CIN: L31900WB2010PLC154236
GSTIN: 19AAGCM8455J1ZV

Megatherm Induction Limited
(Formerly Megatherm Induction Pvt. Ltd.)
Megatherm Tower,
Plot L1, Block GP, Sector-V, Electronics Complex,
Salt Lake City, Kolkata - 700 091, India.

Date: 18 November, 2026

To
The Listing Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai– 400051

Ref.: Megatherm Induction Limited / NSE/2026-27/54
Symbol: MEGATHERM
ISIN: INE531R01010

Dear Sir/Madam,

Sub: Submission under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Transcript of Post Earnings Conference Call

With reference to our Company's Post Earnings Conference Call held with the Investors/Analysts on 16th November, 2026 at 2:00 pm., and pursuant to Regulation 30 and Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we, Megatherm Induction Limited, are submitting herewith Transcript of the said Meeting.

Kindly take the same into your records.

Yours faithfully
For, Megatherm Induction Limited

ABANTI SAHA BASU Digitally signed by ABANTI SAHA BASU
Date: 2026.11.18 16:09:23 +05'30'

(Abanti Saha Basu)
Company Secretary & Compliance Officer

Place: Kolkata

Megatherm Induction Ltd

H1 FY27

POST EARNINGS CONFERENCE CALL

November 16, 2026 02:00 PM IST

Management Team

Mr. Satadri Chanda - CFO & Whole Time Director
Mr. Arunava Bhowmick – VP- Finance & Accounts
Ms. Abanti Saha Basu – Company Secretary

Call Coordinator

KAPTIFY®

Strategy & Investor Relations Consulting

Presentation

Moderator: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the H1 FY27 Post Earnings Conference Call of Megatherm Induction Limited. Today on the call for the management, we have with us Mr. Satadri Chanda, CFO and Whole Time Director, Mr. Arunava Bhowmick, VP Finance and Accounts, and Ms. Abanti Saha Basu, Company Secretary.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, this is a reminder that this call is being recorded.

Now I request the management to tell us about the business performance highlights for the period ended September 2026, the growth perspective and the vision for the coming year, post which we will open the floor for Q&A. Over to the management team.

Satadri Chanda: Yes, thank you everyone. Welcome to the post earnings call for the first half of FY27. And so we won't spend too much time on the introduction and about our products. So you are well aware of these things. So we'll jump right to the performance segment. So I'm switching off my video to save bandwidth. So can we move on to the slides which we are talking about just before Way Forward Performance. And once that is done, we'll take the Q&A. Yeah, just the previous slide. So the key business highlights. Previous one. Can I just see the previous slide?

Moderator: Yes, the key business highlights. Yeah.

Satadri Chanda: Okay. So if you look at the first half of FY27, so I'm pleased to announce that our dispatches have started. So we had planned to enter the inverted duty transformers, for solar as well as BESS battery storage applications and there was a lot of requirement of the factory approvals, various other approvals, every company had its own approval process. So now the orders have come in and finally the dispatches have started after product validation, trial and error, R&D and everything. So we had a couple of dispatches in September. But from October onwards, these dispatches are now well and truly underway. And currently we are supplying to some of the renowned private sector companies. We are supplying to Hero Futures project. We are supplying to RePlus for BESS battery storage applications. We are supplying to Shell Group, GUVNL, Gujarat, etc. However, there is a requirement to get the NTPC approval post which we will be eligible

for basically all IDTs and that requires a six months successful operation of minimum 40 MVA.

So we are expecting to get a couple of them commissioned within this month or maybe max next month and post that the NTPC approval will basically enable us to participate in all tenders, not just for the own requirements of some of the private companies. And of course, we're also glad to announce the new project for cast resin transformers as well as the heavier duty transformers. More on that in a bit. When it comes to the induction side, like we all know due to the Middle East war, almost INR 80 crore, INR 90 crore worth of orders were stuck. However, still our export side has shown growth driven by other countries and we are continuously investing in marketing as well as R&D to keep growing our induction business.

In the induction business, of course, like you may all know that we are strong on the steel side, but we are trying to grow our heating foundry division as well as, grow in a much faster way in the export market. So that effort is on. So overall, if you ask me for the highlights, so we've seen about 20% growth compared to the first half of last financial year, in spite of headwinds in the Gulf region, we missed out on approximately INR 40 odd crores of turnover. However, the Gulf market is now showing signs of picking up. We are seeing renewed inquiries. So hopefully as soon as the situation settles down, we'll see a lot of big surge in orders actually in the coming financial year. And we already have about INR 80 crores, INR 90 crores of orders in hand.

Also, in the induction side, we have signed multiple MoUs. We are not revealing the details to prevent the information leakage, but we have signed a lot of MoUs in various countries who want to partner with us because we have probably the world's only completely integrated induction facility, which is making the induction, all the fabrication, copper machining, everything is done in-house, PCB making, including the transformers.

So a lot of people are showing interest in partnering with us. And we have already started seeing inquiries coming in from countries, many countries where we have never had a presence before. So we are confident of long-term growth in the induction side. And in the transformer side, we have started dispatches. Like I said, from September, we had a couple of transformer dispatch. And from October onwards, now these dispatches are truly underway and seeing the response, seeing the demand, also seeing the lead times of the

plant and machinery currently facing the transformer industry, we are preponing our expansion a bit more on that later.

