reliably. (Federal Energy Regulatory Commission)	❖ A 50–100MW+ incremental requirement can require **substation/transmission upgrades**, making grid availability a site-specific constraint.
AI is creating a very large incremental load	❖ US data centers consumed 176TWh / 4.4% of US electricity in 2023; LBNL's 2025 update estimated this to rise to 11.8% by 2030. (Energy.gov)	❖ The issue is the **speed and concentration of new load**, rather than an absolute nationwide shortage of electricity.
Grid reliability margins are tightening	❖ FERC's 2025 summer assessment stated all regions were expected to have adequate resources under normal conditions, but margins were getting tighter as generation retires and load increases, largely from hyperscale users such as data centers. PJM, MISO, ERCOT, SPP, and others faced higher risks of tight generation availability under stressed conditions. (Federal Energy Regulatory Commission)	❖ Large industrial/AI loads increasingly need **dedicated, reliable power**, rather than assuming incremental grid capacity will always be available.
PJM is explicitly trying to solve the 'bring your own power' problem	❖ FERC noted significant delays in PJM's ability to interconnect new generation and load, prompting large loads such as data centers to pursue co-location with generation to accelerate access to power. (Federal Energy Regulatory Commission)	❖ This is almost exactly the value proposition for **onsite generation**: bring generation closer to the load instead of waiting for the conventional grid connection.
Actual AI-server manufacturing example	❖ Quanta's Fremont manufacturing expansion was impeded by costly utility interconnection delays. Quanta subsequently deployed an islanded Bloom SOFC microgrid and expanded it as AI-server demand increased. (Bloom Energy)	❖ It demonstrates that the power bottleneck is already affecting the *upstream AI manufacturing supply chain*, not just data centers.
Bloom's solution addresses the specific bottleneck	❖ Bloom stated its grid-independent systems can be deployed in weeks on skid-mounted platforms and avoid transmission infrastructure; its current data-center materials cite ~90 days for energy server systems versus 2–5+ years for conventional grid connections in constrained situations. (Bloom Energy)	❖ SOFC solves the constraint

Source: FERC, Bloom, LBNL

- Further, **Bloom's Power Connect architecture, which can reduce onsite installation time by 40%+, could accelerate the deployment cycle for fuel cell systems** by shifting electrical integration and testing to the factory. For MTAR, this is potentially positive as faster commissioning could shorten the time between customer project awards and system deployments, thereby supporting a faster replenishment cycle for critical components (higher Bloom deployment velocity → faster consumption of Bloom's component requirements → faster MTAR order conversion/replenishment → better capacity utilization at MTAR).
- The financing ecosystem is also scaling rapidly. Brookfield increased its framework to finance Bloom-powered AI infrastructure from USD5b to USD25b in Jun'26, a five-fold increase, explicitly citing sustained demand from hyperscalers and AI-infrastructure developers. The expansion materially increases the financing capacity available for projects and potentially shortens the path from customer demand to deployment.
- **MTAR's 1QFY27 order book already had 67% exposure to Fuel Cell/Hydel/Others, while management is simultaneously expanding capacity in three phases, with Phase 2 targeted by Sep–Oct'26 and Phase 3 by Mar'27. We expect this segment to clock a 77% CAGR over FY26-28.**

Civil nuclear: From episodic reactor awards to a multi-year manufacturing cycle (FY26: Revenue mix 3%; Order book mix 26%)







- **India’s nuclear build-out is creating a large, visible opportunity for the domestic supply chain. The government is targeting 100GW of nuclear capacity by CY47**, with 10 indigenous 700 MW PHWRs already approved under the fleet-mode program and additional 700 MW PHWRs being planned. The Mahi Banswara 1-4 project has also received key approvals, while NPCIL has proposed further 700 MW PHWRs across existing sites, creating a sizeable multi-year pipeline for nuclear equipment suppliers.
- MTAR is positioned beyond a single-product opportunity, with capabilities across ~15 nuclear-island products and increasing ability to manufacture larger, complex components. Its portfolio includes coolant-channel assemblies, end fittings, sealing/shield plugs, and other critical components, while the newer fabrication capability enables products such as End Shields and Calandrias. This broadening of the product basket can increase MTAR’s share-of-wallet per reactor, rather than limiting growth to the number of reactors awarded.

Exhibit 2: Cost break-up of construction of new PHWR

Package	INRb / Reactor	% of Plant Cost
Civil works & structures	35-40	33-38%
Turbine Island	15-20	14-19%
Steam Generators	7-8	7-8%
Primary Heat Transport System	5-7	5-7%
Electrical & I&C	7-9	7-9%
Balance of Plant	10-13	10-12%
Nuclear Island equipment (MTAR mainly present here)	**13-18**	**12-17%**
Total	**~105**	**100%**

Source: Department of Atomic Energy, Industry estimates

Exhibit 3: MTAR’s product portfolio provides exposure to ~INR1.1-1.9b per 700MW PHWR reactor

Product Family	Estimated Value per 700MW reactor (INRm)
Fueling Machine Head	200–300
Bridge & Column	150–250
Shielding Plugs	150–200
Sealing Plugs	100–150
End Fittings	200–400
Liner Tubes	100–200
Drive Mechanisms & others	200–400
Total	**1,100–1,900**

Source: Industry estimates

Exhibit 4: Opportunity size for MTAR's product portfolio

Particular	Calculation
Current nuclear capacity in India (in GW) = A	8.78
Target capacity by 2047 (in GW) = B	100
Total opportunity size (in GW) = B-A	91.22
Per 0.7 GW MTAR's product portfolio (INRm) - as per exhibit 3	1,500
Total opportunity size over CY26-47 (INRm)	**1,95,471**

