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**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:** 05<sup>th</sup> June, 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/2026-27/20  
**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 2<sup>nd</sup> June, 2026 at 3:30 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)**  
**Company Secretary & Compliance Officer**

**Place: Kolkata**



## **Megatherm Induction Ltd**

**H2 & FY26**

### **POST EARNINGS CONFERENCE CALL**

June 2, 2026

#### **Management Team**

Mr. Satadri Chanda - CFO & Whole Time Director

Mr. Arunava Bhowmick, VP - Finance & Accounts

Ms. Abanti Saha Basu - Company Secretary

**Call Coordinator**



Strategy & Investor Relations Consulting

## **Presentation**

### **Moderator:**

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations Team, I welcome you all to the H2 and FY26 Post-Earnings Conference Call of Megatherm Induction Limited. Today on the call from the management, we have with us Mr. Satadri Chanda, Chief Financial Officer and Whole-Time Director, Mr. Arunava Bhowmick, Vice President Finance and Accounts, Mrs. 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 risks and uncertainties. Also, this is a reminder that this call is being recorded.

I would now request the management to detail us about the business performance highlights for the period ended March 2026, the growth perspective and the vision for the coming years, post which we will open the floor for Q&A.

Over to the management team.

### **Satadri Chanda:**

Yes. Hello, good evening, everyone. Thank you for joining. So what we'll do is, won't talk too much about the company. And so this presentation as well as the previous ones are already there. However, of course, you can connect with Kaptify if you want a one-on-one meeting just to understand our company a little better, if you wish to.

But for today, what we'll primarily be discussing is about what went on in this last financial year and then going forward, what are our plans and also long term or you can say medium term, what are our plans. Just for the benefit of those who don't know about Megatherm, we are basically manufacturers of induction equipment and transformers. And so we are talking about induction heating, hardening, various types of metallurgical products and transformers of various types. And we are exporters as well. We have already exported to about 50-odd countries.

So Mohsin, if we can skip this initial introduction to go right to the next slide that is the transformers. Yeah. So just before that, can you go to the slide where we have the market share, I mean, the market size of the induction products? There is a table on the left hand side. Yes, this one. So as you can see, we cater to these markets and the market size, it's growing and right now, so you can say it's about INR1,500-odd crores and we are dominant in the fourth row, that is

the induction furnace for steelmaking, whereas the other products, we are gaining a lot of traction. We have the technical know-how, it's in-house and the unique selling point of our equipment is essentially the reliability and energy consumption. We focus heavily on the energy consumption side. That's where all our R&D goes and wherever we are able to sell one or two products, we are able to retain the customer and or break through into those markets.

So the other product, there are many products like this and we are merely scratching the surface. And there's a lot of potential in India and for us to grow as well. And when it comes to the induction furnace for steelmaking that is basically the fourth column. That is where we are a dominant player and we wish to maintain that dominance. However, these induction products are gaining traction because of the focus on green technologies, basically to heat or melt any metal, you need energy and that energy can come from coal, oil, gas, but in this case, it comes from electricity. Unlike other processes like arc furnace and all, you cannot use solar in induction. You can use solar-- you can use renewables. So this is gaining traction world over and across the world, basically, we have this demand for all these products. So export is one of the very important areas that we are going to focus on, more on that in this presentation later. So we are focusing on gaining market share in the export market in these products.

Can we go to the transformer slide? Yeah. And originally, we got into transformer manufacturing because the products that we make, induction products, they need transformers, but the market is very good. the infrastructure is common, the design, the team is common. So we decided to get into transformer manufacturing, apart from my induction furnaces also. And there we are seeing very good traction, especially in across transformers, but more so in the solar or BESS transformers. So this is one area which is booming and we hope to capture a decent market share in this.

So without wasting any more time on the introduction part, let's go to the key performance highlights. Yeah. Next slide, please. Next slide. Mohsin, next slide, the one with the bar charts. Yeah. So we've seen incremental growth compared to last FY, primarily, but we were expecting easily to cross about INR400-odd crores of top line this year. We could not because, due to the war, which started in end Feb, a lot of the export shipments got held up in the -- towards the end of the year. That was one reason. And another reason was the transformer side that the growth we were planning, the approvals took

a bit more time than we expected, about six, seven, eight months more time because it was what we experienced was it is not just the CPRA approval, but each and every company, for example, who we are dealing with, like Tata Power or Replus, Hero Future, GUVNL, Gujarat, or you can say Sprang Energy, part of Shell Group, all companies who we are dealing with, they all have their own QAPs and own set of requirements for the plant.

So getting all those approvals individually, etc., it took a bit of time. The quality teams had to come and sit with us and change our processes, change the layout of our factory, stores and all those things. But now all those are behind us. We have started production of these products from April. And as on today, we already have these transformers are getting ready and the final inspections, etc., are going on. And so now these things have been streamlined. So the impact of transformers will probably be seen from this financial year.

Can we go back to the previous slide? Previous one? Yes. So if you look at the second half, basically, let's divide it into two parts. One is the transformer, one is induction. So in the transformer side, we have got those initial orders, about 400 odd MV orders. We've got them and we have started production and deliveries, etc. The order book has been roughly about INR30-odd crores, INR38-odd crores from this space. We have also received other types from the solar space, solar BESS. Other types of transformers also are there, orders for them. And we have roughly right now about INR80-odd crores of orders. And so right now, as we speak, we have stopped taking any fresh transformer order because it will take us up till at least October to get through these orders. And so we'll open up our order book again sometime in July, August.

And vendor validation is an ongoing process. There are a number of approvals needed, but we've got them more than 10 leading renewables players. And like I said, orders have already started coming in, execution has started. We are seeing the kind of demand that is there right now in the transformer space. So we have decided to set up the fourth manufacturing facility. So now we will have two transformer manufacturing facilities. And we are also discussing with many other players for the orders. We are not taking them right now because then the delivery pressure will come and we don't want to get delayed in those initial orders. So we'll try to push them or maybe we'll try to get those orders from August onwards again.

And product range expansion, we are also trying to get into cast resin transformers, distribution transformers, local transformers. So we are in various stages of trying to get the equipment or the approvals for the same. And looking at the induction side, so robust order book. Naturally, we had a lot of orders carried over from last year, especially export orders, which could not be delivered due to the war situation. We are hoping the war situation will improve in a couple of months. So all those orders are going to come into the picture. So from the order book perspective, the induction side, especially the international side, it's looking quite strong.

We have converted our LLC into an incorporated company in the US. We are seeing traction there. And now we are basically in the process of setting up an entire sales network and marketing network across the world for induction products. So there are one or two companies who reign supreme sort of globally. Everybody knows them. And we want to be like them. We want to be a global alternative to those companies. And to do that, some product range expansion was required. So we have entered the pipes and tube sector via a joint venture with a European partner. It's in the process. We have already started absorbing their technology. This is basically for pipe and tube welding. This is about INR150-odd crore market in India. But globally, wherever there's a pipe mill, you need this essentially. And we also started getting into dual track, tri-track power supplies.

This is very important for foundries, for ductile air and pipes and things like that. So this was sort of a monopoly product for certain companies who were global players. But now we have them in place.

