“Atlanta Electricals Limited
Q2 & H1 FY27 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to Atlanta Electricals Q2 and H1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Upadhyay from Adfactors PR. Thank you, and over to you, sir.

Mohit Upadhyay: Thank you. Good morning and a very warm welcome to Atlanta Electricals Limited Q2 and H1 FY27 earnings conference call. Joining us today are Mr. Niral Krupeshbhai Patel, Chairman and Managing Director, Mr. Anand Sharma, the Chief Operating Officer, Mr. Akshaykumar Mathur, CEO, and Mr. Mehul Mehta, CFO.

Before we begin, I would like to remind participants that certain statements made during this call may be forward-looking in nature and are subject to risk, uncertainties, and assumptions. These should not be relied upon as guarantees of future performance.

I now invite Mr. Mehul Mehta, our Chief Financial Officer, to take you through financial highlights of Q2 and H1 FY27. Thank you, and over to you, Mehul bhai.

Mehul Mehta: Thank you, Mohit. Good morning, everyone. I will now take you through our financial performance for the second quarter and first half of FY27. We have delivered healthy year-on-year growth in revenue and profitability during the first half of the financial year, despite facing certain external challenges during the second quarter.

Our performance reflects the underlying strength of demand across our key business segments and the investments we have made in expanding our manufacturing capabilities. While elevated raw material prices and weather-related disruptions impacted our quarterly performance, these challenges are largely temporary in nature. Our focus remains on timely execution of our order book, improving operational efficiencies, and maintaining financial discipline.

Let me begin with the quarterly performance financial performance. During Q2 FY27, our consolidated revenue from operations stood at INR390.1 crores, registering a growth of 23.1% year-on-year compared with INR317 crores in Q2 FY26.

This growth was achieved despite unusual heavy rainfall in Gujarat, which temporarily affected manufacturing operations, transportation, and customer delivery schedules. Heavy rainfall and waterlogging resulted in precautionary shutdowns at our manufacturing facilities on two occasions.

More importantly, disruptions at customer project sites prevented the timely acceptance of certain completed transformers. Consequently, finished orders worth approximately INR180 crores could not be delivered during the quarter. Importantly, these represent deferred deliveries and not cancellations and these orders continue to remain part of our order book.

I'm pleased to share that approximately 70% of these deferred orders have already been dispatched and we expect to complete the remaining deliveries during Q3 FY27, subject to customer site readiness. Coming to profitability, our gross profit for Q2 FY27 stood at INR103.6 crores, registering a growth of 6.1% year-on-year compared with INR97.8 crores in the corresponding quarter last year.

However, gross profit margin moderated to 26.6% compared with 30.9% in Q2 FY26. The moderation was primarily attributable to elevated commodity and raw material prices, particularly transformer oil, copper and steel, which increased manufacturing costs during the quarter. As highlighted in our earlier calls, the majority of our orders carry price variation clauses, allowing us to pass on increase in raw material costs to customers.

However, during Q2, we executed certain firm price orders booked in the previous year, which accounted for approximately 15% of quarterly revenue. Since these contracts did not offer the same flexibility to pass on higher input costs, they adversely impacted our gross margins.

The remaining firm price orders are relatively smaller in value and are expected to be substantially completed during Q3 FY27. Accordingly, we expect the associated pressure on profitability to moderate in the coming quarters, although commodity price volatility remains an important factor to monitor.

Moving to EBITDA for Q2 FY27, EBITDA stood at INR59.6 crores, representing a growth of 8.8% year-on-year compared with INR54.8 crores in Q2 FY26. EBITDA margins stood at 15.3% compared with 17.3% in the corresponding quarter last year, reflecting a contraction of approximately 201 basis points.

The margin moderation was primarily driven by higher raw material costs on firm price contracts and the impact of temporary disruptions on execution and operating leverage. Despite these challenges, we continued to maintain operating profitability and remain focused on disciplined procurement, cost management and improving capacity utilization.

Coming to the bottom line, profit after tax stood at INR32.1 crores, registering a growth of 28% year-on-year compared with INR25.1 crores in Q2 FY26. Our PAT margin improved to 8.2% compared with 7.9% in the corresponding quarter last year. This was supported in part by lower finance costs, which declined to INR8.5 crores from INR13.2 crores a year ago. Basic and diluted earnings per share for the quarter stood at INR4.18 compared with INR3.50 in Q2 FY26.

Now coming to our consolidated performance for H1 FY27, revenue from operations for the first half stood at INR856.4 crores, registering a growth of 35.5% year-on-year compared with INR632.1 crores in H1 FY26.

