Management Discussion

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so we are waiting for the presentation, right?

Unidentified Speaker - Unidentified Speaker
No, do you want to run the presentation?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, then quickly, then we'll, we'll take the question answers.

Unidentified Speaker - Unidentified Speaker
Sure, sure. Aniket,

Aniket - Unidentified Speaker
Sure, we'll just get the presentation ready on the screen.

Unidentified Speaker - Unidentified Speaker
Okay, we'll get the recording started. We'll begin the call. Recording in progress. Kaptify Consulting Investor Relations team, I welcome you all to the HI FY27 post-earnings conference call. Of Megatom Induction Limited. Today on the call from the management, we have with us Mr. Satadri Chanda, CFO and Whole Time Director, Mr. Arunabh 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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, uh, thank you everyone. Welcome to the post-earnings call for the first half of FY27. And so, uh, so we won't spend too much time on the introduction and about our products. So I'm- 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 are talking about- yeah, just before Way Forward, performance. And once that is done, we'll take the Q&As. Yeah, just the previous slide. So the key business highlights, previous one, can I just see the previous slide?

Unidentified Speaker - Investor Relations, Kaptify Consulting
Yes, the key business highlights.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
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, uh, BESS battery storage applications. And, uh, we, uh, there was a lot of requirement of, uh, the factory approvals, uh, various other approvals. Uh, every company had its own, uh, approval process. So now the orders have come in and finally the, uh, dispatches have started, uh, 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. However, there is a requirement to get the NTPC approval, post which we will be applicable- we will be eligible for basically all IDTs. And that requires 6 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 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 80-90-odd crores 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 for to grow, 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 uh, you know, 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, uh, in the Gulf region.

We missed out on approximately 40-odd crores of turnover. However, the Gulf market is now showing signs of, 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 80-90 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.

Uh, who are- who want to partner with us because we have, uh, probably the world's only completely integrated induction facility, which is making the induction, uh, 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, uh, we are, we are, uh, confident of, you know, long-term, uh, uh, growth in the induction side.

And, uh, in the transformer side, we have started dispatches. Like I said, from September we had a couple of transformer dispatch, and, uh, from October onwards, now these dispatches are, uh, truly underway. And seeing the response, seeing the demand, uh, also seeing the lead times of the plant and machinery currently, uh, 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. However, the core verticals, we are highly profitable, like you know, in the Steel segment as well as the After Sales Spare segment. That is going to enable us to undercut competition and enter the markets, especially the key clients. For example, we have entered Ramkrishna Forge Group, Uh, in, in the heating segment.

We are making inroads into the foundry segment, uh, all over the country. And, uh, we have also entered, uh, transformers, uh, like, you know. So, uh, that is helping us cover, uh, the, uh, HR costs,

uh, you know. In the transformers, for example, we have about, uh, we have increased our HR 3 times, but that, uh, labor is basically under, uh, training essentially. So they're not that productive right now. But all these are investments that will give us returns. 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, uh, capitalized. Uh, if anything is, then that will appear in the, uh, second half, the audited, uh, uh, report. So broadly speaking, uh, not to look at the bottom line figures right now, especially considering growth in transformers and, uh, 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, uh, we remain profitable throughout the growth phase.

And typically, like I have also shared earlier, uh, transformers will fetch you, depending on type of transformer, anywhere between 12-15% EBITDA. And induction products will also fetch you, uh, you know, about, uh, 15% of EBITDA in the steady state. Next slide, please. So, uh, over here you can see that compared to, uh, H1 of FY26, you'll see that, uh, basically all the, uh, costs have increased. And H2 is basically where we, uh, started investing heavily in the marketing, R&D, and all these things.

So you will see the other expenses are, are continuing to be on the higher side. Uh, the next slide, please. Yeah, just to give you an idea, division 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. Way forward, basically, we are looking at roughly 70-odd crore project cost, which will be done in 2 phases. Phase 1, Phase 2. Phase 1 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 1, but the plant and equipment, etc., we are not investing now. That will come up in Phase 2. But in Phase 1, basically it will give us access to make all types of induction transformers.