So we have the products in place. Now how to expand? So we have planned a large investment in marketing, essentially, as well as in terms of recruitment. So we have recruited some export-oriented teams from other companies. And we are participating. We are planning to participate in basically all the trade fair exhibitions. We will set up distributors in all the countries as service partners. And we also have to become members of various industrial associations. For example, India has All India Forging Institute, Indian Foundry Congress, All India Steel and Metallurgy. So all the magazines, all the industrial bodies which are there, and they're there in all countries, be it South Africa, be it US, be it UK, Germany, Middle East, Southeast Asia. So we are going to get into all that. So all that work is going on.

So it's a lot of work, but we have to do it. So we have planned a more expensive or rather we have expanded our marketing budget, but that is going to give us long term growth for the future.

Next slide, please. So this was two, one is the transformer side, and one is the induction business side.

Next slide, please. Yeah, so you will notice that all the profitability has increased, EBITDA is more or less similar, but like I was saying that we have increased our expenses. We have got right teams in place, we are in the process of becoming more professional. We are hiring more people for accounts for sales, etc., just like a growth company should. And we have our employee benefit expenses have grown by-- which is a significant part after raw material, this is the biggest part. This has grown by about 23%. Other expenses including marketing has grown by 17%. And overall, our expenses apart from raw materials and things like that has grown by 19%. And with this current team that we have, we can scale to INR450 crores, INR500 crores, INR600 crores turnover. We will not need more people for this, maybe additional manpower, purely factory labour manpower, which is not going to impact the profitability in a big way. So we have maintained our EBITDA and that has primarily been driven by spares, which is the after sales component.

Another factor in this is that all the new products that we are developing, including the transformers, we are giving a little competitive prices just to enter the market. So that we will do for maybe a year, 1.5 year. So that is another area where once this is not required, our profitability margins will increase in a way which is going to be more than the actual increase in turnover.

Next slide, please. Yeah, so in the near term, what we are seeing is that we are expecting to grow 20%, 25% CAGR. So essentially, within the next five, six years, we want to triple and the EBITDA should become quadruple four times in the next five, six years. So while it may sound a little, especially the EBITDA part might sound a little difficult to achieve or more optimistic, but again, we have to understand that the current EBITDA levels are not a true reflection. We are having a team, we are frontloading our expenses, basically. We have teams, we are doing marketing.

So you can say that, for the next couple of years, when we are still in the range of, say, INR400 crores, INR500 crore level in the next, say, two years, our marketing expense is going to be high as a percentage

of turnover. The HR is going to be high as a percentage of turnover. And maybe to get the initial orders, we will price our products in a slightly more aggressive way. So, but after those first couple of years, then you will see a very sharp increase in the EBITDA because as the scale-- one is the scale effect. Once the turnover increases, the percentages will come down. At the same time, we will be able to price our products more comparatively as per the current industry leaders.

So this is what we have planned. So a lot of marketing, a lot of hard work has to be done by us, especially in the induction space for the export market. But we will get the returns for the next, at least 5, 10 years to come. So we want to establish ourselves basically as a reliable transformer manufacturer for niche segments like solar, BESS, data center transformers, industrial transformers, local transformers and things like that, and be in global alternative to certain large companies globally for the induction products. So that is basically our ambition and we are moving towards that.

Next slide please. Yeah, so like I was saying that the export side, so India might be a INR1,500-odd crore market, but every country is basically a market. So we are taking various steps to expand our footprint globally.

Yeah, next. So looking at the growth drivers basically. So as you can see, there are going to be two areas of growth. One is the transformer side, where up to last financial, even this financial year which ended, we did about INR40-odd crores of transformers, but that is going to be scaled up to INR150 crores and then beyond INR200 crores-plus once the fourth factory is established. So that is one growth driver for us. And we are seeing that at least in the medium term also, transformer demand is not going to come down. Multiple factors are there and this is not just an Indian phenomenon, it's a global phenomenon.

Multiple factors are there. One is the data centers, one is the upgradation of the grids, one is the power demand is in general also increasing, etc. AI, AI means again you need more data centers, etc. And the induction side is primarily going to be driven by the global market. India obviously will not lose our focus. We'll keep pushing to get more orders, but global footprint has to be increased by us and that's where we are doing most of our work in the induction side. So induction products globally and transformers mostly domestically, these are the two growth drivers going forward.

Next, we can skip this. Then there was a table with the financials. Not that, the table with all the figures. Not the balance sheet, it's earlier. Yes, this one. So this is basically just comparing, so if you look at the columns on the right hand side, FY25 and FY26, so that's basically what I was saying. Our employee benefit expenses has increased by about INR4 crores and the other expenses which also includes actually a lot of the employee benefit expenses and marketing expenses. So that is again increased by roughly INR6 crores, so INR10 crores more expenses we have spent here. It is mostly front-loading the expenses for growth. And there was extraordinary items to the tune of INR75 lakhs, so the PAT is looking at about -- PAT is coming to roughly, sorry, where is the PAT figure? It was coming to I think INR23.7 crores, but actually it is more like INR24.5 crores versus INR21.3 crores because of the INR75 lakhs extraordinary items. The extraordinary items is basically some gratuity provisions due to the change in labor laws, the gratuity provisions had to be adjusted accordingly.

So if you take that out, then it is more like 24.5% -- INR24.5 crores. So we are balancing the expenditures to maintain the EBITDA levels, but to have a more explosive growth now since the products are in place, the facility is in place, we will spend more on the marketing side. HR more or less, most of the heavyweight people, it's done, but now the marketing side has to pick up, especially for the export markets. So that will impact. So maybe for a year, 1.5 year, but the moment the turnover starts exceeding INR500-odd crores, then again it will, we will get the scale effect.

So that's why we put the arrows, just to help you understand, those are the two areas where we've spent more. And COGS direct cost right now, it is on the higher side. In fact, it was higher side since February of last financial year. Otherwise the figures would have been more. And that is expected to maybe, it's primarily because of oil now, once oil is more, the transformer oil prices increase. When oil is more, logistics increases for all products. All the epoxy based insulation, etc., which go into electronics, electrical products, rather, they increase. If dollar increases, then most of our electronics imports, they increase. So that impact is going to be there maybe for a couple of months or at max six months, because most of the old orders taken at old prices, we'll run through them in six months.

So that is essentially what you're seeing with most transformer companies right now. But once they are through, then again, fresh orders are being taken at fresh prices. But once the war situation

improves, then I think the real growth will come. We have a lot of export orders right now in the hand, I think to the tune of quite a bit, I think INR200 crores, sort of. So all those things -- or rather INR150-odd crores. So we are quite bullish about the future. We have a lot of tailwinds in favour of us, especially because of the green technology, the focus world over on green technologies. And we are quite motivated and bullish.

Mohsin, can you just take us to one slide that is the steel sector? Steel sector, there was, yes, yes. So looking at the steel industry now, a lot of capacity addition is being done. You might have recently heard a news about Rashmi Group, INR35,000 crore, Shyam Group, INR10,000 plus crore. So these investments are going to come. And as you can see, the construction steel is primarily being driven by induction. And a lot of the large companies also, like SAIL, in fact, we have supplied to SAIL, even the large companies are taking some portion of their production now from induction, just to balance the CO2 equivalent emissions.