Next slide, please. Can we get the next slide? Yeah. So operationally, you might have seen the profitability as a percentage has gone down. So we have -- our turnover has increased, but like I said, we are in the investment phase for transformer vertical, as well as the foundry heating, hardening vertical. We have a slide on that next. So, however, the core verticals, we are highly profitable, like in the steel segment, as well as the after-sales spare segment. And that is going to enable us to undercut competition and enter the markets, especially the key clients. For example, we have entered Ram Krishna Forge Group in the heating segment. We are making inroads into the foundry segment all over the country. And we have also entered transformers.

So that is helping us cover the HR costs in the transformers, for example, we have about -- we have increased our HR three times, but that labour is basically under training, essentially. So they're not that productive right now. But all these are investments that will give us returns. If there is a difference in, like, we are still discussing how to show these expenses, the R&D expenses and the training expenses, as well as the campaign, marketing campaign expenses, whether to capitalize them or show it as a cost. So in this first half report, it is all shown as cost. Nothing has been capitalized.

If anything is, then that will appear in the second half of the audited report. So broadly speaking, not to look at the bottom line figures right now, especially considering growth in transformers and engineering verticals, where a lot of R&D, training, manpower, marketing, all these things are going on. However, our profitable segments, especially the after sales service segment that is going to ensure that we remain profitable throughout the growth phase. And typically, like I have also shared earlier, transformers will fetch you, depending on type of transformer, anywhere between 12%, 15% EBITDA and induction products will also fetch you about 15%-odd of EBITDA in the steady state.

Next slide, please. So over here, you can see that compared to H1 of FY26, you'll see that basically all the costs have increased. And H2 is basically where we started investing heavily in the marketing, R&D and all these things. So you will see the other expenses are continuing to be on the higher side.

Next slide, please. Yeah, just to give you an idea, divisional contribution. So our core business verticals, if you just compare the overheads, it's much less compared to the growth verticals, which is natural. And this is just to show you that in those areas, we are investing heavily and our core verticals, we are having good top line as well as bottom line. We have not started divisional reporting yet or segment reporting, but that is being contemplated so that all shareholders get a very good idea of which division is performing how.

Next slide, please. Way Forward. So way forward, basically, we are looking at roughly INR 70-odd crore project cost, which will be done in two phases, phase one, phase two. Phase one will basically help us expand our existing capacity. We are creating the provision for 220 kV and higher transformers based on -- but the provision will be created in phase one, but the plant and equipment, etc., we are not investing now. That will come up in phase two. But in phase one, basically, it will give us access to make all types of induction transformers.

The rationale is that the induction furnace transformers or the induction furnaces in general, as well as ladle and arc furnaces, they are growing in size more and more. So the larger and larger transformers will be required if we want to meet the demand of tomorrow. Also, the solar and inverter duty transformers are also getting larger and larger. We have our test for 13 point type test for around 13.5 MVA. We are going to go for 20 MVA type test. So they will require larger infrastructure. But in our existing infrastructure, we are going to outsource a lot of transformers for our smaller equipment that we will bring in-house. And we will also enter the cast resin. We feel that it is going to be the future, especially for indoor transformers.

And we are primarily targeting above 2.5 MVA range, although with once you club the orders, you can't say I will only supply 2.5 MVA. But we are going to add capacity up to 5 MVA. And in the second phase, we will target up to 12 MVA phase. So this is going to be a part of the upcoming project. And we have a brief photo, indicative AI generated. Can you just go to the next slide? That is going to basically give you an idea. Yeah, that's going to give you basically an idea of -- so if you look at from the right hand side, the first three sheds that is our existing facility. Earlier, we had only one shed. The second and third one was set up post listing. That funding helped us. And now we are going to come up with the heavy duty transformer shed along with the transformer backward integration shed.

The construction has already started. The piling work, etc., is ongoing. And the existing transformer shed that we have, the one with the solar panels on top, that we will-- the cast resin machinery basically will come in here. And the new shed will have provisions so that in case in the future, when we are planning in phase two of this expansion, we can cater to the 220 kV plus demand as well.

Another point is that just like we are calling ourselves, one of the world's probably the only completely backward integrated induction facility that is helping us get a lot of partners abroad, helping us, be cost effective. Even in transformers, we are planning a good amount of backward integration like copper extrusion, tank fabrication, in-house machining of copper fittings, automatic insulation, sizing machines, etc. So that we hope that it is going to give us an edge here as well.

Next slide. Yeah, and without revealing too much, we have, of course, we have one joint venture, which was just launched with a Spanish company, SicTech Spain, to get into the high frequency. Yeah, this is the one, SicTech Spain. And we are 49% shareholder. Basically, they will give us the technology for developing the high frequency systems and we will, it is going to be manufactured by this joint company. And we'll buy the modules and sell it as a part of our equipment. And it will open up a new area where there is very little competition, basically, Inductotherm is leading.

And apart from that, our joint venture in US, the first investment is just about to go. And without revealing too much, I can also say that a lot of MoUs have been signed in various countries. And we are seeing good demand for both heaters, foundry equipment, steel projects, etc from all over the world. And they are quite interested, they were not aware at all that one of the only fully integrated induction companies, probably the only one is there here in India. So everybody is keen to partner. And we see that not only transformers, the induction side also, maybe a little slower because breaking into each market, the first couple of orders take some time, maybe one, one and a half years just to get two orders, but then post that due to pricing advantages, product quality, etc., we'll be able to grow very fast.