Uh, 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, uh, more and more. So the larger and larger transformers will be required if you want to meet the demand of tomorrow. Uh, also the solar and, uh, 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- we outsource a lot of transformers for our smaller equipment that we will bring in-house.

And we will also enter the cast resin. It's a- 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 know, you can't say I will only supply 2.5. But we are going to add capacity up to 5 MVA. And in the second phase, we'll target up to 12 MVA phase. So this is going to be a part of the upcoming project. And we have a brief photo, you know, 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 3 sheds, that is our existing facility. Earlier we had only 1 shed. The 2nd and 3rd 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. Uh, the flow of the piling work, etc., is ongoing.

And the existing, uh, transformer shed that we have, the one with the solar panels on top, uh, that we will, uh, uh, the cast resin machinery basically will come in here. And the new shed will have provisions, uh, so that in, uh, in case in the future when we are planning in, uh, phase 2 of this expansion, uh, 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, you know, we have, of course, course, we have one, uh, joint venture which was just launched with a Spanish company, SiCtech Spain, uh, to, to get into the high frequency, uh, yeah, this is the one, SiCtech Spain.

And, uh, we are 49% shareholder. Basically, they will give us the technology for developing the high frequency, uh, 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. 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's keen to partner. We see that not only transformers, the induction side also, uh, maybe a little slower because breaking into each market, the first couple of orders take some time, maybe 1, 1.5 years just to get 2 orders. But then post that, uh, due to pricing advantages, product quality, etc., we'll, we'll be able to grow very fast.

So, uh, next. Yeah, annexures. So, uh, you know, yeah, that's about it. So this is just a brief of, of, uh, you know, the, the first of what we are planning and, and, uh, uh, what was- what is the current state of affairs. So we'll, we'll be glad to take the question answers. So we'll keep some more time for question answers. Usually we run out of time, always we can't take all the questions. So, uh, let's start.

Unidentified Speaker - Investor Relations, Kaptify Consulting
So thank you for the presentation. All those who wish to ask question may use the option of raise hand. In case you're unable to raise hand, just drop a message on the chat window and we'll invite you to ask a question. If you're unable to raise a hand, you can You can put your question on the chat as well. I

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Think,

Unidentified Speaker - Investor Relations, Kaptify Consulting
we'll take first question from Shruti Kadam. Shruti, you can go ahead, please.

Questions & Answers

Shruti Kadam - Analyst
Good afternoon, sir. Thank you for the opportunity.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah,

Lalaram - Analyst
Uh,

Shruti Kadam - Analyst
So in your earlier FY26 presentation, you indicated an order book of around Rs 250 crores

Lalaram - Analyst
And

Shruti Kadam - Analyst
A revenue visibility of around Rs 400 crore plus for FY27.

Lalaram - Analyst
Yeah,

Shruti Kadam - Analyst
And H1 revenue from operations stands at around Rs 195 crores.

Lalaram - Analyst
Yeah,

Shruti Kadam - Analyst
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 Rs 400 crore plus FY27 revenue target?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, uh, historically speaking, uh, the capital, uh, uh, market cycle in India is mostly, uh, second half driven because the first half has, uh, monsoon and, 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. Uh, so we are confident. Uh, these revenues, you know, actually we were planning, uh, 500+ crores for this financial year, but a big chunk of our market, that is the, uh, Middle East market, was, was became a lot of faced a lot of headwinds, uh, but, uh, given this trend, uh, we think that yes, we should be able to, uh, cross our, uh, the, the planned, uh, targets in spite of the Middle East headwinds.

If the Middle East opens up, that is going to be like more of a, you know, because we already have the orders ready, design is ready, everything is ready. It will just be, uh, executing, uh, them.