Can we go to the next slide, Mohsin? So as you can see here, the electrical steel has much lower equivalent CO2 emissions. So a lot of companies are trying to balance this out. So we are expecting it's going to be good going forward. It's going to be even better for us. So more or less, this is where we are and where we are trying to get at, what we are trying to get at. And now we'll take questions.

So I just kept it short, not too much about us. If you want, we can have a one-on-one also, you can connect with Kaptify team and we'll set up a one-on-one.

## **Question-and-Answer**

**Moderator:** Thank you, sir. We'll now begin the question-and-answer session. [Operator Instructions]. We'll take the first question from Praneet Bommisetty. Please go ahead.

**Praneet Bommisetty:** Hi. Thank you for the opportunity. Sir I wanted to start by understanding what has been the shift exactly in terms of induction, because if you see our revenues in 2019, they're marginal compared to today's scale. I just, and during that time also, I think we were exporting a lot. I just wanted to understand what happened from that INR100 crore mark to today at around INR250 crores. So how has, what happened exactly to cause that? And where do you see this

growing also? I understand industry growth rate but I want to understand, Megatherm's where it exactly wants to grow.

**Satadri Chanda:**

Yeah, right. So you see, industry has been -- the induction industry in India has been growing at, in a bad year, maybe 6%, in a good year, 15%. It fluctuates. But we have grown much further because we have been capturing market share from the existing players. So that is the main thing. And that is what we want to continue to do. Like I said, these products, your raw material is electricity, unlike, coal, blast furnace which you are using, coal or oil or gas and all that. Here the, raw material is electricity. And if your equipment consume less electricity that then people will buy your product. And they have to be reliable, of course. So that is where we are getting advantage being a smaller company compared to -- I won't take the names, say an American company.

If we see a quick change has to be done to the product, if a client is advising us, so we quickly implement those things. In fact, most of the advise comes from clients only. And we are able to quickly adapt whereas larger companies will have to get multiple layers of approvals. And so they're a little slow to adapt to change. So over the years, this has sort of compounded and in terms of energy efficiency right now, we are quite good across products. So that has been primarily the reason why we have gained market share. And now we are trying to replicate this same thing in the global market. So that's what it is.

**Praneet Bommisetty:**

So in terms of market share, where would we stand at today? Because you gave the INR500 crore figure, right? So does that mean you own half the market or is there a different way to look at it?

**Satadri Chanda:**

Yeah. So you can say, Mohsin, if you can go to that slide which had the market share in India. It's the one with the product photos on the right hand side and the table on the left hand side. No, no, not this. The one with the market size. A table on the left hand side and product photos on the right hand side. So okay, till he finds the slide. So basically, the induction. Right. So we are primarily dominating the row number four, where we are saying around INR350 crores to INR500 crores is the market. And of that, we are catering to almost like, for example, a year like this. This hasn't been a very, very good year for steel per se. So you can say the market size will be more to the tune of around INR350-odd crores. So you can say half of that we have catered to or a little shy of half of that. But if the rest of our turnovers will come from the other products, foundry, castings,

induction, heating, forging, induction, induction, hardening and welding, this welding market we were not a part of till now.

We have done a joint venture with a Spanish company and we are through. So in the case of row number four, it's a case of holding on to the lead. And in the case of one, two and three, it is about getting market share with the products that we have developed. On the right hand side, you can see so many different applications. So there are many applications that exist. So it's about developing the products and getting into those applications. But the core fundamental is the same. The converter that you need, the static frequency converter, that is the main challenge. So that is where we are, excelling.

**Praneet Bommisetty:** Got it. So I want to understand in terms of strategy for the remaining. Induction, we've I think, gotten to a state, I don't think we can grow much further depending about the market, but remaining, you mentioned that the Spanish company JV. Are you also partnering with for the other equipment also with other JVs? And how do you see you gaining market share in these other four segments? Because these also extremely large markets at this point of time. So I was just wondering though.

**Satadri Chanda:** Yeah. So for example, Foundry and Castings market, like I mentioned, we have the dual share, tri-share, hybrid power source. This was till now, it was a monopoly of a company called Inductothumb. They used to supply this for years. So now we have the product in place. In terms of induction welding market, basically, how pipes are made in the rolling mills. So pipes are joined and welded. So that welding happens through induction process. It's a big -- it's a roughly INR150 odd crore market. It was purely catered through by induction and a couple of other foreign companies who have their works here. So we have tied up with a Spanish company. It's called SiCtech Induction. And so we are getting the transfer of technology here to make it cheap. We'll sell it to them also so that their product also selling becomes easier in Europe. And we'll cater to the market here through the through the JV and initially through royalty basis.

So this is different. And the induction heating and forging market, we have gained clients like Ramkrishna Forge, et cetera, after, which were again dominated by Inductothumb. So we've broken through. So it is like other companies like Tata Motors, MM Forge, et cetera. They all use these products. Forging, this goes into basically the auto ancillaries, these products, auto and auto ancillary manufacturers. So we are getting into them now. And so here it is more of technical. The

growth is a little slow here because you have to first establish a product. Once they understand that, yes, your performance is better, the energy consumption is less, then it sells. So that initial inertia is high in these markets. But once the initial inertia is broken, then you can, grow.

The same thing happened with us with steel. We were loitering at around INR100 odd crores, in the steel sector for a long time. But once the initial inertia, once the larger groups like Shyam Metallics, Sharda Energy, Roongta and the larger groups, once they realize that, no, this is a good product that is when we grew. So we are trying to replicate that in these other products also. That initial inertia will be tough for one or two years, but then you will see a lot of traction.

**Praneet Bommisetty:** Could you explain, does it have anything to do with BIS standards of losing energy in the foothold or is it just the price factor?

**Satadri Chanda:** No, not price factor. It is basically that establishing the technology. So these are all 24 hours, 365 day machines and they consume energy. It has to be reliable. A small machine shutdown means your entire plant is shut down. So it is more of, convincing the clients, especially the larger clients that this product is actually going to give you more benefits compared to the one you are using right now. So it may be just getting into the market initially at a lower price and then once you are established, then you can, then it is going to be more like automatic. Then you don't have to generate the enquiries. It will come on its own, like it is happening with the induction furnace for steel, where we are now.

**Praneet Bommisetty:** Understood.

**Moderator:** Praneet, may I request you to rejoin the queue, please?

**Praneet Bommisetty:** Yeah, sure.

**Moderator:** We'll take the next question from -- and I request all the participants to limit their questions to two per participant. We'll take the next question from Sanjay Shah. Please go ahead.

**Sanjay Shah:** Yeah, thanks for the opportunity. Sir very nice explanation about the company. My question was regarding the opportunity what we are drawing that is outside India and for which we are even tying up as a JV, JV partners and even analysing dealership network also, even in Europe, right? So how can you highlight how we compete over there

with other manufacturers? How pricey are difference we and versus the peers, number one. Number two, in this JV, how the pricing mechanism works? Do we sell at a price what we sell and margin what we do here and from there onwards, we -- they sell as a JV and take the additional margin which we share together or it is we sell them at par and whatever margin they drive, we share each other.