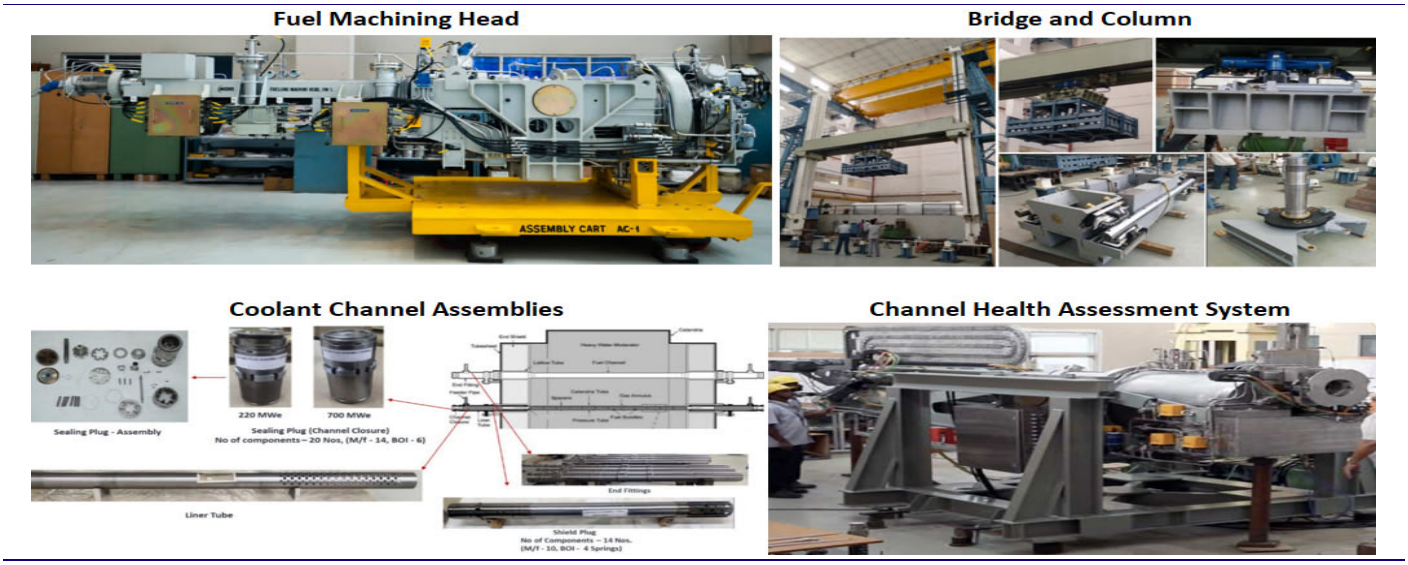
Source: MOFSL estimates

Exhibit 5: MTAR's product portfolio and its criticality

MTAR Product	Simple Explanation	Where it is Used	Why it is Critical
Fuelling Machine Head (FMH)	A robotic machine that removes old fuel bundles and inserts fresh fuel bundles into the reactor while it is still generating electricity.	Attached to the reactor face in PHWR reactors	Without it, reactors would need to be shut down for refueling. It must operate with millimeter-level precision in a high-radiation environment.
Bridge & Column Assembly	Think of it as the railway track and crane system that carries the fueling machine to the exact fuel channel that needs refueling.	Mounted outside the reactor vessel	Ensures the fueling machine reaches hundreds of different fuel channels accurately and safely.
Coolant Channel Components (End Fittings, Shielding Plugs, Sealing Plugs, Liner Tubes)	These are the metal tubes and sealing systems through which nuclear fuel sits and coolant flows.	Inside the reactor core	Any leakage or misalignment can affect reactor safety and performance. These components face high temperature, pressure and radiation for decades.
Drive Mechanisms for Shut-off Rods	Similar to the braking system of a car; these mechanisms insert control rods into the reactor to slow down or shut down the nuclear reaction when required.	Reactor safety system	One of the most safety-critical systems. During an emergency, these mechanisms must work instantly and reliably.
Control Plug Assemblies	Specialized plugs that seal and protect openings in the reactor structure while allowing maintenance and inspection.	Reactor top structure	Maintain shielding and safety while enabling access to reactor internals.
Fuel Transfer System Components	Equipment that transports used and fresh nuclear fuel between different parts of the plant.	Fuel handling area	Fuel movement must be highly controlled because of radiation and safety requirements.
Grid Plates	Large precision structures that hold and align nuclear fuel assemblies in fast breeder reactors.	Bottom section of reactor core	Even tiny dimensional errors can affect fuel positioning and reactor performance.
Top Hatch Cover Beams	Heavy-duty structural beams used when opening reactor sections for maintenance or refuelling activities.	Reactor building	Must support extremely heavy loads while maintaining strict safety tolerances.
Water-Lubricated Bearings	Bearings that use water instead of oil for lubrication, allowing operation in nuclear environments where conventional lubricants may not be suitable.	Pumps and reactor-related equipment.	High reliability, corrosion resistance and long operating life are essential.

Source: Company, MOFSL

Exhibit 6: Pictures of some of the products



Source: MOFSL, Company

- The order cycle has already started to accelerate, with Kaiga 5&6 providing the first meaningful visibility into the new-build opportunity. MTAR secured INR5b of cumulative orders for Kaiga 5&6, its largest nuclear award to date, taking cumulative nuclear orders to INR8b+. This is important because Kaiga is not merely adding one project to the backlog; it provides a reference program against which MTAR can participate in subsequent 700MW PHWR projects.
- **Refurbishment is emerging as a recurring revenue layer alongside the larger, project-driven new-build opportunity**, reducing the historical lumpiness of MTAR's nuclear business. MTAR secured ~INR1.3–1.4b of refurbishment orders in 2QFY27, and as operating reactors in Rajasthan, Madhya Pradesh, Chennai, and Tarapur enter major maintenance cycles, more such orders are expected. Additionally, maintenance across the operating fleet could provide a recurring ~INR100–200m annual revenue stream, creating a more staggered order cycle as reactors reach refurbishment milestones at different times.
- The key monitorable is now MTAR's share-of-wallet per 700MW reactor, particularly at Mahi Banswara and subsequent fleet-mode projects. Management has indicated that Mahi Banswara tenders are expected to provide an opportunity for participation.
- **With Kaiga execution commencing from 2HFY27, refurbishment orders coming through in parallel, and Mahi Banswara/subsequent PHWRs entering the pipeline, FY28-30 could mark a structural shift in MTAR's nuclear revenue profile. The business could evolve from a lumpy, refurbishment-led segment into a multi-year manufacturing cycle combining new reactor equipment, recurring refurbishment, and maintenance, with the eventual revenue trajectory depending on share-of-wallet across each reactor.**