Shruti Kadam - Analyst
Okay, sir. And what is the CapEx amount being spent towards each of the businesses, and what incremental revenue would it offer

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so the current CapEx that we have planned, it's Phase 1, Phase 2. Phase 2 will be more of the larger transformers, but we'll- it's more of a wait and watch. We'll first complete the Phase 1. So Phase 1 is going to be including working capital, everything. It's coming to about 39.7-odd crores, if I'm not mistaken. And CapEx out of that is going to be anywhere between, I think, about 25 to 27-odd crores of CapEx. It will be funded through 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.

Shruti Kadam - Analyst
Okay, sir. And one more question. Our profit growth has lagged, so this phenomena, it's expected to continue in H2 FY27 and FY28 as well, or when would we see the same improving strongly?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, so, uh, division to division. So basically, if you see, uh, uh, the drop in profits because we are investing heavily in manpower and R&D expenses, marketing campaigns, etc., especially abroad So those things will continue into FY28. However, I feel that the transformer vertical, we will not have to, because we have already got the initial breakthrough 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.

You could see probably a last FY 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, everything, all the recruitments, etc., is already being done now. In fact, it started from last, the second half of last financial year also, you'll see the pattern in the P&L statement. But FY29 onwards, I think we'll be- 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. Uh, FY28 onwards, we will not require, uh, uh, the, uh, you know, uh, transformer, uh, uh, side. The, uh, you know, the labor will also be trained, etc.

The HR will also get trained. Uh, so, but for a true picture of the entire business as a whole, I think from FY29, that will show the, the actual Returns and EBITDA levels around 15%. That's my opinion.

Shruti Kadam - Analyst
Okay, sir. Thank you so much for taking my questions and all the best.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Thank you.

Unidentified Speaker - Investor Relations, Kaptify Consulting
Thank you. All those who wish to ask a question, please use the option of raise hand. We'll take the next question from Neha Sharma. Please go ahead.

Neha Sharma - Analyst
So thank you for the opportunity.

Unidentified Speaker - Investor Relations, Kaptify Consulting
I

Neha Sharma - Analyst
Wanted to understand, management has indicated that the induction business grew by more than 20% despite the disruption in Gulf region. 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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, you know, we had, uh, about 80 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 40-50-odd crores of turnover, or you can, to be on the safe side, you can say 40-odd crores of turnover we could not get. However, we did see about 10-12 crores addition from other markets. South America, Africa, various other markets. So I think net we lost about 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 1 or 2 years' time for the brand building, the initial installation, To take place, then over 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 regions.

Neha Sharma - Analyst
Okay, sir. Yes, you have also outlined a FY27 transformer revenue potential of 110 crores. From IDT Power Distribution Industrial Transformers, apart from Rs 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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, uh, the, uh, order confirmed pipeline for H2 continues to be, I think, if not around, uh, uh, I think I'll check up on that. About, I think about 50-odd crores at least. We had stopped taking orders actually for otherwise because of the production constraint. But now we are going to open up in November onwards. Actually, we've opened up the order book again. And typically our production capacity, I mean, our production has been about 40-odd crores like we mentioned, but But our capacity is about 120-150 odd crores of capacity we can do depending on rating of transformer.

So since we've started, you know, from October, you can say the first half of the year was as per 14, which means 20, and the next half of the year is going to be sort of as per, say, 140. So you can say

70. So we are targeting at least 80-90 crores of transformer dispatches. We hope to achieve this financial year.

Neha Sharma - Analyst
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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, uh, you know, if you look at the transformer capital goods, uh, uh, machinery timelines right now, there's no delivery basically before 1 year. So we are immediately planning to proceed with the project. The piling work, I mean, we have already started and we are 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 1 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 1-1.5-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 a 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%. So, you know, in a steady state.

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

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Thank you.

Unidentified Speaker - Investor Relations, Kaptify Consulting
Thank you. We'll take the next question from Rohit Sawant. Please go ahead.