**Satadri Chanda:**

Yes. So actually, two things. One is regarding how we want to compete globally. See, that is the main thing. Induction products, so for example, a company like Inductotherm, they're global leader in this space. Their main manufacturing unit is in India. Earlier it was China, now it is India. Most of the large induction company, even ABB and all, they have started to shift their induction production here. India has become a global induction hub. The reason for even for that matter, transformer, transformer not so much, it is still China because it is slightly more commoditized, but induction is a highly, engineered product, like a custom made sort of engineered product. So it's a very engineering heavy right from design to production to -- so it requires a lot of engineers. So that is where India has a big -- even servicing. So we have a hundred plus service sales team. Even the servicing is all engineers.

So what happens in India where the engineering costs are much, much cheaper. Average salary for a junior will be INR30,000, INR40,000, seniors will be say INR20 lakhs. In China -- INR20 lakhs, INR30 lakhs. In China, it is going to be, \$70,000, \$60,000. So there's a big difference. And so even Chinese in the induction products are finding it difficult to match the quality and the service that Indians are giving. When it comes to competing with the European products, there is no -- if you are buying a product in INR1 crore, if I'm selling it to you domestically, that same product sells in Europe for INR3 crores or rather INR4 crores. So there is an enormous gap.

So the main challenge here is not the price. Price though we know we'll be able to, they won't be able to match. But the primary challenge here is to build the trust that, why you should buy a Megatherm, why an Indian company. And that is precisely why in the US we have done a joint venture. For Middle East market, you don't need a joint venture. People are comfortable with Indian products. In Africa, you don't need a joint venture. In South America, you don't need a joint venture, but US, Europe, these places, you will need a joint venture because the perception that why am I buying an Indian product?

Hence, what we have done with Cyprium, it's not a very large company, \$2.5 million dollars turnover, but they do servicing and all these things, after sales support of these induction products, old induction products. So they have a client base and they have 50.1%. We have 49.99%. And so, but we've kept it like that. So that ease of managing the company as per US laws. And what we'll do is we will sell it from India at export price, which is typically going to be a 10% to 15% higher price than domestic market. And then whatever price we sell over there, one thing to mention is that the transport cost will be there, the tariffs in the US will be there. And then whatever markup is done to the end customer, that markup portion is going to be split, basically as per the shareholder value.

**Sanjay Shah:** So 100% manufacturing will be done in India or it is a part of finishing?

**Satadri Chanda:** No, no, no. Manufacturing will be done from here. What they might do in certain cases is that the fit and finish sort of in the US is a little better than here. So in certain products like coil box finishing and things like that, some little bit of fit and finishing, they will do there. A little bit of touch-ups, for example, in the US, Rockwell PLCs are more. Here we use more of Siemens automation and all that. So just automation fitting and all that. The more US sort of customizations a little bit, not for all products, for some products may be needed, but the manufacturing will be happening here.

**Sanjay Shah:** Thank you very much. Thank you. That's from my side.

**Moderator:** Thank you. We'll take the next question from Hardik Jain. Please go ahead.

**Hardik Jain:** Hi, I just wanted to understand for the next fiscal year, which sort of product line would be contributing to the growth like the most?

**Satadri Chanda:** Yeah. So if you look at the next financial year, one is, of course, the transformers. So right now, our capacity, like we are trying to start doubt shift now, we have stopped taking orders. So the transformers is one. And in the induction space, it's basically overall. The overall induction industry is also growing. And we are trying to push our products in the export markets also strongly. So sort of both, but induction, like I said, it's a little bit of the inertia is a little strong. So maybe one or two years of hard work, and then you will start seeing the big results from induction globally. So the initial, you can say, boost will come from transformers. But long term going ahead, like

we have envisioned a INR1,000 crore company over there, transformer will be about INR250 crores, INR300 crores. The rest is going to be induction and after sales and things like that. So long term, it is, of course, induction, but the short term boost will probably come from transformers.

**Hardik Jain:** Okay, sure. And amongst the current order book, can you give us a split of how much is it coming from the induction business and how much from the transformer?

**Satadri Chanda:** Yeah, so if you look at the current order book of around, I think last check INR450-odd crores, out of that about INR80-odd crores, we have INR80 crores, INR85 crores we have of transformers.

**Hardik Jain:** All right. And are these contracts pass through?

**Satadri Chanda:** Sorry, pass through as in?

**Hardik Jain:** Like if there are any increase in raw material prices, or are these are like on a fixed price?

**Satadri Chanda:** No, these are all fixed prices.

**Hardik Jain:** Okay, fair enough. And any CapExes that we are planning for this year?

**Satadri Chanda:** Yeah, fourth shed. So we are making another shed for transformers. So the fourth shed is going to be there.

**Hardik Jain:** How much would that, the quantum?

**Satadri Chanda:** Yeah, it's somewhere around INR20-odd crores of CapEx.

**Hardik Jain:** All right. And sir, just a last quick question, how much cash are we sitting on right now?

**Satadri Chanda:** Right now about, so if you look at the CC, etc. If you look at purely the FDs, we are looking at sitting at around INR26-odd crores.

**Hardik Jain:** INR26 crores.

**Satadri Chanda:** INR26 crores. And here cash and cash equivalents are showing as INR60 crores. That is primarily because of the CC limits that we have. We have shown it as a liability, but we have not utilized them.

**Hardik Jain:** All right, fair enough. Do we have any sort of cash raising perspective in the current fiscal year or the current balance sheet?

**Satadri Chanda:** Not in the current fiscal year. Not like in the first half, maybe towards the end of the year, because our time period for three years to migrate to the main board will finish in March '27. So when we are migrating to the main board at that point of time, we will plan raising for the next level of growth.

**Hardik Jain:** All right. And just to clarify, since we are targeting the export market now, would there be what sort of effect would it have on a current working capital cycle? What are your expectations?

**Satadri Chanda:** No, working capital cycle and inventories will increase, not because of the exports, it's going to be mainly driven by transformers. So like transformer is a more longer lead cycle. Similar to induction, not that different, but induction is more granular. For example, I make one product, I sell it. But in transformers, you sort of have to buy the material in bulk and you have to stock it. And then one by one, they start selling, after inspections and all that. So that's why essentially we are sitting on the cash. So once we start executing the transformer orders, the cash will come into the picture.

**Hardik Jain:** All right. That's it. Thank you.

**Moderator:** Thank you. We'll take the next question from Pawan. Pawan, please go ahead. Pawan?

**Pawan:** Yeah, can you hear me? Okay, great. Could you give me a split of segment wise, how much revenue did we have from spares and transformers this year?

**Satadri Chanda:** Yes. So if you look at about INR350 crores, I don't know the exact figures, I'll give you a rough. So if you have about INR350-odd crores, we did roughly about INR70 crores from spares this year, and about INR40 crores to INR45 crores from transformers. Like I said, spares is an important factor. Essentially, when we were doing INR10 crores, INR15-odd crores of spares, our bottom line was in the single digit crores. Now that we are doing INR60 crores, INR70 crores of spares, it is in the INR20 crores, INR25 crores.

And spares is a function of how many equipment you have sold in the past. So they keep piling up, piling up, piling up. So, it is gradually

going to grow. So when we look at about INR100 crores of spares, say maybe three, four years from now, then the bottom line will be much more. So generally, capital goods industry works like that only. Like when you buy the car, the companies will sell it to you at a much lower margin, or maybe no margin. But when you have to buy the spare part, so when you get into an accident, then you'll see the bills. So that's how more or less the capital industry capital goods works.