Gross profit increased by 28.6% to INR230.9 crores, while EBITDA grew by 32% to INR136.7 crores compared with INR103.6 crores in the corresponding period last year. EBITDA margin for H1 FY27 stood at 16% compared with 16.4% in H1 FY26. Profit after tax for the first half increased by 40.4% year-on-year to INR79 crores compared with INR56.2 crores in H1 FY26, while PAT margin improved to 9.2% from 8.9%.

These numbers demonstrate that despite the temporary challenges during Q2, we have maintained healthy growth in revenue and profitability during the first half of the financial year.

Turning to our cost structure, employee benefit expenses increased during the first half as we continue to strengthen our workforce to support the expanded scale of operations. Depreciation and amortization expenses also increased during the commissioning of new manufacturing capacities standing at INR20.1 crores in H1 FY27 compared with INR7.9 crores in the corresponding period last year. These investments are part of our long-term capacity expansion strategy, and as utilization improves, we expect better absorption of our operating cost base.

Turning briefly to working capital, inventory increased to INR632.9 crores as of 30th September 2026, compared with INR364.1 crores as of 31st March '26. This increase was partly attributable to finished transformers awaiting dispatch and customer acceptance due to the weather-related disruptions, alongside raw material procurement requirements for our manufacturing operations.

With customer deliveries having resumed and approximately 70% of previously deferred orders already dispatched, we expect progressive movement of the related finished goods inventory as the remaining orders are executed. We remain focused on disciplined working capital management while supporting the execution requirements of our growing order book. Overall, despite a challenging second quarter, the first half of FY27 reflects the strength of our business and the benefits of the manufacturing investments undertaken over the last few years.

Our immediate priorities are to accelerate execution of deferred deliveries, improve capacity utilization, manage commodity price volatility and strengthen operational efficiencies. With the majority of our orders protected through price variation mechanisms and the remaining firm price orders expected to be substantially executed during Q3, we remain focused on improving our operating performance during the second half of the financial year.

With that, I would now like to hand over the call to our Chief Operating Officer, Mr. Anand Sharma, who will take you through the operational performance and key business developments during the quarter. Over to you, Anand sir.

Anand Sharma: Thank you, Mehul and good morning, everyone. I'll now take you through the operational performance and key business developments during quarter 2 financial year '27. We continue to witness healthy demand across transmission and distribution, renewable energy and industrial applications.

Despite weather-related disruptions and commodity price volatility during the quarter, our underlying business momentum remains healthy. Let me begin with the order book and business developments. As on 30th September 2026, our outstanding order book stood at INR3,196.97 crores compared with INR3,116.63 crores as of June 26th and approximately INT2,069 crores a year ago, representing 54.5% year-on-year growth.

Our inquiry pipeline remained strong at approximately INR19,464 crores. During quarter 2, we booked new orders worth approximately INR421 crores. Commodity price volatility delayed certain order finalization, including tenders where we emerged as L1, but purchase orders are awaited. We expect order finalization to improve during H2 of financial year '27.

Among the key developments was a letter of intent worth INR193.92 crores from APTRANSCO for the supply of 12 units of 160 MVA, 220 kV class autotransformers. We also added 12 new customers during the quarter, including our first US export customer, new state utilities and new renewable energy players.

Coming to manufacturing operations, unusually heavy rainfall in Gujarat temporarily impacted plant operation and transportation during quarter 2. However, with the withdrawal of the monsoon, our manufacturing facilities are operating normally, and customer site activities have resumed.

Our focus remains on accelerating execution, optimizing capacity utilization and ensuring timely deliveries during the quarter during the second half of the financial year. Moving to higher voltage transformer initiatives, our Vadod facility has received approvals from NTPC Solar, NTPC Renewables, Tata Power, KPTCL, Punjab Transmission Company and few more customers.

Manufacturing of our first 315 MVA transformer, 400 kV class, commenced on October 26th following delays in receiving certain critical components. To minimize similar delays going forward, we have planned or we have placed advance purchase orders for the long-lead component and developed alternate supplier arrangements.

We are targeting manufacturing completion and short circuit testing during quarter 3 of this particular quarter of financial year '27. Subject to successful testing and necessary approvals, commercial contribution is expected in quarter 4 of this particular year. On the 765 kV development program, our engineering team has commenced in-house design of the first 765 kV reactor.

While the proposed international technology partnership could not be progressed due to international sanctioned related constraints. We remain open to suitable partnerships as circumstances improve in future. We are targeting commencement of the production during quarter 4 for this particular financial year, with completion and testing envisaged between quarter 4 of this year and quarter 1 of next year.

These developments will strengthen our capabilities in higher voltage class transmission projects. Coming to capacity expansion, civil construction of our dedicated IDT plant inverter duty transformer facility is complete, and machinery installation is underway. We expect commissioning before the end of quarter 3, financial year '27, adding approximately 5,000 MVA of capacity with planned capital expenditure of INR65 crores.