Exhibit 7: Under-construction reactors

Project	Construction Start	State	Reactor Type	Gross Capacity (GWe)
PFBR	2004	Tamil Nadu	FBR (Fast Breeder Reactor)	0.5
Rajasthan 7 & 8	2011	Rajasthan	PHWR (Pressurized Heavy Water Reactor)	1.4
Kudankulam 3, 4, 5 & 6	2017	Tamil Nadu	PWR (Pressurized Water Reactor)	~4.0
Gorakhpur 1 & 2	2018	Haryana	PHWR (Pressurized Heavy Water Reactor)	1.4
Kaiga 5 & 6	2026	Karnataka	PHWR (Pressurized Heavy Water Reactor)	1.4

Source: NPCIL, World Nuclear Association, CRISIL Research

Exhibit 8: New reactors planned

Project	State	Reactor Type	Gross Capacity (GWe)
Gorakhpur 3 & 4	Haryana	PHWR	1.4
Chutka 1 & 2	Madhya Pradesh	PHWR	1.4
Mahi Banswara 1, 2, 3 & 4	Rajasthan	PHWR	2.8
Kaiga 5 & 6	Karnataka	PHWR	1.4
Kudankulam 7 & 8	Tamil Nadu	PWR	2
Total			**9.0 GWe**

Source: NPCIL, World Nuclear Association, CRISIL Research

An AI workload is a collection of computational tasks and processes used to develop, train, deploy, and run AI workloads systems

Data center infra components: Small initial order; potentially large qualification-led opportunity

- Rapid growth in AI, cloud, and high-performance computing is creating a structural demand opportunity for data center infrastructure. McKinsey estimates global data center investment to reach ~USD7t by CY30, including ~USD5.2t related to AI workloads. Rising AI compute intensity is also increasing rack power density, with AI rack power potentially exceeding 1.5MWe by CY30, driving greater requirements for power, cooling, thermal management, and associated infrastructure.
- MTAR has entered this opportunity through its Low Carbon Solutions portfolio, with SLB (A global energy technology giant) emerging as the initial customer. The **company has received ~INR450m of orders from SLB for sheet-metal components and assemblies used in data center infrastructure solutions, with first articles currently under progress.** This is strategically important as MTAR is moving beyond supplying conventional industrial components and is attempting to establish a presence in the rapidly expanding data center infrastructure value chain.

A single, standardized server cabinet (rack) packed with next-generation AI hardware is projected to draw more than 1.5MWe. Traditional data center server racks have historically drawn 3 to 15 kW. A jump to 1.5 MW represents a 100x to 500x increase in power density per square foot. **This is enough electricity to power roughly 1,000 to 1,200 average residential homes.**

- The current order is primarily as a qualification gateway rather than a mature revenue stream. **This initial first-article order has potential of ~INR4–5b revenues from SLB.** Converting the initial development orders into long-term agreements and serial production could materially expand the addressable opportunity.
- Data center components can leverage the company's existing sheet-metal fabrication, machining, and assembly capabilities, potentially requiring lower incremental infrastructure than nuclear or aerospace programs. Once qualified, serial production could also have shorter conversion cycles and higher volumes, providing an opportunity to scale revenues faster without proportionate expansion of the existing manufacturing ecosystem.
- The broader industry backdrop strengthens the potential for this vertical to scale beyond the initial SLB program. India's data center capacity had crossed ~2.1GW by mid-CY26 and could approach ~10GW over the next five years, while global AI infrastructure investment continues to accelerate. **Higher rack power density is simultaneously increasing the content opportunity around cooling,**

power distribution, thermal management, and modular infrastructure, expanding the potential addressable market for precision-fabricated components.

- **We would track three milestones to assess whether data centers can become a meaningful growth pillar: first-article qualification, conversion into LTA/serial orders, and subsequent dedicated capacity creation.**

O&G: Qualification with global oilfield majors creates new export opportunity



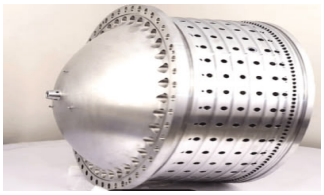
- In O&G, recent customer additions offer a potential diversification opportunity, with MTAR **developing Class-A components for SLB, while its greenfield O&G facility is being established specifically to serve Weatherford and other customers, with commissioning targeted by Sep'26.** The investment indicates MTAR's commitment to the segment, where oilfield applications require precision-engineered products capable of operating under high-pressure, high-temperature, and corrosive conditions, creating meaningful qualification and reliability requirements. Successful qualification with players such as SLB and Weatherford can, therefore, provide access to global programs and potentially recurring orders across multiple geographies.
- **SLB could provide an additional route to increase wallet share as MTAR expands its relationship with the same customer across multiple end markets (O&G and data centers).** Successful qualification across both businesses could allow MTAR to build a broader relationship with SLB and participate in multiple programs rather than relying on a single application.
- **We view O&G primarily as a customer-led expansion opportunity rather than a near-term earnings driver, with FY27-28 likely to be the key evidence period. We would track first-article completion, the number of products progressing to commercial production, Weatherford/SLB qualification wins, commissioning and utilization of the greenfield facility, and subsequent order inflows.**

Space: Established ISRO qualification creates an entry point into India's expanding private space ecosystem