Rohit Sawant - Analyst
Audible?

Unidentified Speaker - Investor Relations, Kaptify Consulting
Yes, yes,

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes.

Rohit Sawant - Analyst
Thank you for the opportunity, sir. You have indicated approximately 15% EBITDA margin potential in inverter duty transformer

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Compared

Rohit Sawant - Analyst
With the company, uh, current consolidated, consolidated, uh, EBITDA margin of 9.1%. So

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
How

Rohit Sawant - Analyst
Realistic is the margin assumptions once you factor, uh, 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 dispatched since September?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
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, you know, opponents just to get into the market, especially with key clients. Uh, we are trying to get through also to Tata Power. That is one of, uh, our targets. So whatever- and the teams are also big in size. So whatever you are 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, uh, transformer companies, you know, manufacturing transformers. They are all between 12-15% range. Some are more, those who are exporting or making very large transformers, uh, like, you know, 220 kV+ transformers, they are more. But that is the industry average. But right now, whatever EBITDA, etc., 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%.

Uh, yeah, 28%. Steel side is also quite high, around, uh, I think around, uh, about 10-12% will, will be, will be that. So if you combine those 2, uh, 15% is, is realistic. But the transformer side and the heating hardening, uh, division, which is the engineering products, uh, so that is still in the growth phase. We have built teams, building manufacturing capacities, training Uh, getting the approvals. You know, if you do a CPRI test itself, it's going to cost 30-40 lakhs. If you do one, uh, exhibition abroad to any country, that costs about 30-odd lakhs.

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

Okay,

Rohit Sawant - Analyst
Sir, I have one more follow-up question.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, given

Rohit Sawant - Analyst
That the company has expanded, uh, its manufacturing capacity and working capital requirements are likely to increase,

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so

Rohit Sawant - Analyst
Should we expect further pressure on interest cost? And, uh, what is your target for improving working capital and control on finance cost?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, you know, in terms of finance cost, typically in our industry, like, uh, transformer included, even induction, it's similar. These are long lead time and you have to maintain stock of critical items. So we have 3 months, 3 to 4 months of working capital is required on the raw material side. So whatever is the raw material, 3 to 4 months will be the finance cost. However, in our case, it is slightly less because it was equity funded. 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, you know, give us a lot of room in the LC side, letter of credit. So we are not using the letter of credit limits because the trades platform is helping us a lot since we are buying from MSMEs. So, but so we- I don't think even in the short term finance is going to play. Right now finance cost is about 4-point-something crores out of a total turnover of, say, I mean, it is coming to roughly, I think, Uh, say 500 will be about 1, 1.5%, so it, it won't be such a big impact.

Maybe it will go to 2%.

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

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, so inventory buildup is primarily on account of transformers. So when we got the orders, we have bought the stock and we've kept it because we want to prevent- we have already taken the orders at an entry-level, you know, entry pricing, so we didn't want to lose money on those. So we got the inventory, but they are getting cleared as and when. Another factor is that we have opened warehouses now, or in a lot of places more warehouses are being opened to keep the spare stock. So like I said, after sales, it's, you know, 28% EBITDA business.

So we want to, even if we have to maintain inventory for a very old, say, 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, uh, can offset the margins that we, uh, have there. So, uh, so those are some factors why the, uh, cost, uh, the inventory is increasing. But typically, again, you can expect about 3-4 months of inventory in, in this sort of, uh, business.

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

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Thank you. Thank you.

Unidentified Speaker - Investor Relations, Kaptify Consulting
Thank you, sir. We'll take the next question from Praveen Sharma. Please go ahead.

Praveen Sharma - Analyst
Hi, am I audible?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, yes.

Praveen Sharma - Analyst
Yeah. Hi, Satadri ji.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Hello.

Praveen Sharma - Analyst
I have a question. You know, if you see a November 2025 presentation, you know, we used to have a slide on revenue guidance.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Right, right.