So next, yeah, annexure so -- yeah, that's about it. So this is just a brief of the first half what we are planning and what was what is the current state of affairs. So we'll be glad to take the questions and answers. So

we'll keep some more time for questions and answers. Usually, we run out of time, always we can't take all the questions. So let's start.

Moderator: Thank you for the presentation [Operator Instructions]. Yeah, I will take first question from Shrutika Kadam.

Shrutika Kadam: Good afternoon, sir. Thank you for the opportunity. So in your earlier FY26 presentation, you indicated an order book of around INR 250 crores and a revenue visibility of around INR 400 crore plus for FY27. And H1 revenue from operations stands at around INR 195 crores. So could you clarify how much of the earlier order book has actually been executed? How much has been deferred? And what is the current executable order book? And is the management still confident of achieving the INR 400 crore plus FY27 revenue target?

Satadri Chanda: Yeah. So historically speaking, the capital market cycle in India is mostly second half driven because the first half has monsoon and things like that. So markets really pick up after Diwali. So typically, I mean, historically, this has been the trend. And the second half has had more revenue than the first half. So we are confident. These revenues, actually, we were planning a INR 500 plus crores for this financial year, but a big chunk of our market that is the Middle East market was became a lot of -- faced a lot of headwinds.

But given this trend, we think that yes, we should be able to cross our planned targets in spite of the Middle East headwinds. If the Middle East opens up, that is going to be like more of a because we already have the orders ready, design is ready. Everything is ready. It will just be executing them.

Shrutika Kadam: Okay, sir. And what is the CapEx amount being spent towards each of the businesses? And what incremental revenue would it offer us?

Satadri Chanda: Yeah, so the current CapEx that we have planned, it's phase one, phase two. Phase two will be more of the larger transformers. But we'll -- it's more of a wait and watch. We'll first complete the phase one. So phase one is going to be including working capital. Everything is coming to about INR 39.7 odd crores, if I'm not mistaken. And CapEx out of that is going to be anywhere between, I think, about INR 25 crores to INR 27 odd crores of CapEx. It will be funded through a mix of various things, internal accruals, then equity, debt, everything. And so that is where -- and that is expected to give us -- so basically, we are creating an entirely second facility compared to the existing one. So that will double our transformer capacity from the existing basically.

Shrutika Kadam: Okay, sir. And one more question. Our profit growth has lagged. So this phenomenon is expected to continue in H2 FY27 and FY28 as well? Or when would we see the same improving strongly?

Satadri Chanda: Yes, so division to division. So basically, if you see the drop in profits, because we are investing heavily in manpower and R&D expenses, marketing campaigns, etc., especially abroad. So those things are -- will continue into FY28. However, I feel that the transformer vertical, we will not have to, because we have already got the initial breakthroughs orders. So we won't have to undercut the transformer side. We would still like to undercut the induction side, the foundry heating, that division initially.

So you could see probably last FY's profitability level in the coming FY. But I think by FY29, we'll start seeing the complete true picture of what our business can generate. So I think that is what we are also targeting. By then also, we will not be investing any more in manpower. I think all the recruitments, etc., has already being done now. In fact, it started from the second half of last financial year also, you will see the pattern in the P&L statement. But FY29 onwards, I think because so far we were undercutting in the steel side. Now we have stopped undercutting the steel side. Spares has never been a question of undercutting anyone just to get into the market basically. So this year we have done that both for transformers as well as heating foundry.

Heating foundry, these products will continue, especially if we get some marquee clients in the export segment also one or two. FY28 onwards, we will not require the transformer side. The labour will also be trained, etc. The HR will also get trained. But for a true picture of the entire business as a whole, I think from FY29, that will show the actual returns and EBITDA levels around 15%. That's my opinion.

Shrutika Kadam: Okay, sir. Thank you so much for taking my questions. And all the best.

Satadri Chanda: Thank you.

Moderator: Thank you. [Operator Instructions] We'll take the next question from Neha Sharma. Please go ahead.

Neha Sharma: Hello, sir. Thank you for the opportunity. I wanted to understand, management has indicated that the induction business grew by more

than 20% despite the disruption in Gulf region. With the Gulf market remaining an important export geography, how much revenue was lost or deferred because of the geographical situation? More importantly, how much incremental business are you expecting from the other geographies to compensate this? Can the export business sustain 20% to 25% growth without depending heavily on the Gulf market?

Satadri Chanda: Yeah, so, we had about INR 80 crores, INR 90 odd crores of orders from the Gulf region. So, we were expecting at least half of that we can execute, if not more. So, at least to the tune of INR 40 crore, INR 50 odd crores of turnover, or you can, to be on the safe side, you can say INR 40 odd crores of turnover we could not get. However, we did see about INR 10 crores, INR 12 crores addition from other markets. South America, Africa, various other markets. So, I think net we lost about INR 40 odd crores of turnover, I think, for the export.

And taking your question, yes, we are now expanding heavily in various countries. And however, it will not immediately absorb the shortfall from the Gulf side. But obviously, I think if you give it about one or two years time for the brand building, the initial installations to take place, then over a medium term, definitely it will far surpass what business was coming in from the Gulf side. And in that time, the Gulf region will also stabilize. I'm pretty sure we are starting to see inquiries again from the Gulf region.