**Pawan:** Understood And the spares order book you mentioned was about INR70-odd crores. So how, what is the duration of that order book?

**Satadri Chanda:** No, spares order book is not INR70-odd crores.

**Pawan:** Sorry, transformers, transformers.

**Satadri Chanda:** Yeah, yeah. Yeah. So that's the point too. We have to execute it as soon as possible. People will not wait for more than I think beyond September, October. So we are trying to wrap this up within that time.

**Pawan:** Okay. So for next year onward, I was trying to understand the INR50 crores of transformers business, what are you looking at in terms of growth? Because that'll be a big growth driver and given that you're also putting up another manufacturing facility and going second. So what's the outlook for the next couple of years for this division?

**Satadri Chanda:** Yes, yes. So we know we are targeting within two years time. See next, this year we targeted, although in our, in my previous presentation, you will see we have targeted about INR80 crores, INR90 crores transformers business for this FY. This coming FY, FY27, but we already have that order book. So we are trying to stretch that to near capacity that is INR150 crores. Coming financial year, we have projected surely, FY28, surely we should try and get INR150 crores. And if by that time, another shed will come. So we will add another say INR100-odd crores. So within say two, three years, INR250-odd crores from transformer we should get. But at the same time, we would like to highlight that we are not, we are not trying to become a TARIL or Voltamp. So we are not looking at, 200 MB, 100 MB, 220 KB, that kind of transformer range. We are trying to claim the niche segments, primarily the rectified transformers, multi-winding transformers like solar, BESS, loco, things a little bit, the niche sectors basically.

**Pawan:** Understood. And you mentioned earlier in your comment that these are fixed price contracts. So over the last quarter or so, have you had

increases in raw material prices and has that impacted the margins of this division and how are you assessing pricing for your next level of contracts? Because you also mentioned that you have to give discounts on newer transformer business to clients.

**Satadri Chanda:**

No, you're right. So there is an impact as you can see with other companies also, the raw material prices have increased. But one thing for us, how we are able to sort of manage everything is because we have this element called spares and that price is basically determined by us. So, of course, we can't charge anything that we have long-term clients, they also know. But that sort of -- but those are like immediate requirements. So the prices keep varying. So that sort of helps us to keep our bottom line stable in spite of events. So that's how we manage things. That's also how we manage our discounts to capital products and things like that.

And so this year we have made very ambitious target of, increasing our spares business across the world to help us keep the bottom line intact. And we will be spending more on marketing also this financial year. HR cost is also going to be higher. So we'll utilize that spare business essentially to keep the bottom lines stable. And what was the second part of the question?

**Pawan:**

How are you planning on managing the cost since these are fixed price contracts when you're pitching for new customers?

**Satadri Chanda:**

Yes. So this is how. So what we do is we play around with the spare prices and to manage. And we, I expect that, see personally, I think this whole war type situation, it should be wrapped up in one or two more months because I don't think beyond that, these sort of elevated oil prices are going to be sustainable even for the US economy. So I think one or two months it will wrap up and prices will start coming back down to more, regular levels.

**Pawan:**

Understood. And your export contracts you mentioned, are these FOB or CIF contracts? So are you bearing the freight cost as well?

**Satadri Chanda:**

No, no, strictly. So earlier we used to do CIF, we have suffered. So it's either ex-works or FOB.

**Pawan:**

Okay. In your presentation on slide 24, you mentioned under induction business revenue traction, FY27 revenue visibility of INR400 plus-crores. Now this, I'm assuming this is for the entire business and just not for induction, right?

- Satadri Chanda:** Yeah. For the entire business means we have about INR250-odd crores of carryover orders, essentially. So that is all induction. So we are hoping for a very good financial year this year, provided a lot of the large contracts are in the Middle East, actually Dubai, Saudi and things like that. So if that region stabilizes a little bit, then there's nothing to think about it. It's going to go much beyond.
- Pawan:** Okay. Last question for me. Just one last question. Just the realization on the transformer business. What is the realization right now? And I think last time it was about INR7 lakh per MVA.
- Satadri Chanda:** Yeah. So right now, if you ignore the past orders, so there are some orders which are still at, I think INR7 lakh rupees. But right now, if you look at it, it is at least INR10 lakh rupees. So INR1,000, in fact, INR1,000 to INR1,200, you can say INR1,000 if you combine all the products, INR1000 rupees per MVA, that is sort of like the norm right now.
- Pawan:** Okay. Got it. Okay. Thank you so much.
- Satadri Chanda:** It is not just for us. I mean, it's a more generic right now. If you try to buy a transformer, you'll know if it's a 5 MVA transformer, at least INR50 lakhs, INR60 lakhs. If it's a 10 MVA transformer, INR1 crore, roughly.
- Pawan:** Okay. Understood. Thanks.
- Moderator:** Thank you. We'll take the next question from Adishwar Golchha. Please go ahead.
- Adishwar Golchha:** Hi, am I audible? So I think from the previous call, we mentioned that after the transformer expansion, we are going to expand the induction capacities as well. If you can give me the unit-wise capacity breakup, that would be helpful.
- Satadri Chanda:** Yes. So see, while transformers can be explained in total MVA like 2,000 MVA or 3,000 MVA like that, it's very difficult to give furnaces, because it can be a small equipment, which is highly complicated, or it can be, large, you have 5 kilo furnaces, you have 50 ton furnaces. So, induction made is a little difficult to give it.
- Adishwar Golchha:** Revenue-wise?

**Satadri Chanda:** Yeah, revenue-wise, we can do it. So revenue-wise, so what is essentially happening, a lot of the induction factory space, even today, is being utilized by transformers. So, as we expand the transformer, and we get more and more and more detached from the induction, so that is freeing up more and more space for induction. And unlike transformers, which is more, so you have, say you have a steel plant or a forging unit, you have rows of these rolling mills and, or if you're making suppose, say, Balaji Snacks, they are making chips, you have these machines, which are producing throughput. So you can calculate those things. Transformers not like that, it has winding machines, it has vacuum autoclaves and things like that, but still you can put a finger on and say, okay, it's like a one piece moving through different stages.

Induction is completely different. It is like, you're essentially building a plane, you can say. So the machine goes in one place, and then the people come with tools and they assemble it, sort of like that. So that's why space here is critical. Induction is not more, you'll see like the investment, our fixed assets are not much. So induction is more of space and the input and the complexity and things like that.

**Adishwar Golchha:** Got it. I think I was trying to mean that, what's the capacity, which the revenue should generate from all the four units, which we have, we have four units, right?

**Satadri Chanda:** So right now, fourth is coming up. Yeah. So if we consider, if we consider a steady state, and there are a lot of -- we are trying to do the projects also where we buy and sell and we do the servicing and the erection commissioning and that part. So if we combine everything, including the projects and everything with the current four, if we have the four factories in place, we should be doing INR500 crores, INR600 crores. And that is basically our cut-off line that once, once we sort of see the visibility for that, immediately we will go for the next level of growth and we'll raise funds and we'll go for the main board listing. So that is what we have.