Praveen Sharma - Analyst
And then it was, you know, in last one year, 2 presentations, it has been removed.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, I wonder why

Praveen Sharma - Analyst
Was it. And as per that slide, you know, we had a revenue guidance of Rs 450 crores in FY27 with an EBITDA of Rs 59 crores. And, uh, you know, '28-'29 it was Rs 605 crores revenue and Rs 91 crores as EBITDA.

Rohit Sawant - Analyst
Yes. Now,

Praveen Sharma - Analyst
I, I, you know, where do we stand on that? Are these figures still holding or they have been modified? And if they have been modified, you know, can we share a modified Revenue guidance number?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, yes, actually we have been advised by a lot of people not to have those exact, you know, division-wise, because that gives a lot of information to competitors. So

Praveen Sharma - Analyst
We took

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
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, are there. So because based on the advice, we, we removed it not to give divisional, uh, so much of- no, even if it is not

Praveen Sharma - Analyst
Divisional or granular, you know, region-wise or something, but 450/59, which was for '27, is it there or it is not there? You know, like I said,

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Uh, the previous question also came. We are, uh, you know, if you consider the second half typically is more than the first half, so from that perspective, we are, uh, on track. Also, if you consider that, uh, you know, the- we had about 80-odd crores of Gulf orders which got sort of, uh, the state in various stages of stuck. Some equipment are in the factory ready, payment has come, shipment is not going. In some cases, advances here, uh, they can't proceed. In some cases, the material is at sea, uh, you know, it is in a limbo.

So those sort of situations are there. So, but, uh, broadly, the, the, uh, the targets are intact. The transformer side dispatches have started. So, so those will, uh, come into the picture.

Praveen Sharma - Analyst
Okay. And this, uh, 28, 29, 605 plus 91 is with the next phase of expansion, correct? The-

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, the phase 1

Praveen Sharma - Analyst
Of the- phase 1 of the next phase.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes. So what phase 1? So what we have done, we are preponing because now we are seeing, even, uh, when we started the solar transformers, 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, Hedwig Germany and all. They have long 1-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 results.

So that is why the urgency has now come to launch the projects.

Praveen Sharma - Analyst
And basically you said that, you know, there are a lot of HR-related expenses, R&D-related expenses in H1.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, in fact,

Praveen Sharma - Analyst
You know, last one year per se, but H1 specifically, can we understand the quantum of those expenses which were like, you know, investment in terms of future production? Like we were doubtful whether to capitalize them or we should pass them through P&L. What is that number, you know, if you can quantify that for H1?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, so, you know, the only reason why we did not actually quantify and show it as a uh, uh, capitalize it is because the figures. So, you know, uh, how to mention, like, so we have R&D. So I'll

just give an example, like if you're getting into, say, transformers, the solar transformers. So we had teams that were working on the induction transformers, that is, uh, we are making it all the time. But for solar transformers, we had to get the, uh, testing done. So we had to make that transformer itself All the manufacturing cost, then the first couple of transformer trials.

You know, people came. It was not as per the specs. Then we remade it. So all the new new product entry things. Then our you know transformer labor we had to increase it by three times. So now we are running two shifts day night. So [Foreign Speech] most of the team is fresh. They are being trained. So we have 2/3 of the labor which is in various processes of training. So very difficult to exactly quantify the R&D cost, production cost, labor 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 you will see 5% to 10%. Right now it's about 18% to 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 these 6 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 are doing for the steel side and all these things.

Praveen Sharma - Analyst
So basically it may be four five crores kind of you know I just wanted to understand [Foreign Speech] okay okay just to understand

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
No definitely not 4 5 crore it will be more of around 2 to 2.5 crore

Praveen Sharma - Analyst
Okay okay and suppose you decide them to capitalize it so it will be for only H2 and you will reverse the entry for H1 also

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
No so the H1 is not the H1 is not audited so include it for, for H1 also.