The facility will enable us to shift 33 kV IDT manufacturing from Unit 2 which is happening presently, releasing capacity for higher kV classes of 66 and 132 kV class to be manufactured in Unit 2. Alongside this, our tank and radiator backward integration project through AE components is also progressing.

The plant layout machinery requirement have been finalized and the ground breaking ceremony has been completed, with planned capital expenditure of approximately INR193 crores.

Commissioning is targeted by October 2027. This initiative is expected to strengthen supply chain reliability and support manufacturing efficiencies.

Another important development is our progress in the international market. During quarter 2, we secured our first U.S. order for the special duty transformer for a new transformer manufacturing facility to be set up in the United States. We are also witnessing encouraging traction from U.S. Customers with active inquiries of approximately 120 transformers aggregating to 9,300 MVA.

Additionally, we have identified to potential long-term partners to support our international expansion. Our medium-term aspiration is for exports to contribute approximately 15% of the overall revenue within the next 2 years. While we continue exploring opportunities across Europe and Africa as well.

We are seeing opportunities from emerging segments in battery energy storage systems. We currently have an active inquiry pipeline of approximately 3,400 MVAs worth INR184 crores alongside renewable energy and industrial electrifications. These settlements are expected to support future demand for our products.

Overall, despite temporary execution challenges during quarter 2, our order book and inquiry pipeline remain healthy. Our immediate priorities are to improve execution, commissioning of our new IDT facility and advance our higher voltage development program. With that, I would now like to hand over the baton to our CMD, Mr. Niral Patel for his remarks. Over to you, sir.

Niral Patel: Thank you, Anand bhai. Good morning, everyone. First of all, on behalf of entire Atlanta Electricals family, I would like to extend my warm wishes to all our investors, analysts and stakeholders for the upcoming Diwali festival. I wish you and your families a very happy Diwali and a prosperous new year.

The first half of FY27 has presented its share of challenges. While Q1 is traditionally a seasonally softer quarter for our business. Q2 witnessed additional headwinds of elevated commodity prices and adverse weather conditions, which impacted our operating performance and execution schedules.

Despite these challenges, we delivered healthy growth in revenue and profitability during H1 FY27, reflecting our underlying strength of our business, sustained demand across key markets with operations having normalized, our focus remains on accelerating execution and improving performance during the second half of the financial year.

Looking at the broader industry, we continue to believe that India's power infrastructure sector represents a significant multi-year growth opportunity. Sustained investments in transmission and distribution networks, renewable energy integration, battery energy storage systems, data structure data centre infrastructure are driving the demand for higher capacity and technologically advanced transformers.

At Atlanta Electricals, our strategy is centred on strengthening our position in evolving industry through capacity expansion, technological advancement and product diversification. Our key priority remains our transition towards 400 and 765 kV transformer categories, which will

expand our addressable market and enable participation in larger and more technically demanding transmission projects.

Alongside this, our investments in our dedicated inverter duty transformer facility, the tank and radiator backward integration project, will strengthen our manufacturing capabilities, improve supply chain reliability and long-term operational efficiencies. Our other development has our other important development has been in our entry into the U.S. market, with our first order making a significant milestone in the international expansion strategy.

We continue to see opportunities across international markets and remain focused on our aspiration for exports to contribute approximately 15% of our overall revenue, overall revenue within the next couple of years next 2 years. Coming to our outlook, our strong order book, healthy inquiry pipeline provide encouraging revenue visibility.

While commodity prices volatility temporarily affected the pace of order finalization in Q2, we continue to witness healthy customer interest across our key business segments. We remain committed to our previously outlined 3-year revenue growth aspiration of approximately 40% CAGR while maintaining a disciplined approach towards profitability, capital allocation and execution.

Our immediate focus during H2 FY27 will be on strengthening execution, improving capacity utilization, advancing our strategic investments and converting our inquiry pipeline into firm orders. We believe that the combination of strong industry demand, expanding manufacturing capabilities, higher voltage product development and increasing international opportunities positions Atlanta Electricals well for sustainable long-term growth. I would like to thank our employees, customers, business partners, and shareholders for their continued trust and support. With that, we conclude our opening remarks and we are now opening the floor for questions. Thank you, everyone.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Teena Virmani from Motilal Oswal. Please proceed.

Teena Virmani: Hi, sir. Good morning and my first question is related to the 765 kV plant. You mentioned that, there are some delays in finalization of the tech partner over there. So, what will be the status of ramp-up of this 765 kV plant? This would be my first question.