Rocket Engine Rotating assembly



Main Injector Body

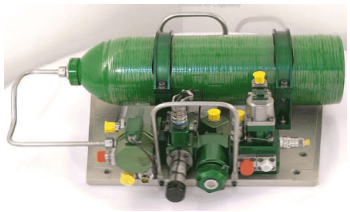


- MTAR's four-decade relationship with ISRO has established a significant technical qualification barrier. The company supplies precision-engineered sub-systems for PSLV and GSLV programs, including Vikas liquid-propulsion engines, which have been deployed in missions such as Chandrayaan-3 and Aditya-L1. MTAR is also manufacturing critical structures such as grid fins for Gaganyaan.
- **India's space ecosystem is now transitioning from a predominantly government-led model to a broader commercial ecosystem spanning launch vehicles, satellites, propulsion, components, and space-based services.** The country's space economy is currently estimated at ~USD8.4b (~2% of the global market) and is targeted to reach ~USD44b by CY33, supported by rising space exports and increasing private-sector participation. Since inception, India has completed 135 spacecraft missions and 105 launch missions, while successfully launching 434 foreign satellites for both government and private programs.

Latchable Series Redundant Valve

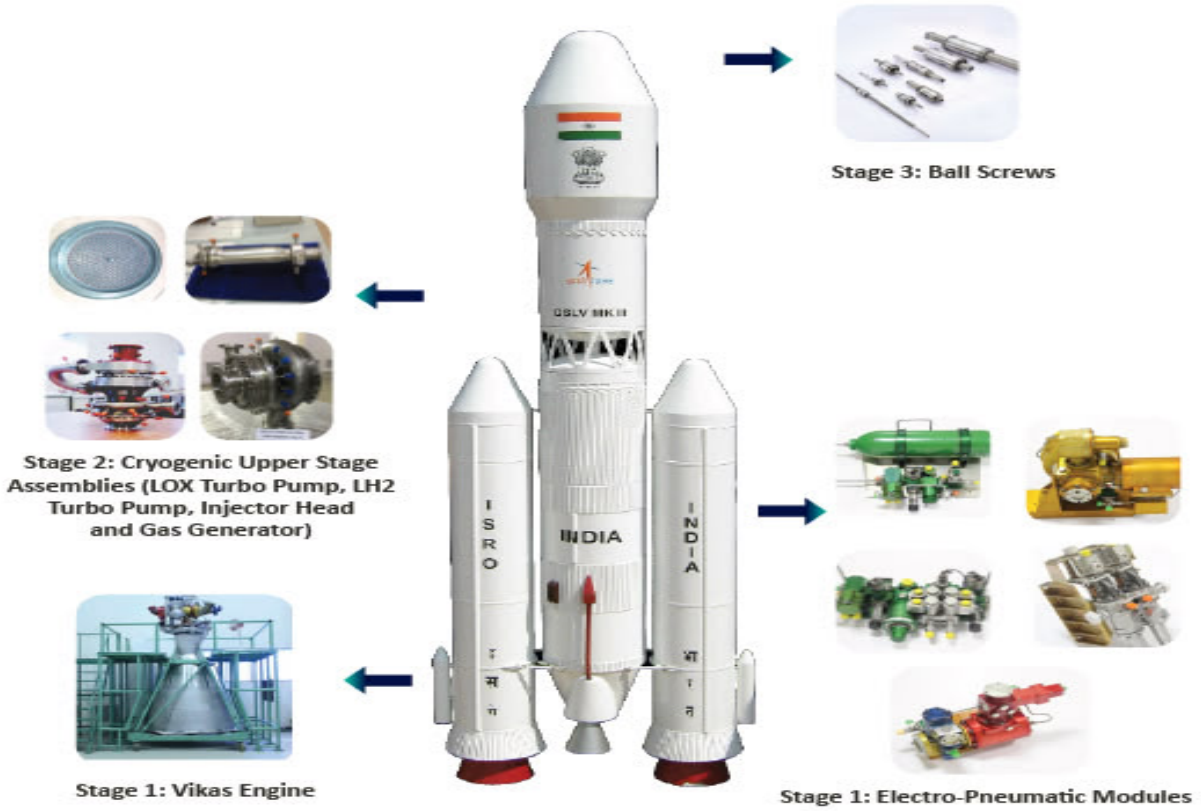


Pogo Command Module



- **For MTAR, the key opportunity lies in transferring its existing propulsion, structures, actuators, and precision-assembly capabilities from established ISRO programs to the emerging private space ecosystem.**
- The increasing participation of private companies can potentially change the revenue model from program-specific government procurement to a broader manufacturing opportunity. As private launch-vehicle and satellite companies increase launch frequency, MTAR's existing qualification and manufacturing capabilities could allow it to participate in multiple programs without having to establish the technical credentials required of a new entrant.
- **Higher mission frequency could provide the next leg of growth even within the existing ISRO relationship.** With increasing focus on commercial launches, satellite deployment, and higher mission cadence, greater utilization of PSLV/GSLV-related manufacturing and newer programs such as Gaganyaan can translate into rising order volumes for qualified suppliers. MTAR is also expanding its share of ISRO procurement through newer products (such as Actuator Ball Screws), providing an additional avenue for growth within its existing customer relationship.
- **We will track new private launch/satellite customers, repeat commercial orders, the addition of new products, share of private-sector revenue, and order growth linked to higher mission cadence. Successful customer diversification would indicate that MTAR's Space business is evolving from a ISRO program-linked business into a scalable manufacturing platform.**

Exhibit 9: Stage-wise MTAR's product application in GSLV



Source: MOFSL, Company

A&D: Transition from qualification to commercial production can drive a sharp revenue ramp (FY26: Revenue mix 14%; order book mix 12%)

Housing (No Back)