Praveen Sharma - Analyst
But

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
We are still contemplating, uh, whether to do that or not. Maybe it's not needed because, uh, I mean, ultimately it is about the rationale, uh. So if the rationale is there, then there is no need to do it because, you know.

Praveen Sharma - Analyst
And the next, uh, you know, whatever transformer orders we are having, you know, you said that, uh, 80-90, we will do 40 I've been there, so 50-60. So your next 50-60, because you also said that you stopped taking orders for the- because the capacity was full and the demand for transformer is huge. So in given that scenario, can we look at, you know, not undercutting those orders and have some, at least some margins at the net level? Or we will continue to, you know, undercut those

orders also, and then, you know, this year will be like washout?

Correct.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
So if you see, uh, 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 automation. 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, uh, 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 ten months at at max.

Praveen Sharma - Analyst
Okay, okay. And just you know you know FY thirty one thirty two in that revenue guidance was nine fifty crore and one fifty crore of EBITDA. [Foreign Speech] we will be there. You are eyeing those numbers or still?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Half [Foreign Speech] half [Foreign Speech] one ninety five percent [Foreign Speech] EBITDA

Praveen Sharma - Analyst
[Foreign Speech]

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Of course EBITDA correct correct correct so EBITDA definitely will grow much faster than the sorry 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 a you know the growth faced EBITDA. so that steady state EBITDA you will start seeing

Praveen Sharma - Analyst
From FY29. thank you, all the best and h You know, anyway, it's half-yearly results, you know, unlike others which are quarterly. That comes to another question where, you know, we are planning to shift to mainboard.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, yes, yes, we are planning. And that will, that will come. We are just planning it initially. We are planning because we are eligible after this financial year.

Praveen Sharma - Analyst
Correct. But we just

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
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 need it for railways, sorry, metros, airlines, everywhere cast resin. But even industries are now adopting cast resin like Tatas, Jindals, then even large industrial parts companies, mining, etc. 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 once the project is completed, then we will get into

Praveen Sharma - Analyst
It. Okay. Any plans for equity raise for the next phase?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, phase 1, we'll plan some equity. We are planning, and equity, debt, internal accruals combined.

Praveen Sharma - Analyst
Okay. Thank you. All the best.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes. Thank you. Thank you.

Unidentified Speaker - Investor Relations, Kaptify Consulting
Thank you. Anybody who wishes to ask a question, please use the option of raise hand. Satadri sir, since there are no further questions, would you like to give any closing comments?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, uh, so, uh, uh, thank you for, uh, the interest in, in our company. And like you're saying that we are, we are a growing company, uh, uh, industrial company, so we are, we are future-proof. And investing in real plant machinery and training. So that cannot be- more than plant and machinery, I would say investing in the technology and training in induction products and transformers. 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, uh, you know, that, that also plays into our, uh, ambition of being a technology, uh, solution provider, not a commodity, uh, supplier. So medium term, uh, and long term also, I think if you're with Megatherm, uh, we'll see great returns. So I was just seeing a hand, uh,

Unidentified Speaker - Investor Relations, Kaptify Consulting
Yes, sir. It was from I think Lalaram. Lalaram, if you're there. Yeah. Yes, sir. I'm audible.

Lalaram - Analyst
I'm audible. Yes, yes. Sorry, I could not figure out where was the raise hand button. So there was a small delay. But thank you for the opportunity. Yes. And I had a question on the specifically when I look at the balance sheet, I see a very sharp increase in the inventory.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah.

Lalaram - Analyst
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, I mean, can be massive. So is that understanding correct?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so, uh, the inventory was, you know, multiple reasons. One is that we are stocking, uh, various, uh, spares item in, 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, and still be profitable. Uh, so there we are investing. But apart from that also, uh, 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, you know, there were- nobody was able to take delivery.