Neha Sharma: Okay, sir, you have also outlined FY27 transformer revenue potential of INR 110 crores from IDT power distribution industrial transformers, apart from INR 40 crores from induction furnace. Since transformer dispatches commenced only in September 2026, how much revenue has actually been recognized in H1? And what is the confirmed order pipeline for H2?

Satadri Chanda: Yeah, so the order confirmed pipeline for H2 continues to be, I think, if not around, I think, I'll check up on that about, I think about INR 50 crores at least. We have stopped taking orders actually for otherwise because of the production constraint. But now we are going to open up in November onward, actually open up the order book again. And the typically our production capacity, I mean, our production has been about INR 40-odd crores, like we mentioned, but our capacity is about INR 120 crores, INR 150 odd crores of capacity, we can do depending on rating of transformer.

So since we've started, from October, you can say the first half of the year was as per INR 40 crores, which means INR 20 crores. And the

next half of the year is going to be sort of as per say INR 140 crores. So you can say INR 70 crores. So we are targeting at least INR 80 crores, INR 90 crores of transformer dispatches we hope to achieve this financial year.

Neha Sharma: Okay, sir, one last question. Could you quantify the incremental revenue and the EBITDA contribution expected from the current investments over the next 12 to 18 months? And at what revenue scale will the company start benefiting from operating leverage?

Satadri Chanda: Yeah. So if you look at the transformer capital goods machinery timelines right now, there's no delivery basically before one year. So we are immediately planning to proceed with the project, the piling work, I mean, we have already started and we're preponing it, because otherwise we are not going to see anything. But even if we the fact that we have started now, we'll probably start seeing the revenues or EBITDA maturing from FY28 end. Because even if it takes one year to do all the plant and machinery, but to get the approvals, to get the product established, etc., it is going to be a one, one and a half year process. So FY28 end onwards, we'll see the returns from this segment. And transformer gives typically, around 12%, 15% EBITDA, depending on type. Cast resin is about bit more about 15%. IDTs will be around 12%. So that is the range.

If you see our presentation that the overhead for transformer is around 8% -- sorry, 18% right now, because our team is big. But typically, if you look at the other companies, the overheads are anywhere between 5% to 10% in a steady state.

Neha Sharma: Thank you for answering my question. All the best.

Satadri Chanda: Thank you.

Moderator: Thank you. We'll take the next question from Rohit Sawant. Please go ahead.

Rohit Sawant: Am I audible?

Moderator: Yes, Rohit.

Satadri Chanda: Yes. Yes.

Rohit Sawant: Thank you for the opportunity. Sir, you have indicated an approximately 15% EBITDA margin potential in inverter duty

transformer compared with the company current consolidated EBITDA margin of 9.1%. So how realistic is the margin assumptions once you factor in competition, copper prices, customer approvals, warranty obligations, and the cost of scaling up? So what EBITDA margin are you actually achieving on the transformer order dispatch since September?

Satadri Chanda: Yes. Yes. So like I mentioned, we have not seen any EBITDA contribution from the transformer side yet. So that is about to start. And the first initial orders we are undercutting opponents just to get into the market, especially with key clients. We are trying to get through also to Tata Power that is one of our targets. So whatever -- and the teams are also big in size. So whatever you're seeing right now, it's not the correct EBITDA. The correct EBITDA of the industry is visible to all of you. There are so many transformer companies, manufacturing transformers, they are all between 12%, 15% range. Some are more, those who are exporting or making very large transformers, like, 220 kV plus transformers, they are more, but that is the industry average. But right now, whatever EBITDA, et cetera, you're seeing is basically we are investing a lot on the growth side, especially the growth verticals.

For example, our spares after sales and service EBITDA contribution is about 28%. Yeah, 28%. Steel side is also quite high around, I think around about 10%, 12% will be that. So if you combine those two, 15% is realistic, but the transformer side and the heating, hardening division, which is the engineering products. So that is still in the growth phase. We have built teams, building manufacturing capacities, training, getting the approvals. If you do a CPRI test itself, it's going to cost INR 30 lakhs, INR 40 lakhs. If you do one exhibition abroad to any country that costs about INR 30-odd lakhs. So these are investments which we are doing.

All the investments which we have made, I'm calling it investments, but it is being shown as cost. So as per our discussion with our auditors, we are still contemplating whether to show it, whether to capitalize it or whether to show it as a cost itself. That we'll take a call. These figures are not reflecting now. It will reflect in the end of the year ending report, the audited report.

Rohit Sawant: I have one more follow up question. Given that the company's expanded its manufacturing capacity and working capital requirements are likely to increase, should we expect further pressure on interest

costs? And what is your target for improving working capital and control on finance costs?

Satadri Chanda: Yeah. So in terms of finance cost, typically in our industry, like transformer included, even induction, it's similar. These are long lead time and you have to maintain stock of critical items. So we have three months, three to four months of working capital is required on the raw material side. So whatever is the raw material, three to four months will be the finance cost. And however, in our case, it is slightly less because it was equity funded. And you will also see that we have a balance which of the IPO proceeds, which are not yet deployed, they will get deployed now as we are seeing more and more orders and a couple of turnkey project Gulf orders also got stuck. So the capital did not get deployed. So they will get deployed now.