**Adishwar Golchha:** Okay. So out of INR500 crores and INR600 crores, what's the breakup between induction and transformers?

**Satadri Chanda:** Yeah. So let's say a simpler figure, INR500 crores. So if you look at INR500 crores, you can think of about INR150 crores of transformers. You can think of about say INR80-odd crores of spares and rest you can think of induction.

**Adishwar Golchha:** Got it. And to understand the spare business, I think, can you just elaborate on, if you want to forecast, how much will be the revenue from the next financial year, even an install base and certain percentage and we can expect, because it's a high margin business.

**Satadri Chanda:** Yeah. So thing is, so spares, for example, spares of your cars, there's no, you can't really, it's more accident-oriented. So you can't predict exactly, but what we have seen historically that as our company's top line has also grown, so has the actual value of spares also. And it has sort of been 20% throughout. Like when we used to do INR100 crores business, it used to be INR20 crores. When we used to do about INR250 crores of business, it was around INR50 crores. And now we are doing INR350 crores business and it is INR70 crores. So sort of by accident, it is, but we now we take it as a thumb rule, that I want 20% spares.

**Adishwar Golchha:** Okay. So can we calculate it by using this much, installation has been done and although our target is 20%, but like what's the gap? What number, we cannot go beyond that?

**Satadri Chanda:** So if you say right now, like as of today, whatever installations we have, so we give warranty period for one year. So the first one year we don't get any business. And then years two, three, four, the requirement is less as the equipment starts aging these spare requirements keep coming in. So you can -- it's difficult to put an exact figure, but if you're looking at, but of course we can't say that once we're doing INR500 crore business within say two years, immediately it will go from INR70 crores to INR100 crores, that is also tough. That's why I said, maybe when it's INR500 crores, you can think of INR80 crores, INR85 crores of spares. But it's purely like it's why we can't see any figure is that it's, these are accidentals. Like there is some coil puncture, there is some voltage fluctuation and devices in the converter they blow.

So you'll need spares. Maybe because of sponge iron dust collection, your changeover switch will blast. So it's more of accidentals, or maybe somebody is not doing proper maintenance, poor maintenance of heat exchangers, for that the devices got spoiled, things like that.

**Adishwar Golchha:** All right. Sir now just one last question. I'm sorry if the question is repeating because I missed the earlier part. You mentioned we also need one CapEx to reach INR1,000 crores of revenue, right? And how much will that be? And also given our previous year CapEx, which we were doing, they were getting some subsidies from the government. If

you can also give me the, what subsidies we are going to receive for the next CapEx, that would be helpful.

**Satadri Chanda:** Yeah. So right now, so the central government subsidies we will get, I think some money we are due to get, I think to the tune of, Mr. Arunava, what is the amount we are supposed to get from MEITY for all the investments made in FY 2025? Mr. Arunava, are you there?

**Moderator:** Mr. Arunava, you can unmute and answer.

**Satadri Chanda:** I don't think...

**Moderator:** I think he's facing some issues, sir.

**Satadri Chanda:** No problem. We'll get that across. So typically we have received payments in three tranches so far. We get 25% capital subsidy, essentially.

**Arunava Bhowmick:** Right, sir. The third phase is already in the last stages. Principal approval we have already received and we're in the last stages of document verification.

**Satadri Chanda:** What is the amount?

**Arunava Bhowmick:** Around INR3.5 crores.

**Satadri Chanda:** So this keeps coming and now with the new Bengal government also, they are, I think, planning some new schemes for industries. So definitely we'll apply for those as well.

**Adishwar Golchha:** So for next two years, it's going to be, CapEx is going to be around INR5 crores, INR10 crores. And after third year, there will be one big CapEx of INR30 crores, INR35 crores. And I think that will help us to reach INR1,000 crores. Is that fair?

**Satadri Chanda:** Yeah.

**Adishwar Golchha:** Okay, great. And just one request to Kaptify Consulting team is that you can also make the presentation more detailed. For example, giving more segmental revenue, that would be helpful.

**Moderator:** Okay. Thanks. Thank you. Thank you, Adishwar. Sir we'll take the next question from Ketan Chheda. Please go ahead.

**Ketan Chheda:** Yeah, hi. Am I audible?

**Moderator:** Yes, Ketan.

**Ketan Chheda:** Yeah. Thanks for the opportunity. One is I'd like to understand, you said about fundraising a few years down the line, but won't, the amount of business that we will be doing and the cash that we will be generating, won't that be sufficient for our growth plans?

**Satadri Chanda:** Yes, very, very important question. So historically, and some of my clients have also, explained to me this and we have experienced it also firsthand ourselves, that in businesses, which require a lot of money for the operations, means the working capital, essentially, in these sort of businesses and in capital goods is basically a little bit cyclical. Sometimes there's a lot of order and then the client will not lift. So you're stuck with enormous finished goods. Cash is getting drawn into finished goods, basically. And then sometimes there are situations where people are throwing advances at you and you don't know what to do with it. So this sort of exists.

However, it is very important that in this type of business, we don't divert our working capital or profit funds to fund our CapEx. By principle, I made it a point that if we have to do CapEx, it will be equity loan. I don't want to use our working capital money, because what happens, whatever profit we get, we are projecting more business. So more and more working capital will naturally be required. So, by principle, and we have experienced this in the past also that, no way we want to block cash, working capital cash in fixed goods, fixed goods has to be the loan or equity and working capital will be always required. All companies which are into industries, they're always hungry for working capital. So otherwise your growth gets stunted. So this is, my rationale.

**Ketan Chheda:** Yeah, my only input here is, if you could, if you feel the need for raising funds, you could probably go for a debt, rather than equity.

**Satadri Chanda:** Yeah, exactly, exactly. So when I said, it's not just equity, debt equity both. So right now we are debt free. So there is scope for us.

**Ketan Chheda:** Right. And that is what I was hinting to that, it is, it is very good to kind of, keep the company debt free, debt free at the same time, not go for too much equity dilution, because then the equity share does get diluted.

- Satadri Chanda:** Yes, yes.
- Ketan Chheda:** Whenever you raise this thing.
- Satadri Chanda:** So there is scope for debt actually, because now we are debt free. So there is a lot of scope.
- Ketan Chheda:** Exactly, exactly. Yeah. So that was my first question. The other question is, out of this INR430 crores, INR450 crores order book you have currently and you mentioned about INR150-odd crores is your export order book.
- Satadri Chanda:** Yeah, I'll just get the exact figure. Domestic was INR250 crores, I know. Transformers was INR80 crores. I'll get the exact figures. We have a couple of large turnkey. Yeah, you can say INR120 crores, INR130 crores, you can say.
- Ketan Chheda:** Yeah, right. So my question was not about the figure per se. My question was to understand that. So right now, this entire export is concentrated towards Middle East and Gulf nations?
- Satadri Chanda:** No, not the entire. We have business in Africa, Southeast Asia, US, etc. It's split, Sri Lanka, even SAARC countries, Bangladesh, Sri Lanka and all these places. But there are some big orders, I think, to the tune of you can say, at least INR50 crores, INR60 odd crores of orders to Middle East. If the total thing is about, say, INR150 crores, then INR50 crores, INR60 crores of Middle East, which should be there.
- Ketan Chheda:** Right. So all I'm trying to understand is like, how much order book of this export has a chance of getting delayed due to the geopolitical situation that you're facing?
- Satadri Chanda:** Yes, yes. So you can say to the tune of INR50 crores, INR60-odd crores.
- Ketan Chheda:** Okay, just INR50 crores, INR60-odd crores out of INR430 odd, the entire export order. So the rest, you will have to execute in this financial year itself.
- Satadri Chanda:** Yes, yes.
- Ketan Chheda:** Okay. Okay. All right. Thank you so much for the opportunity and wish you all the best.