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

Lalaram - Analyst
Yeah, just to follow up on that, so you said, uh, the first part was spares. So, um, 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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
So, uh, I'll, I'll- the perfect example would be something like, uh, uh, say you bought a Maruti and, uh, uh, now, uh, so suppose your headlight gets- if something has to do with the transmission and engine, then definitely you have to go to Maruti. There's no option. But if something goes wrong with your stereo or headlights, uh, you may or may not, uh, get it from Maruti. If Maruti is right next to you, the service is just like your trusted local dealer, then you, 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, you know, mechanicals mostly, and some electrical, basic electrical item like fuses and, and things like that, not the critical things like electronic cards and thyristor. So those we don't want to lose out.

Lalaram - Analyst
Okay, that's helpful. One last question I have

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Is,

Lalaram - Analyst
Um, if you can explain- see, induction, we understand our competitive positioning. Uh, yeah, we are very cost efficient or power efficient for the customers.

Rohit Sawant - Analyst
Yeah, yeah. And therefore we are

Lalaram - Analyst
Taking market share from the bigger players. If you can explain, take some time to explain the similar, uh, you know, positioning in transformers, because when you look transformer, when you hear that, 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 3 to 5 years?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Correct. So see, unlike a pure-play transformer company that does thousands of crores in transformer business, we are not targeting thousands. We are targeting with our already the investment which is done and with the second investment around 250-300-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 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. Uh, uh, to- 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, uh, lavish gap between, between, uh, the primary secondary windings, uh, our, uh, you know, flux density. These are all lavish designs that we do that will make sure that your transformers last for 15-20 years.

So, uh, so any- but to initially get into the market, you have to undercut, obviously. Means undercut months, you have to give a competitive pricing, but the product is going to be much better. So that is what I mean by undercutting. But once clients see 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. Castings transformer market above 2.5 MVA is about 950-odd crores in India, growing fast. Uh, less than 2.5 MVA is larger. The solar transformer market is about, uh, 2,500 crores approximately. So, uh, say 2,500 and 1,000, 3,500 crores. If even if we get 10% of that, that's 350-odd crores. We are targeting 250 300-odd crores in the next about, say, 3-5 years.

Lalaram - Analyst
Got it. And who would be comparable companies within transformer for us?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so comparable would be difficult to pinpoint because, you know, 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. Uh, you could say some of the mid-sized companies, like, uh, don't, don't look at- maybe you look at Indotech, look at Sailchair, although they're exporting a lot. Like the mid-sized companies, not to look at CG, Hitachi, Terrell, Voltamp, leave them out. You look at the, say, up to, say, 600-700 crore turnover sort of transformer companies.

That will give you a sort of a better benchmark for us.

Lalaram - Analyst
Okay, and, and because recently we're seeing a, you know, strong cyclical upturn in this category- historically it is considered as a commodity, right, transformer- so, uh, 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 - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
So that's the main, very good question and the main question. So You know, uh, I've been doing research and, uh, I've shared with some of, some of our, our, uh, this thing backers also. So FY26

onwards- FY28, sorry- onwards, you are going to see most of the, uh, transformers 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's side. So, so we are- we look at- Megatherm is looking at long-term businesses.

We are not trying to capitalize on you know, any one area. So suddenly we start making 220 kVA, and then, yeah, so we are targeting segments that are going to be, you know, 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 - Analyst
Thank you so much and wishing all the best.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, thank you, thank you,

Unidentified Speaker - Investor Relations, Kaptify Consulting
Thank you. We'll take the last question from Ketan Chheda. Please go ahead.

Ketan Chheda - Analyst
Yes. Hi, am I audible?

Rohit Sawant - Analyst
Yes, yes.

Ketan Chheda - Analyst
So, Satadri, thanks for detailed answers and, you know, I really appreciate that even after, you know, you almost about to end the call, you saw some raised hands and you are taking the question. So really appreciative of that gesture from your side.