We are also availing M1, I mean, trades finance, basically. So that is helping us give us a lot of room in the LC side, letter of credit. So we're not using the letter of credit limits because the trades platform is helping us a lot since we are buying from MSMEs. So but I don't think even in the short term, finance is going to play right now. Finance cost is about four point something crores out of a total turnover of say, I mean, it is coming to roughly, I think, about 1%, 1.5%. So it won't be such a big impact. Maybe it will go to 2%.

Rohit Sawant: Okay, sir. I have one more question. Could you explain what is driving the inventory build up? And how much of the inventory is expected to be converted into revenue and cash by March 2027?

Satadri Chanda: Yes. So inventory build up is primarily on account of transformers. So when we got the orders, we have bought the stock and we have kept it because we want to prevent -- we have already taken the orders at entry level -- entry pricing. So we didn't want to lose money on those. So we got the inventory, but they are getting -- they are getting cleared as and when. Another factor is that we have opened warehouses now, a lot of places more warehouses are being opened to keep the spare stock. So like I said, after sales, it's 28% EBITDA business. So we want to -- even if we have to maintain inventory for a very old piece of equipment, it's outdated, but we are still keeping those spare parts in stock to service them because it is no amount of finance cost can offset the margins that we have there. So those are some factors why the cost the inventory is increasing. But typically, again, you can expect about three, four months of inventory in this sort of business.

Rohit Sawant: Thank you for taking my question and all the best.

Satadri Chanda: Thank you.

Moderator: Thank you, sir. We'll take the next question from Praveen Sharma. Please go ahead.

Praveen Sharma: Yeah. Hi, am I audible?

Satadri Chanda: Yeah. Yes. Yes.

Praveen Sharma: Hi, Satadri ji. I have a question. If you see a November 2025 presentation, we used to have a slide on revenue guidance.

Satadri Chanda: Right, right.

Praveen Sharma: And then it was, in last one year, two presentations, it has been removed. I wonder why was it. And as per that slide we had a revenue guidance of INR 450 crores in FY27 with an EBITDA of INR 59 crores. And '28-'29, it was INR 605 crores revenue and INR 91 crores as EBITDA. Now where do we stand on that? Are these figures still holding or they have been modified? And if they have been modified can we share a modified revenue guidance number?

Satadri Chanda: Yes, yes, actually, we have been advised by a lot of people not to have those exact division wise, because that gives a lot of information to competitors. So we took it off. But during our private discussion, like we have the after post earnings call, we have the events where Megatherm participates. So in those events, but you will see a lot of these guidances online in the NSE platform, a lot of them are there. So because based on that advice, we removed it not to give divisional so much of.

Praveen Sharma: Even if it is not divisional or granular region wise or something, but INR 450 crores/INR 59 crores, which was for '27. Is it there or it is not there?

Satadri Chanda: Yes. So like I said, the previous question also came, we are if you consider the second half typically is more than the first half. So from that perspective, we are on track. Also, if you consider that we had about INR 80 odd crores of Gulf orders, which got sort of the state in various stages of stuck, some equipment are in the factory ready, payment has come, shipment is not going in some cases advance is here, they can't proceed in some cases, the material is at sea. It is in a limbo. So those sort of situations are there. So but broadly the targets

are intact, the transformer side dispatches have started. So those will come into the picture.

Praveen Sharma: Okay. And this '28-'29, INR 605 crores plus INR 91 crores is with the next phase of expansion, correct?

Satadri Chanda: Yeah.

Praveen Sharma: The phase one of the next phase.

Satadri Chanda: Yes. So what phase one, so what we have done, we are preponing because now we are seeing even when we started the solar transformer, we saw that the capital goods machine delivery time right now for transformers is extremely long. So we will have to buy some even for cast resin transformers, you have to buy some machines from Germany, Hedrich Germany and all they have long one year lead time. So we are preponing all those things fast because if we don't invest now, then we are not going to get the result. So that is why the urgency has now come to launch the projects.

Praveen Sharma: And basically you said that there are a lot of HR related expenses, R&D related expenses in H1. In fact last one year per se, but H1 is specifically can we understand the quantum of that those expenses, which we are like for investment in terms of future production, like we were doubtful or whether to capitalize them or we should pass them. What is that number? If you can quantify that for H1?

Satadri Chanda: Yes. So the only reason why we did not actually quantify and show it as a capitalize it is because the figures. So how to mention like, so we have R&D. So I just for example, like if you are getting into say transformers, the solar transformers, so we had teams that were working on the induction transformers, that is a -- we are making it all the time, but for solar transformers, we had to get the testing done. So we had to make that transformer itself, all the manufacturing costs. Then the first couple of transformer trials people came, it was not as per the specs, then we remade it.

So all the new product into things, then our transformer labour, we had to increase it by three times. So now we are running two shifts day night. So in that, most of the team is fresh, they are being trained. So we have two thirds of the labour, which is in various processes of training. So very difficult to exactly quantify the R&D cost, production cost, labour cost, marketing expenses, and all that for which the revenues have not come yet. But that is why I had shown

that slide that the overheads for transformer typically in companies will see 5% to 10%, right now it's about 18%, 20%. And heating, hardening, etc. is also supposed to be around 10%, but it's around 23%. So it's a good amount of quantum.