Out Stop Tube



- In this segment, MTAR has commenced commercialization of customers acquired over the past 2–3 years. **First articles have been completed and commercial production is underway for engine components and other products, alongside volume production of storage boxes and ongoing development work for Thales Alenia Space.** Several other programs have also progressed from first-article development toward production under LTAs, indicating that the business is gradually moving to recurring serial production.
- **Aerospace & Defence (A&D) revenue stood at only INR1b in FY26, and which is expected to be ~INR6–7b over the next 3–4 years.** A&D revenue is expected to programmes could become visible relatively quickly.
- **The MNC Aerospace opportunity has also broadened materially beyond MTAR's earlier dependence on Israeli customers.** Since establishing its MNC Aerospace division in CY18, the company has expanded from Rafael and Elbit Systems to GKN Aerospace, Thales, Thales Alenia Space, IAI, and Collins Aerospace, with first articles completed across multiple programs and select products already in commercial production.
- **The domestic A&D opportunity is simultaneously expanding through India's** supplies mission-critical products, including canisters, magnesium gearboxes, airframes, wing-kits and structural assemblies, and has delivered 5-ton and 10-ton actuators for LCA Tejas, with volume orders are further expected. The company is also developing combustor assemblies for Scramjet engines, **expanding its participation into next-generation propulsion systems.**
- Large domestic programs could materially increase the addressable opportunity if MTAR converts its existing capabilities into platform-level orders. The company has identified opportunities for structural assemblies for AMCA, significant potential for LCA Tejas Mk-IA actuator assemblies, and participation in tenders for fighter-jet structural assemblies. **These programs can complement the MNC Aerospace ramp-up and provide a second growth engine as India's defense production and indigenization efforts accelerate.**
- The industry backdrop is supportive, with India targeting ~INR3t of annual defense production and ~INR5b of defense exports by FY29. Increasing indigenization across platforms such as AMCA and Tejas Mk2, alongside the strategic push toward indigenous aero-engine development, is expanding the requirement for domestic precision-engineering suppliers.
- **At the same time, global aerospace and defense OEMs are diversifying supply chains toward India**, where engineering capabilities, quality, manufacturing infrastructure, and cost competitiveness are increasingly relevant.
- **We, therefore, see A&D moving from a qualification-heavy business to a multi-year commercial-production cycle, with both MNC and domestic programs ramping simultaneously. We expect a 45-50% revenue CAGR in the MNC Aerospace vertical over the next five years, alongside ~INR6-7b revenue.**

Valuation and view

- MTAR has a strong order book of ~INR51.4b as of Jun'26, driven by a healthy pipeline across the clean energy (fuel cells), A&D, nuclear sectors, and products & others. The commercialization of new products and onboarding of new clients across segments are expected to drive further growth. Incrementally, enhancing wallet share with existing customers will also accelerate growth. MTAR is foraying into new high-growth sectors, which are likely to contribute meaningfully over the coming years. We anticipate these initiatives to translate into strong growth and margin expansion.
- The company targets 4-5x asset turns on incremental capex (INR5b by FY28), with ~70% of the investment directed toward the fuel cell segment. Fuel cell phase-2 expansion is expected to be commissioned by Sep-Oct'26, followed by a multifold Phase-3 expansion by Mar'27. The current order book is expected to be executed over the next three years.
- **We estimate a CAGR of 78%/98%/118% in revenue/EBITDA/adj. PAT over FY26-FY28. We reiterate our BUY rating on the stock with a TP of INR9,000 (based on 60x FY28E EPS and translating into a ~0.5x PEG ratio on FY26-28E EPS CAGR).**

Exhibit 10: Illustrative example of MTAR's revenue from Bloom's orderbook

Particulars	Metrics	Example for 1GW		
		Units	Units	Units
BE order book	**MW**		**1000**	
Hotboxes needed				
Santacruz unit capacity	KW		65	
Hotboxes needed	units	15,385	15,385	15,385
MTAR's supply share	%	50%	60%	70%
MTAR's Hotboxes share	units	7,692	9,231	10,769
Revenue/hotbox	USD	10,800	10,800	10,800
Total Revenue for MTAR	**USDm**	**83**	**100**	**116**
Currency (INR/USD)	INR	93	93	93
Total Revenue for MTAR for every 1GW of BE order	**INRb**	**7.7**	**9.3**	**10.8**
Potential BE order book	**MW**	**3,000**	**3,000**	**3,000**
Total Revenue for MTAR	**INRb**	**23.2**	**27.8**	**32.4**
FY26E Revenue of Clean Energy Fuel Cells	INRb	6.2	6.2	6.2
Order multiplier	x	3.8	4.5	5.3
Potential BE order book	**MW**	**5,000**	**5,000**	**5,000**
Total Revenue for MTAR	**INRb**	**38.6**	**46.4**	**54.1**
FY26E Revenue of Clean Energy Fuel Cells	INRb	6.2	6.2	6.2
Order multiplier	x	6.3	7.5	8.8

Source: Company, MOFSL

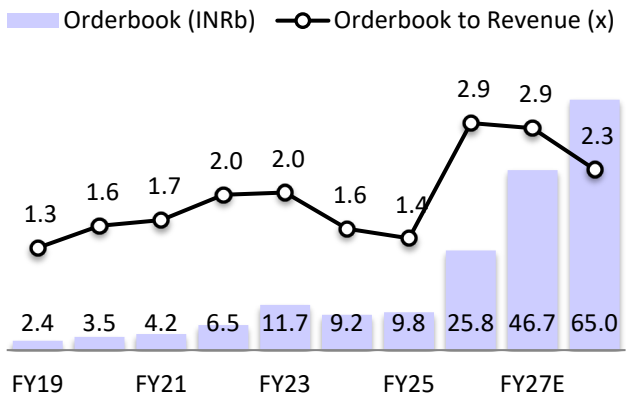
Exhibit 11: New customers added over the past 2-3 years