Rohit Sawant - Analyst
Yes,

Ketan Chheda - Analyst
Um, my question is, you know, with respect to the, uh, utilization and delivery of the solar transformers. Now if I go back, if I go back to the last call, yeah, I think by that time we had, uh, invested and completed the capacities that we wanted for the, uh, IDT transformers. We had started getting the orders and then we stopped taking orders thinking we will be constrained for capacity.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, yeah.

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

Lalaram - Analyst
Yeah, so

Ketan Chheda - Analyst
could 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 delivery? Because we had the orders from quite some time. And, uh, if you could also help explain the rationale that, you know, uh, why did we, uh, pre-plan the, uh, capacity expansion even though [Foreign Speech] even reaching up to the fully utilization and lever utilization.

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yes, so I'll answer that. so basically right now our capacity is completely utilized so we had stop picking orders because we got back to back orders hero future basically re pl Uh, uh, plus, uh, we have our captive demand. So we are in fact outsourcing a lot of transformers now, uh, the, the smaller capacities. So our, uh, capacity is completely exhausted, uh, and, and, uh, but that is, that is separate from- but we are opening our order book now again. Like, we'll start taking the order so that the February, March onwards deliveries we can give.

But, uh, uh, that aside, uh, you know, during this, uh, uh, IDT a venture, solar transformer venture, uh, we realized that, you know, the project execution timelines are, uh, we were confident of getting a project done in 6 months, getting all the approvals in 1 year, but that got stretched because currently due to the demand and capacity expansion from everyone, uh, 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 1 year.

Same with vacuum machines, same with, you know, winding machines and things like that. So that is why we preponed everything. So although yes, our entire labor is not trained to 100%, maybe utilize the capacity in all 3 shifts, we are running 2 shifts now. But if we don't go for that, then we'll miss out on the expansion opportunities, you know, which will come up. Uh, basically. And talking about the rationale, see, right now the transformers that we are making, our capacities, uh, come like the factory is completely, uh, chock-a-blocked.

So, uh, what the, the next shed, what it will allow us to do is move out the IDTs from here, uh, into the new shed. Uh, the larger furnace, arc furnace transformers, etc., will also, uh, we will, will privately start to pitch for those Also, like even if who is not buying Megathump furnaces, we'll still, if you're buying arc furnace from say Sarale or Danielli, 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 seeing 20 MVA CPRA test has to be done. So they are 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 1, 1.5 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 2 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's not much of buyout or that sort of, you know, uh, uh, situation. But if you see any company which has a transformer facility where it is completely backward integrated from copper drawing to everything, you know, their valuations and all will be, uh, much, much higher.

So we are getting into the backward integration of the transformer as well. So these are all part of our, uh, project. The work has already started.

Ketan Chheda - Analyst
Perfect. Thanks for that elaborate explanation. Just one for me. So in the first half, out of 195 crores of revenue that you had, uh, would you be able to share what is the share of solar transformers in this revenue?

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, solar transformer, only 2-3 transformers were dispatched in September actually. So I think we'll probably see 2-3 crores, roughly 80-90 lakhs per transformer.

Ketan Chheda - Analyst
Okay, no, the reason I was asking is because, I mean, uh, you said that you are kind of fully, uh, booked and Utilization almost. So I was just trying to understand that, you know, the revenue sharing, which means,

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Yeah, so from second half sort of full-fledged started. See, transformer has a long lead time, about 1.5 to 2 months lead time. So you can assume that the- 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 transformers, you know, 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, you know, the changes. So it's 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 the December from September we started. Getting the dispatch clearances, basically.

Ketan Chheda - Analyst
Okay, okay. All right, thank you for the explanations and answers. Wish you all the best. Thank you,

Satadri Chanda - Chief Financial Officer and Whole Time Director, Megatherm Induction Ltd
Thank you, thank

Unidentified Speaker - Investor Relations, Kaptify Consulting
You, thank you, Satadri sir, and, uh, thank you to the management team, and thank you to all the participants for joining on this, on this call. This brings us to the end of this conference call.