- Satadri Chanda:** Thank you.
- Moderator:** Thank you. We'll take the next question from Guneet Singh. Please go ahead.
- Guneet Singh:** Hi, thank you for this opportunity. Most of my questions have been answered, but I want to understand, despite this current war, would we still be able to grow 20%, 25% this year? That means a revenue of about INR425 crores to INR450 cr.
- Satadri Chanda:** Yes. So, see, the transformers is not, yeah, some transformers are there from the Middle East, but maybe INR4 crores, INR5 crores, but most of the INR80 crores, INR85 crores orders is domestic. So transformers I'm not seeing too much of an issue. And in terms of exports to non-Gulf countries, it is there. See, if the war continues the way it is, technically speaking, like, practically speaking, and if the oil prices in India cross INR130, then, even in India, there's going to be an impact, even transformers, maybe there will be an impact. So all industries will suffer. But I don't think it will stretch beyond, I think, one or two more months, because what we are even hearing from our clients in the Middle East, they also started placing orders and stuff like that, which means they're also, I think, getting alternate routes of transport or things like that. So I don't think, because just generally observing their movements also, I'm feeling that things will stabilize.
- Guneet Singh:** Got it. So basically, I mean, even if we consider dollar prices to be around \$100, so we are still on track for this \$425 to \$450.
- Satadri Chanda:** \$100 is good for us. If it's \$100, then our exports, we get more money. So, but I mean, we are always happy with when dollars, it goes to our exports.
- Guneet Singh:** Oh yeah, I meant about crude prices, sorry, not dollar prices.
- Satadri Chanda:** Oh, crude. No, crude prices to then, crude prices, if it grows, goes up very high, then I think there's going to be overall, if this thing goes on surface another six months.
- Guneet Singh:** If it stays current, the near level is around \$100.
- Satadri Chanda:** \$100 also, then if it stays near, see the Indian oil companies also, they need to add at least INR12, INR15 to become profitable. Otherwise, they're also taking hits. So if that happens, that, INR130 oil prices,

then all India, everything is going to, slow down a bit. So that we can't predict and US economy also, I don't think, because I'm talking to our US counterparts in the JV, their economy also can't sustain, \$5.5 oil prices.

**Guneet Singh:** Right, but if we look at our current, like March, April, May period, have we seen any significant hit in our margins or volumes? What is the learning from?

**Satadri Chanda:** We did so much. So like I said, March, a lot of our Middle East turnover got hit. Some were on the ship, some were about to dispatch, payment has come, it could not be, it got in, basically got into cash. We could not sell the product, it got -- became inventory, basically. So that phenomenon happened. Also, because of oil prices, you will see most of the transformer companies and capital goods companies, their profitability projections got hit. But it's more of, I think, minimum, I mean, in an optimistic situation, one or two months affair. And in the worst case situation, six months affair, because you all, within six months, you expect to burn through all your old orders. So two to six months is the max window.

The new orders will be obviously at new prices. So not too concerned long term about bottom line. But if such a situation exists for seven, eight months, then the top line for all companies will be impacted. But don't feel like this is going to stretch beyond one or two months.

**Guneet Singh:** Got it. So currently, I mean, from what I understand is that we are not very significantly impacted and the orders directly to Middle East are not that large. So I mean, that's fair understanding.

**Satadri Chanda:** It's a large chunk of our export orders, but in the overall context, it's not that large.

**Guneet Singh:** Got it.

**Satadri Chanda:** We are taking spares. So they have to run the plant, they are taking spares from us. There's no option because spares goes in small cargos. When you're taking a big equipment, you need the large open deck containers and large containers. And also, the shipping costs have increased, insurance has increased. So they're, hesitating.

**Guneet Singh:** Got it. And do the promoters have any intention to increase their stake in the company?

- Satadri Chanda:** Yeah, so some of that can be -- yes, yes. But the exact quantum and everything that we, it will be shared a little bit later.
- Guneet Singh:** Got it. And by when can we expect that?
- Satadri Chanda:** We had actually liquidated some funds to keep possession of our shed. So as an earnest money deposit for the bidding and all that. So that process is almost done. So I think maybe in a month or two, but you like, in any government sort of auction, it keeps getting delayed. So in a month or two, some of that fund, which was parked as an earnest money deposit that will come back to us and we'll buy back some of the shares.
- Guneet Singh:** Got it. So it would be a share buyback where the promoters would not be participating, something of that sort, right?
- Satadri Chanda:** No. So the promoting of the promoter company is basically Megatherm Electronics. So Megatherm Electronics will be buying back the shares from the market.
- Guneet Singh:** All right. All right. Got it. Perfect. Thank you very much. I wish you all the best.
- Moderator:** Thank you. We'll take the next question from Disha. Please go ahead.
- Disha:** Hello. Am I audible, sir?
- Satadri Chanda:** Yes.
- Disha:** Yes. Thank you so much for this opportunity. My first question was just on your set of margins, so that we can expect for FY27. So you mentioned that the new orders will have the new pricing, but the old order that we already have, I think it will take some time for us to pass on the pricing, right? So how should we look at the overall EBITDA margins for FY27? And once we cross that INR500 crores sort of mark, when we see the operating leverage kicking in, so how should we look at the long-term steady state EBITDA margin?
- Satadri Chanda:** Look, right now EBITDA typically hovers around 10% to 12%, if you look at historically. But the ideal, but that is because we're always front-loading the costs. Like I shared, we are spending a lot of money on the marketing side. We have to spend much more than what we are spending right now on the marketing side to grow globally. We have to get the right talent in place to make it a more professionally run

company. Even now, still it is more like a promoter-driven company, but we want to make it a more professionally driven company. So those expenses are one angle that will be more. And the other angle is the raw material, but raw material is not a structural thing, it is more of a four, five month sort of phenomenon. The most structural expenditure for one or two years, we want to do on the marketing and the HR side.

But a steady state environment, say when we are doing a INR500 crore business or INR600 crore business in a couple of years time, there you can expect the EBITDA from the current 10%, 12% to be at least around 15%. That is the steady state. Am I audible?

**Disha:** Hello. Yeah, I see you. So for this year, FY27, at the minimum level, we'll expect 10% EBITDA and can be between 10% to 12%.

**Satadri Chanda:** Yes, but I am yet to finalize the marketing budget. So that work is ongoing. I am yet to finalize the marketing budget. So maybe when we are doing our September call, I will be able to give the more accurate figures.

**Disha:** Okay. And so for this transformer, so the new CapEx that is also coming online post that, what is the peak revenue that we can do from this?