Source: MOFSL, Company

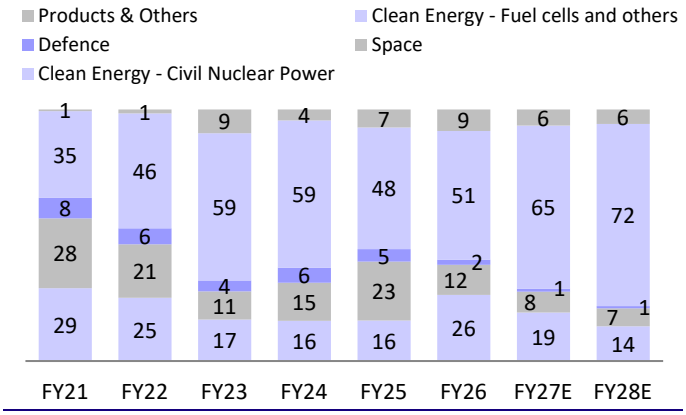
Story in charts

Exhibit 12: Order book to witness 59% CAGR over FY26-28E



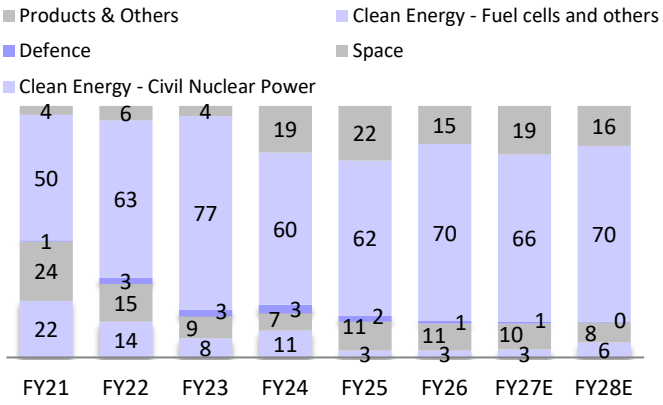
Source: Company, MOFSL

Exhibit 13: Order book mix (%)



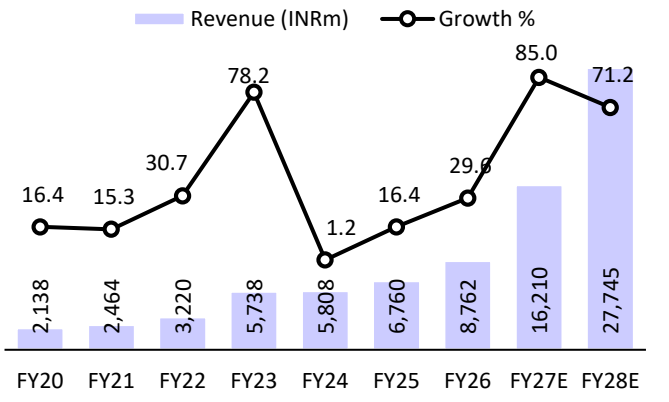
Source: Company, MOFSL

Exhibit 14: Revenue mix %



Source: Company, MOFSL

Exhibit 15: Revenue trend



Source: Company, MOFSL

Exhibit 16: Segment-wise revenue growth trend (INRm)

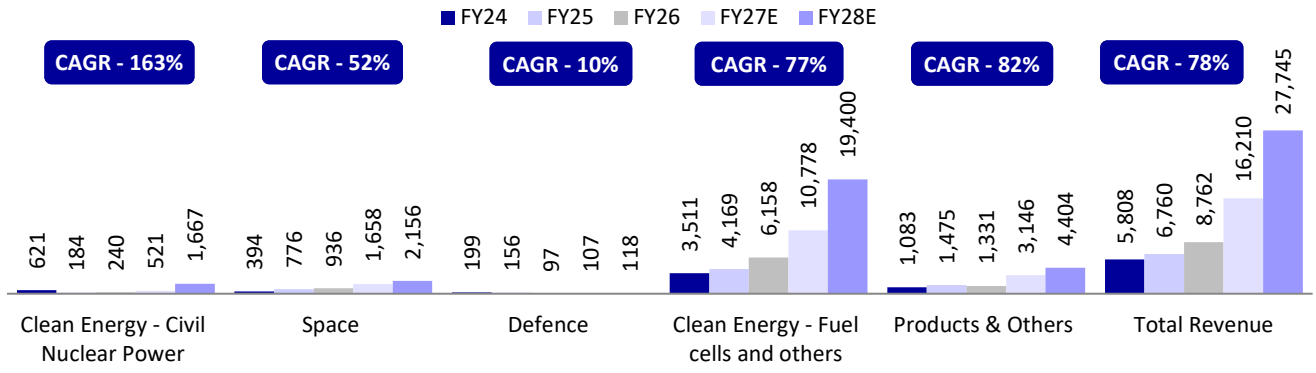
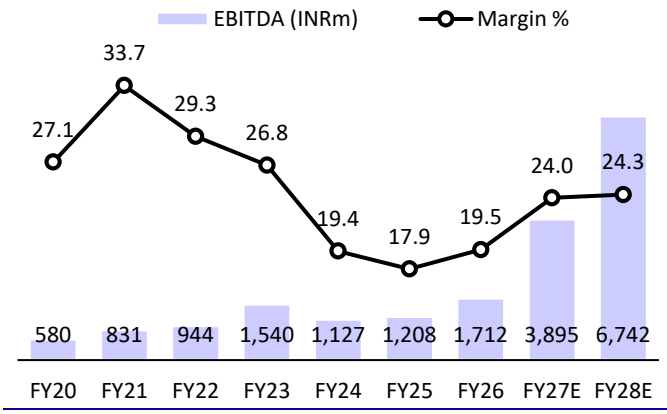
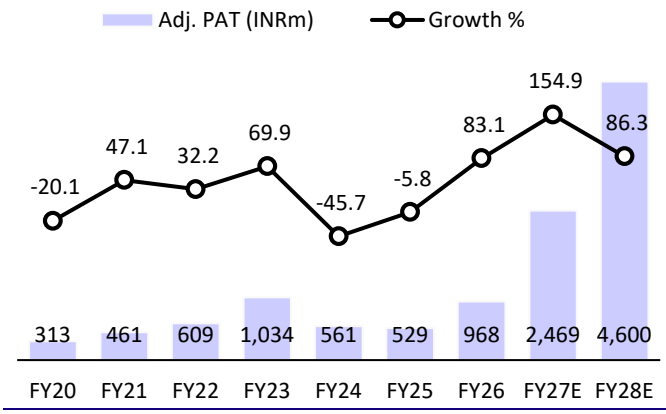