And so that is one. But apart from that, also we are right now undercutting opponents just to get the market entry into big groups. And for the transformer side, I think next financial year will even in this six months, I think it will be last, maybe Tata, Adani one or two orders next financial year, initially one or two orders only. The induction side, it might continue into the next financial year. But FY29 onwards, you will see that it is more of a steady state, just like what we're doing for the steel side and all these things.

Praveen Sharma: So basically, it may be INR 4 crores, INR 5 crores kind of I just wanted to understand if these expense had not happened so how much would EBITDA been, just to understand.

Satadri Chanda: No, definitely not INR 4 crores, INR 5 crores, it will be more of around INR 2 crores, INR 2.5 crores.

Praveen Sharma: Okay, okay. And suppose you decide them to capitalize it, so it will be for only H2 or you will reverse the entry for H1 also?

Satadri Chanda: No, so the H1 is not audited. So if at all it happens, then it will be included for H1 also. But we are still contemplating whether to do that or not, maybe it is not needed. Because I mean, ultimately, it is about the rationale. So if the rationale is there then there is no need to do it.

Praveen Sharma: And the next whatever transformer orders we are having you said that for 80-90, we will do 40, 50-60. So your next 50-60, because you also said that you stopped taking order for the -- because the capacity was full and the demand for transformer is huge. So in given that scenario, can we look at not undercutting those orders and have some at least some margins at the net level or we will continue to undercut or those order also and this year will be like washout.

Satadri Chanda: Correct, correct. So if you see, the main target is to get the NTPC approval that will enable us to participate basically in any order. So the NTPC requires 6 months of 40 MW. So now we have already supplied. So whatever legacy, I think orders are there, I think about 10-odd transformers are there that will be at a lower price. After that, there is no transformer at a lower price, except we are planning couple

of big groups are there who always give repeat orders like Adani Green, Tata Green Co.

Just to get that initial order, maybe we'll have to just, so it's a phenomenon probably of 6 months to 10 months at max.

Praveen Sharma: Okay. Okay. And just FY '31-'32 in that revenue guidance was INR 950 crores and INR 150 crore of EBITDA. We have 4, 5 years, we will be there. You are eyeing those numbers or still?

Satadri Chanda: If you see half has happened. I mean, like first half 190, we end up.

Praveen Sharma: EBITDA will be tripled, INR 59 crores.

Satadri Chanda: Of course,. Correct, correct, correct. So EBITDA definitely will grow much faster than the top line. That is the whole point. So EBITDA is going to go because now this is not a steady state EBITDA. It's the growth phase EBITDA. So that steady state EBITDA, you will start seeing from FY29.

Praveen Sharma: Okay. Okay. Okay. Thank you. All the best. And hopefully we will -- just suggestion to continue at least if not in a granular level, keep on giving this guidance so we can -- anyway, it's half yearly results unlike others, which are quarterly. That comes to another question where we are planning to shift to main board.

Satadri Chanda: Yes, yes, we are planning and, and that will, that will come. We are just planning it. Initially we were planning because we are eligible after this financial year, but we just want to, we just want to get our project completed and then do that. Because then we'll start seeing, because you know the cast resin transformers, it's basically required everywhere. And now not only in indoor, like indoor, of course you needed for railways sorry metros, airlines, everywhere, cast resin, but even industries are now adopting cast resin, like Tata's, Jindal's, then, then even industrial, large industrial parts, companies mining, et cetera. So this is a good field.

And so that is why we wanted to get in the Eastern region, making large cast resin transformers, there's no one. So this is going to be a good field. So we felt that once the project is completed, then we'll get into.

Praveen Sharma: Okay. Any plans for equity raise for the next phase?

Satadri Chanda: Yeah. Phase one, we'll, we'll plan some equity. We are planning and equity debt, internal accruals combined.

Praveen Sharma: Okay. Thank you. All the best.

Satadri Chanda: Yes. Thank you.

Moderator: Thank you. [Operator Instructions] Satadri sir, since there are no further questions, would you like to give any closing comments?

Satadri Chanda: Yes. So thank you for the interest in our company. And like you're saying that we are, we are a growing company, industrial company. So we are future proof and investing in real plant machinery and training so that, that cannot be more than plant and machinery. I would say investing in the technology and training in induction products and transformer. So that is something that will not go away. And we are getting into niche segments like induction side. Globally, we are trying to become a viable alternative to Inductotherm because we have the know-how and, in the transformers, also, we are trying to play in very specific niche fields, not broad based. So that also plays into our ambition of being a technology solution provider, not a commodity supplier. So a medium term and long term also, I think if you're with Megatherm, we will see great returns.

So I was just seeing a hand.

Moderator: Yes, sir. It was from, I think, Lalaram. Lalaram, if you're there. Yeah.

Lalaram Singh: Yes, I'm audible?

Moderator: Yes.

Lalaram Singh: Sorry, I could not figure out where was the raise hand button. So there was a small delay, but thank you for the opportunity. And I had a question on the -- specifically when I look at the balance sheet, I see a very sharp increase in the inventory. So does it -- can we assume a lot of that will convert into revenue? Because historically, the conversion ratio is around 1.5x inventory to sales in the second half. So if I do that, then your sales in the second half can grow, can be massive. So is that understanding correct?