**Satadri Chanda:** Yes. So once the second transformer shed is up and running, which is also the fourth shed of the entire factory. So once that is done, that is not going to be as big as the existing. So if the existing places we can get say INR150-odd crores, from there we can get another INR100 crores. So INR250-odd crores we can do for transformer.

**Disha:** And that we are planning to reach around FY29? Yeah.

**Satadri Chanda:** Yeah. So let's, let's say this year we are targeted at INR80 crores. INR80 crores will be done, there are orders. But say FY28, we are targeting at least 150 full capacity, 100% capacity. Then in the next financial year, we should get that INR250 crores, FY29 you are right.

**Disha:** Okay. Okay. And so for the spares business, what sort of EBITDA margin do we see for that, sir? Because I assume that's a very high margin business for us.

**Satadri Chanda:** Yes. So we can't really look at EBITDA for, because, in the manufacturing process, the same team that is making a coil for a

furnace, they're making spare coil. Those who are making, thyristor electronic stacks for the converters, they are making the electronic stacks for spares. So difficult to make EBITDA, but GVA data is available. So if you see, if you see COGS in our P&L, that's COGS, that comes to about, I think, can you just, Mohsin, can you just take us to that slide, the P&L slide? Yeah. So COGS and direct cost, if you look at, comes to around 71% to 73%. So that is basically blended. It's sort of 80%-odd for projects. And for spares, it comes to around, I don't know if the math will add up. I'm just saying from my head, and that will be for spares, it will be almost 40%, 45%. And for projects, it will be about 20%-odd. So like, sort of like that. So after blending, it is coming to that 72%, 73%.

**Disha:** Okay. Understood. That is it, sir, from my side. Thank you and all the best.

**Moderator:** Thank you, sir. We'll take one question from the Q&A chat box. It's from Ragesh Maheshwari. He's asking, what is the expected exports as a percentage of revenue for FY27?

**Satadri Chanda:** FY27. So, if, if, there's this war situation, or if I take the entire export order book, then, one minute. So if we, let's assume, say, 40 minus, we take out transformers, we take out, of course, spares also goes into exports, but I'm not considering that, if we take out spares. So we are going to be ending up with, at least 25%, 20%, 25%.

**Moderator:** 20, 25%. And what was the share of revenue in FY26 exports share?

**Satadri Chanda:** FY26 was much lower at around, I think, 10%, 12%.

**Moderator:** Okay. Okay, sir. We'll take the next question from Mayank Gupta. Please go ahead.

**Mayank Gupta:** Hello, sir.

**Satadri Chanda:** Yeah, hi.

**Mayank Gupta:** So I have just two, three small questions I wanted to ask. First is regarding the core production facility, is it the part of 2,000 MVA capacity or it is additional capacity being set up?

**Satadri Chanda:** No, so please don't have the wrong impression. So that core, we are not a TransCore or a company like that. So our entire, TransCore, right? Like those who are making the transformer core and selling it.

So we are not like that or whatever, the copper drawing or core slittings facility we are doing, that is purely for our own products.

**Mayank Gupta:** So this core production facility, it is the part of the 2000 MVA capacity?

**Satadri Chanda:** Yeah, yeah. Yes. And it's primarily for induction side, not so much for transformer side actually. Because transformer, we already have many, core suppliers who split and give you like TransCore, S&M, many, many more. But we are doing this core slitting primarily for our induction products.

**Mayank Gupta:** Okay, understood. And the second thing, by how much time we are expecting to complete this production shed?

**Satadri Chanda:** The fourth one?

**Mayank Gupta:** Yes.

**Satadri Chanda:** Yeah. So the fourth one should be, typically the plant should be done in six, seven months and the machinery takes time actually in transformers like the autoclaves winding machine. So within say around, within one year, it will be done, max one year.

**Mayank Gupta:** Okay. And the second thing, I just wanted to -- just a second, sir.

**Satadri Chanda:** Sorry, sorry. The last, I missed out the last part. Hello.

**Moderator:** Yeah, you are audible, but I think we have lost him. We'll take the follow up question from Ketan Chheda. Please go ahead.

**Ketan Chheda:** Yeah. Thanks for the follow up. So my question is, if I go by the projections that you have given that you want to become a INR1,000 crore company by FY32, and the kind of growth that we will also experience in the EBITDA. So that margin comes to about 12% even in FY32 itself. So we are not seeing a much drastic difference in terms of margin. And if I see, other companies, not exactly in the induction industry, but, say transformer or something, they do a much higher margins. So any specific reason that why we wouldn't be able to scale our margins higher?

**Satadri Chanda:** No, no, of course. So like I said, the EBITDA should be at least like, if you're doing a lot of exports, so what we are, we are planning to become a global alternative for Inductothumb, right, globally. And if

we are able to realize that ambition, you see Inductothumb's bottom line, they do a INR1,000 crore of business. They do about INR200 crores of PAT, I think, if you just, they are not listed in India, but you can check the data from MCA, right? So that is what we want to get at. The margins are very big. And that is because they, India is their manufacturing hub. So they manufacture in India and then they sell abroad. So, that's how they are able to generate the profit. So we have been a little conservative. We know that if we are able to achieve our vision, then the profitability is going to be much, much more. The products are much, much higher rate abroad than what they sell here.

**Ketan Chheda:** Right. No, because if I just, do the math on the numbers that you have given the 20% CAGR until FY32 and a 4x on your EBITDA from FY26 numbers, then we come to an EBITDA margin of 12.2%. So that is why I was -- because your guidance, your inspiration.

**Satadri Chanda:** Yeah. In the guidance, what we've done, we've just given a generic, sort of conservative approach that -- and the generic approach that the EBITDA is going to grow at a much faster rate than the turnover. So that is essentially what we are trying to get at.

**Ketan Chheda:** All right. All right. Okay, fine. Thank you. Thank you so much.

**Satadri Chanda:** The true -- right now, with the current product mix that we have right now, and the geography mix that we have, the correct EBITDA is actually around 15% right now, which is being reflected, or maybe say 14%, which is being reflected as 11% or something because we are front loading a lot of our costs, we are pricing our product low to enter the market and things like that. If you're able to realize the export ambitions that we have, then definitely the bottom line will be much, much higher. You can check Inductotherm data on MCA. So if you say we price our products 5% less than them, even then you'll be able to get a better idea.

**Ketan Chheda:** Sure, sure. Thank you so much. Wish you all the best.

**Moderator:** Thank you. Sir, since that was the last question, would you like to give any closing comments?

**Satadri Chanda:** Yes. So, if you look at it, so I think for a medium term, or even long term investment opportunities, I think definitely you should look at Megatherm. And there are a lot of tailwinds. One is the infrastructure story of India, engineering story of India, and also the greenification or, the green transition, be it renewables in India, be it induction all

over the world. So all the tailwinds are in our favour. Six-month hiccups with war and all these things can come. But if you're, I think, invested in the medium term or long term, then that is where we are truly going to see the rewards. Because unlike IT industry and other industries, here the inertia, even I experienced with transformers, the initial inertia is quite strong. But once you're able to get through that, then the real growth comes. So I think if you're invested in the medium term with Megatherm, the returns are going to be, worthwhile. So that's my comment.

**Moderator:** Thank you, sir. 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. Thank you.

**Abanti Saha Basu:** Thank you.