Exhibit 17: EBITDA trend



Source: Company, MOFSL

Exhibit 18: PAT trend



Source: Company, MOFSL

Exhibit 19: CFO trend

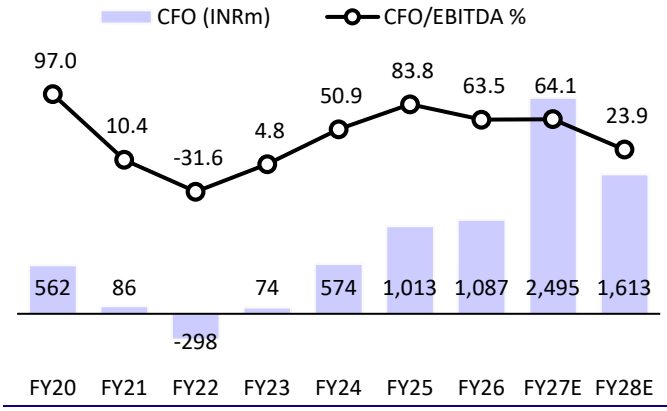
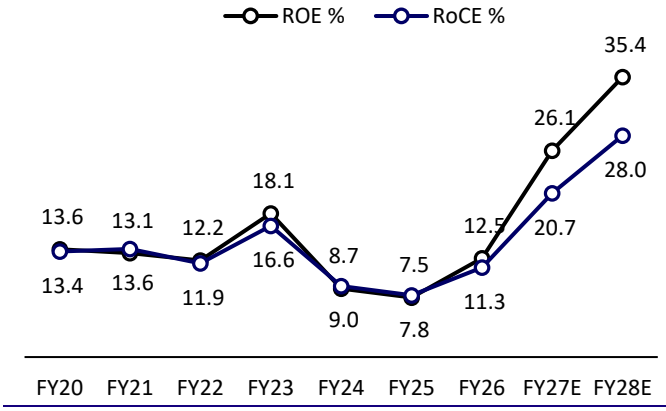


Exhibit 20: Return ratio trend



Financials and Valuation

Consolidated Income Statement (INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**2,138**	**2,464**	**3,220**	**5,738**	**5,808**	**6,760**	**8,762**	**16,210**	**27,745**
Change (%)	16	15	31	78	1	16	30	85	71
RM Cost	835	912	1,163	2,695	3,024	3,419	4,584	8,360	13,651
Employees Cost	516	530	708	935	970	1,238	1,509	2,282	4,162
Other Expenses	208	192	406	568	687	895	957	1,674	3,191
Total Expenditure	**1,558**	**1,634**	**2,276**	**4,198**	**4,681**	**5,552**	**7,050**	**12,316**	**21,003**
EBITDA	**580**	**831**	**944**	**1,540**	**1,127**	**1,208**	**1,712**	**3,895**	**6,742**
Margin (%)	27.1	33.7	29.3	26.8	19.4	17.9	19.5	24.0	24.3
Depreciation	121	126	143	187	232	322	350	433	542
EBIT	**459**	**705**	**801**	**1,353**	**895**	**886**	**1,362**	**3,462**	**6,200**
Int. and Finance Charges	48	70	66	146	223	222	294	406	469
Other Income	44	13	88	195	58	52	231	243	416
PBT bef. EO Exp.	**455**	**648**	**822**	**1,402**	**730**	**716**	**1,299**	**3,299**	**6,147**
EO Items	0	0	0	0	0	0	38	0	0
PBT after EO Exp.	**455**	**648**	**822**	**1,402**	**730**	**716**	**1,261**	**3,299**	**6,147**
Total Tax	142	188	213	368	169	187	321	830	1,547
Tax Rate (%)	31.2	29.0	26.0	26.2	23.2	26.1	25.5	25.2	25.2
Reported PAT	**313**	**461**	**609**	**1,034**	**561**	**529**	**940**	**2,469**	**4,600**
Adjusted PAT	**313**	**461**	**609**	**1,034**	**561**	**529**	**968**	**2,469**	**4,600**
Change (%)	-20.1	47.1	32.2	69.9	-45.7	-5.8	83.1	154.9	86.3
Margin (%)	14.6	18.7	18.9	18.0	9.7	7.8	11.1	15.2	16.6