Satadri Chanda: Yeah. So the inventory was… you know multiple reasons. One is that we are stocking various spare items in parts of India, because that is a 28% EBITDA. It's a good business for us in terms of bottom line. And

that is what enables us to get into markets, spend on R&D and still be profitable. So there we are investing. But apart from that also, we got some transformer orders, we bought the stock upfront. So now these dispatches have started. And also there were some stuck goods because the Middle East orders there were nobody was able to take delivery.

So multitude of things, the inventory was there, but I'm pretty sure now, but the end of H2, definitely you're going to see a difference. I mean, dispatches of those inventories.

Lalaram Singh: Just to follow up on that,so you said the first part was spares. So do you mean that historically we were losing out some of the business in spares because of lack of availability? Was that happening?

Satadri Chanda: Yeah. So the perfect example would be something like, say you bought a Maruti and now, so suppose your headlight gets, if something has to do with the transmission and engine, then definitely you have to go to Maruti. There is no option. But if something goes wrong with your stereo or headlights, you may or may not get it from Maruti. If Maruti is right next to you, the service is just like your trusted local dealer, then you will opt for the original one.

So it's like that. So there are certain components which are essential that you can't get from outside, but a lot of other things like mechanicals mostly and some electrical, basic electrical items like fuses and things like that, not the critical things like electronic cards. So those we don't want to lose out.

Lalaram Singh: Okay. That's helpful. One last question I have is, if you can explain, see induction, we understand our competitive positioning, we are very cost efficient or power efficient for the customer. And we are taking market share from the bigger players. If you can explain, take some time to explain the similar positioning in transformers, because when you look transformer, we hear that it looks like a very big market, a lot of big players are there. But how are we approaching in which segments we are playing? What is the target market there? And effectively, how big that business will be in the next three to five years?

Satadri Chanda: Correct. So see, unlike a pure play transformer company that does thousands of crores in transformer business, we are not targeting thousand, we are targeting with our already the investment which is done and with the second investment around INR 250 crores, INR 300

odd crores of transformers, but niche transformers means that is the USP, the multi winding transformers. So we don't want to supply to government utilities and all that is like a commodity, there is a there is a tender and then whoever is L1 wins it. So that basically, we will not be able to compete there. We are not that type of company, we are more of a technology company.

So what we are targeting is that we make transformers for private sectors and make it well, so you have to give, be given a chance to prove that the quality of the equipment is better, it is going to run for 20 years. So we keep you know, very lavish gap between the primary secondary windings, our flux density, these are all lavish designs that we do that will make sure that your transformers last for 15, 20 years. So any -- but to initially get into the market, you have to undercut obviously, means undercut means are you have to give a comparative pricing, but the product is going to be much better. So that is what I mean by undercutting.

But once clients see that, you know that this product is good, then you start getting the premium. So we want to play in the complicated transformers phase, the multi winding transformers. That is why we want to get into the cast resin also, it is not that easy, even if there is a small crack in the casting the transformer won't pass.

So playing in these niche areas is good. Cast resin transformer market above 2.5 MVA is about INR 950 odd crores in India, growing fast, less than 2.5 MVA is larger, the solar transformer market is about INR 2,500 crores approximately. So, say INR 2,500 and INR 1,000, INR 3,500 crores, even if we get 10% of that, that's INR 350 odd crores, we are targeting INR 250 crores, INR 300 odd crores in the next about say 3-5 years.

Lalaram Singh: Got it. And who would be comparable companies within transformer for us?

Satadri Chanda: Yeah, so comparable would be difficult to pinpoint because like, say Voltamp, they do a lot of cast resin, they do a lot of cast resin, but they also make very large transformers that we are not getting into. You could say some of the mid-sized companies like don't look at maybe you look at Indo-Tech, look at Silchar, although they're exporting a lot, like the mid sized companies not to look at CG, Hitachi, TARIL, Voltamp, leave them out, you look at the, say, up to say 600 INR 700 crore turnover sort of transformer companies that will give you a sort of better benchmark for us.

Lalaram Singh: Okay. And, and, because recently we're seeing a strong cyclical upturn in this category, historically it is considered as a commodity `transformer. So, just want to understand, whatever we are assuming the economics, will it sustain across cycles or is it driven by the recent upcycle?

Satadri Chanda: That's a very good question. And the main question. So I've been doing research and I've shared with some of some of our backers also. So, FY26 onwards--FY28 onwards, you're going to see most of the transformer stocks that are enjoying big profits and all that is going to, again, start squeezing because a lot of capacity enhancement is happening from everyone side. So we are, we look at, Megatherm is looking at long-term businesses. We are not trying to capitalize on any one area. So, suddenly we start making 220 KV and then, so we are targeting segments that are going to be for the future, basically. So, renewables transformers, cast-resin transformers, multi-winding transformers, industrial transformers. So, those are areas that we are targeting, which will be there. The demand will be there long-term.

Lalaram Singh: Thank you so much and wishing all the best.

Satadri Chanda: Yes. Thank you. Thank you.

Moderator: Thank you. We'll take the last question from Ketan Chheda. Please go ahead.

Ketan Chheda: Yes. Yeah. Hi. Am I audible?

Moderator: Yes. Yes.

Ketan Chheda: Yeah. So, Satadri, thanks for detailed answers and I really appreciate that even after almost about to end the call, you saw some raised hands and were taking the questions. So, really appreciative of that judgment from your side. My question is with respect to the utilization and delivery of the solar transformers. Now, if I go back to the last call, I think by that time we had invested and completed the capacity that we wanted for the IDT transformers. We have started getting the orders and when we stopped taking orders, thinking we will be constrained for capacity.

Satadri Chanda: Yeah. Yeah.

Ketan Chheda: As of now, I think we are, our capacities are probably not fully utilized. They are maybe like underutilized. You may be best positioned to tell what capacity utilizations we are at. But having said that, we are again planning to have expansion on the transformer side again. Assuming, I'm assuming that we are not, the previous investments should be not reached to a full utilization level.

Satadri Chanda: Yeah.

Ketan Chheda: So, can you help us one, is there a delay because we stopped taking orders but we still are not delivering orders significantly? You said that you just started to start the deliveries maybe in the last month or so. So, is there a delay in delivering because we had the order for quite some time? And if you could also help explain the rationale that why did we prepone capacity expansion even with the previous capacity not even reaching up to the full utilization or near utilization?

Satadri Chanda: Yes. So, I'll answer that. So, basically right now our capacity is completely utilized. So, we had stopped taking orders because we got back-to-back orders, Hero Future, basically RE Plus, then from Sprang Energy, a couple of GVNL projects. So, we got plus our, we got some private sector orders also from some industrial companies plus we have our captive demand. So, we are in fact outsourcing a lot of transformers now, these smaller capacities.

So, our capacity is completely exhausted and, but that is separate from, but we are opening our order book now again, like we'll start taking the orders so that the February, March onwards deliveries we can give. But that aside during this IDT venture, solar transformer venture, we realized that the project execution timelines are -- we were confident of getting a project done in six months, getting all the approvals in one year, but that got stretched because currently due to the demand and capacity expansion from everyone, the capital machinery suppliers cannot give the equipment in time. So, if I place an order for a cast resin machine today, I'll get it after one year. Same with vacuum machines, same with winding machines and things like that. So, that is why we preponed everything.

So, although yes, our entire labour is not trained to a 100%, maybe utilize the capacity in all three shifts. We are running two shifts now, but if we don't go for that, then we'll miss out on the expansion opportunities which will come up basically. And talking about the rationale, see right now, the transformers that we're making our capacities, like the factory is completely chock-a-block.

So, what the next shed, what it will allow us to do is move out the IDTs from here into the new shed. The larger furnace, arc furnace, transformers, et cetera, will also, we will privately start to pitch for those also. Like even if who is not buying Megatherm furnace, we'll still, if you're buying arc furnace from say Sarralle or Daniele, we'll pitch for those also. Those are large furnaces. So, we require a large, larger shed with heavy duty cranes and things like that. And the IDTs are also getting bigger and bigger.

We had done testing for 13.2 MVA. Now we are saying 20 MVA CPRI test has to be done. So, they're also getting bigger. So, we feel that there is a requirement of having a larger shed. We are creating a provision for 220 kV. We are not immediately getting into the 220 kV. If we see that after one and a half years, the market is still good for 220 kV, then we can easily get into it as long as the infrastructure is there. And in the existing shed, basically, we will make the lighter duty transformers. We will make the transformers that we are outsourcing right now.

And the cast resin plant that we are planning, that we will have in house. So, if you see, our presentation is uploaded. If you zoom into the photo, you will see the two sheds, transformers with what each shed will make. And we are also getting into the backward integration of transformers. This has helped us tremendously in the induction side. Since the induction side is niche, there is not much of buyout or that sort of situation.

But if you see any company which has a transformer facility where it is completely backward integrated from copper drawing to everything their valuations and all will be much, much higher. So, we are getting into the backward integration of the transformer as well. So, these are all part of our project. The work has already started.

Ketan Chheda: Thanks for that elaborate explanation.. So, in the first half, out of INR 195 crores of revenue that we had, would you be able to share what is the share of solar transformers in this revenue?

Satadri Chanda: Yes, solar transformer, only 2, 3 transformers were dispatched in September, actually. So, I think we will probably see INR 2 crores, INR 3 crores, roughly INR 80 lakhs, INR 90 lakhs per transformer.

Ketan Chheda: Okay. The reason I am asking is because, we were kind of fully booked and with the utilization almost. So, I was trying to understand the revenue share of the first half, which was. So, in the second half --

Satadri Chanda: Sort of full-fledged started, see transformer has a long lead time, about one and a half, two months lead time. So, you can assume that from July onward, July, August, we were making, and then from September, we started dispatching. Of course, what happens is that when you are initially making the transformer there is going to be some quality issues, the client side will come, they will advise changes when the inspectors come. So, you have to make those changes. And then finally, the drawings will get approved. So, like entering any new product will have that initially the changes.

So, it is also customized. So, every customer will, someone will say, you change my cable box design and things like that. So, once -- so, but I think those things got sorted out in August. So, from September, we started getting the dispatch clearances basically.

Ketan Chheda: Okay. Okay. All right. Thank you for that explanation and answer. Wish you all the best. Thank you.

Satadri Chanda: Thank you.

Moderator: Thank you, Satadri, sir. And thank you to the management team. And thank you to all the participants for joining on this call. This brings us to the end of this conference call. Thank you.

Satadri Chanda: Thank you.