Consolidated - Balance Sheet (INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	268	308	308	308	308	308	308	308	308
Total Reserves	1,983	4,460	4,890	5,894	6,456	6,982	7,918	10,387	14,987
Net Worth	**2,251**	**4,768**	**5,197**	**6,201**	**6,763**	**7,289**	**8,226**	**10,694**	**15,294**
Total Loans	291	170	959	1,434	1,909	1,773	3,692	4,192	5,192
Deferred Tax Liabilities	53	127	163	182	209	224	249	249	249
Capital Employed	**2,595**	**5,064**	**6,319**	**7,817**	**8,881**	**9,285**	**12,167**	**15,136**	**20,736**
Gross Block	2,028	2,273	2,710	3,842	4,569	5,873	6,830	8,355	10,660
Less: Accum. Deprn.	477	603	746	932	1,164	1,486	1,836	2,269	2,811
Net Fixed Assets	**1,551**	**1,671**	**1,964**	**2,910**	**3,405**	**4,387**	**4,993**	**6,086**	**7,849**
Capital WIP	117	105	438	644	729	532	344	1,319	1,514
Total Investments	**0**	**0**	**623**	**275**	**0**	**0**	**2,153**	**2,153**	**2,153**
Curr. Assets, Loans&Adv.	**1,794**	**4,087**	**4,252**	**6,804**	**5,942**	**6,384**	**9,943**	**13,268**	**22,381**
Inventory	755	1,025	1,703	3,866	3,476	3,461	5,005	7,106	12,162
Account Receivables	616	773	1,360	2,084	1,466	2,098	3,368	3,997	6,841
Cash and Bank Balance	233	1,909	669	312	508	169	212	544	603
Loans and Advances	191	380	520	543	492	657	1,358	1,621	2,775
Curr. Liability & Prov.	**868**	**799**	**958**	**2,816**	**1,196**	**2,017**	**5,267**	**7,690**	**13,162**
Account Payables	306	371	570	2,182	714	1,061	1,499	2,665	4,561
Other Current Liabilities	495	397	353	559	422	872	3,608	4,863	8,324
Provisions	67	32	35	75	59	85	160	162	277
Net Current Assets	**927**	**3,288**	**3,294**	**3,989**	**4,747**	**4,367**	**4,677**	**5,578**	**9,220**
Appl. of Funds	**2,595**	**5,064**	**6,319**	**7,817**	**8,881**	**9,285**	**12,167**	**15,136**	**20,736**

Financials and Valuation

Ratios									
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)									
EPS	**11.7**	**15.0**	**19.8**	**33.6**	**18.2**	**17.2**	**31.5**	**80.3**	**149.5**
Cash EPS	16.2	19.1	24.4	39.7	25.8	27.7	42.9	94.3	167.2
BV/Share	84.1	155.0	169.0	201.6	219.9	237.0	267.4	347.7	497.2
Valuation (x)									
P/E	621.2	485.5	367.2	216.2	398.3	422.7	230.8	90.6	48.6
Cash P/E	448.5	381.4	297.3	183.1	282.0	262.6	169.5	77.1	43.5
P/BV	86.4	46.9	43.0	36.0	33.1	30.7	27.2	20.9	14.6
EV/Sales	91.0	90.0	69.3	39.1	38.7	33.3	25.7	13.9	8.1
EV/EBITDA	335.7	267.0	236.4	145.7	199.6	186.3	131.4	57.8	33.5
FCF per share	16.6	-4.6	-39.3	-32.6	-11.8	0.7	10.3	-0.2	-28.8
Return Ratios (%)									
RoE	13.6	13.1	12.2	18.1	8.7	7.5	12.5	26.1	35.4
RoCE	13.4	13.6	11.9	16.6	9.0	7.8	11.3	20.7	28.0
RoIC	13.4	18.9	15.5	17.9	9.7	8.1	11.3	25.2	33.6
Working Capital Ratios									
Fixed Asset Turnover (x)	1.1	1.1	1.2	1.5	1.3	1.2	1.3	1.9	2.6
Asset Turnover (x)	0.8	0.5	0.5	0.7	0.7	0.7	0.7	1.1	1.3
Inventory (Days)	129	152	193	246	218	187	209	160	160
Debtor (Days)	105	114	154	133	92	113	140	90	90
Creditor (Days)	52	55	65	139	45	57	62	60	60
Leverage Ratio (x)									
Current Ratio	2.1	5.1	4.4	2.4	5.0	3.2	1.9	1.7	1.7
Interest Cover Ratio	9.6	10.1	12.0	9.3	4.0	4.0	4.6	8.5	13.2
Net Debt/Equity	0.0	-0.4	-0.1	0.1	0.2	0.2	0.2	0.1	0.2

Consolidated - Cash Flow Statement									(INRm)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	455	648	822	1,402	730	716	1,299	3,299	6,147
Depreciation	121	126	143	187	232	322	350	433	542
Interest & Finance Charges	38	57	66	146	165	222	63	163	53
Direct Taxes Paid	-72	-117	-180	-323	-213	-134	-321	-830	-1,547
(Inc)/Dec in WC	26	-617	-1,079	-1,291	-372	-89	-267	-570	-3,582
CF from Operations	**567**	**97**	**-227**	**121**	**543**	**1,036**	**1,124**	**2,495**	**1,613**
Others	-5	-11	-71	-47	31	-24	-38	0	0
CF from Operating incl EO	**562**	**86**	**-298**	**74**	**574**	**1,013**	**1,087**	**2,495**	**1,613**
(Inc)/Dec in FA	-119	-228	-911	-1,078	-938	-990	-769	-2,500	-2,500
Free Cash Flow	**443**	**-142**	**-1,209**	**-1,004**	**-364**	**23**	**317**	**-5**	**-887**
(Pur)/Sale of Investments	0	0	-780	377	298	-48	-2,153	0	0
Others	-2	8	241	-166	83	11	231	243	416
CF from Investments	**-121**	**-220**	**-1,450**	**-867**	**-556**	**-1,027**	**-2,692**	**-2,257**	**-2,084**
Issue of Shares	0	2,127	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-5	-122	789	457	476	-137	1,920	500	1,000
Interest Paid	-59	-64	0	-137	-223	-222	-294	-406	-469
Dividend Paid	-170	-80	-185	0	0	0	0	0	0
Others	-179	-60	-64	0	0	0	0	0	0
CF from Fin. Activity	**-414**	**1,802**	**541**	**320**	**253**	**-358**	**1,626**	**94**	**531**
Inc/Dec of Cash	**28**	**1,667**	**-1,207**	**-473**	**270**	**-373**	**21**	**332**	**60**
Opening Balance	108	233	1,909	670	312	508	169	212	544
Other cash & cash equivalent	97	9	-32	116	-74	34	22	0	
Closing Balance	**233**	**1,909**	**670**	**312**	**508**	**169**	**212**	**544**	**603**

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NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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