Niral Patel: Good morning, Teena. So the 765 kV, development via a technological partner, the doors we've still not shut. We are still exploring possibilities of engaging with partners without, getting into the risks of tying up with sanctioned entities. So that option is not something that we are closing.

But at the same time, we are confident that the team is capable to develop 765 kV class products on their own and hence we have already started designs process and certain material ordering process for 765 kV development. With the infrastructure that we have, it is going to be a parallel development in different facilities, 765 in Unit 5 and 400 in Unit 4. Hence we don't see much stoppage with that. Post that, we would be still exercising our options to get 765 kV class orders through the private sector and will still continue to pursue orders through the government sector.

Teena Virmani: And in this case, are you also directly working with Power Grid to align with the designs that are needed for the 765 or that will come at a later stage?

Anand Sharma: Hi, Teena. Anand Sharma. Good morning.

Teena Virmani: Hi, Anand. Good morning.

Anand Sharma: Incidentally, fortunately in the case of 400 kV and 765 kV through the intervention of CEA, the designs or specifications or rather specifications of 765 kV and 400 kV class transformers and reactors have been standardized. So whatever reactor or ICT we shall be manufacturing on 765 kV, that shall be as per the CEA guideline and hence it will be acceptable to power grid and other customers sitting in India.

Teena Virmani: Okay. So there wouldn't be any customized certifications related to any other customer? It's a standard design which will be applicable?

Anand Sharma: Yes.

Teena Virmani: Okay. And, my second question is regarding the utilization level across your plants, post the monsoon season getting over. So I believe that the monsoon would have impacted in second quarter, but now how do you see the utilization level particularly for your 220 kV plant and even the 400 kV plants which you were earlier planning to utilize for your existing 220 kV orders. So how is the utilization level ramping up across the plants?

Anand Sharma: Mehul, you would like to take that question?

Mehul Mehta: Yes, so current utilization level at our Unit 1, 2, which is located at GIDC area, Anand is at 60% and 40% respectively and our Bangalore plant is contributing around 90%, utilization Vadod facility is at around 30% of utilization level and Jambusar facility which is 765 kVA plant, that is at around 7% to 8% utilization level.

Teena Virmani: So the 220 kV facility is at what utilization level, sir?

Mehul Mehta: So at present it was at 60% utilization level at Unit 1, which is at Anand and our Vadod facility, which is capable of 220 and 400 kV that is at 30%.

Teena Virmani: And this will move up as, as execution ramps up?

Mehul Mehta: Yes, so during H2 of current financial year, it will definitely move up. This was specifically due to some heavy rainfalls in this area. These facilities were not contributed in revenue numbers in terms of MVA utilization, but if we see the utilization on the basis of production, it is on the higher side, but unfortunately, we were not able to dispatch few transformers which were ready and that FG inventory was lying with us by end of 30th September, '26, which was around INR180 crores.

Teena Virmani: Understood. So you maintain your revenue growth guidance with a good pickup in second half of this year?

Mehul Mehta: Yes. And as included in my speech around 70% of these deferred deliveries were already dispatched during the October month itself.

Teena Virmani: Understood. Thank you so much. That's it from my side.

Moderator: Thank you. The next question is from the line of Kunal Mehta from InCred Equities. Please proceed.

Kunal Mehta: Yes, hi sir, very good morning. My first question is on the order inflow. This quarter as sir mentioned it was around INR421 crores, which is almost 55% down quarter-on-quarter. So is this slowdown due to like slower tendering or delayed decisions on the customer end or some competitive pressure that we are facing because we see peers going aggressive in order booking such as TARIL. So what should we expect in the second half of this year?

Niral Patel: So this, hi Kunal, this is Niral Patel. This is a management decision. It is not something, anything related to the markets. Like we said, a lot of orders were at the verge of being L1 and being ordered, which were pending. But apart from that, it is a management decision to cautiously do order intake because these orders are predominantly 220 kV and below.

And there was a hefty amount of order booking already done in Q1 to substantiate our growth for at least next 1.5 years. So that's the reason we've taken a conscious call on order booking of 220 kV class and below. As soon as in this particular quarter, as soon as we are able to develop a 400 kV class prototype unit, we shall be opening our doors for 400 kV class orders, which will eventually add to our order pipeline. For a 220 kV class, a reminder, order visibilities are usually 1.5 years and hence, INR3,000 crores order book or 3,000 plus crores order book, it's sufficient enough to take care of that visibility.

Kunal Mehta: Okay, so you mean now we'll be more aggressive on the 400 and 765 kV from the next couple of quarters. We'll start tendering for those transformer orders. Am I right?

Niral Patel: Yes, you are right, but we cannot ignore the 220 kV class orders and below orders as well. So whatever we have quoted will definitely come, but 400 plus would be our focus, which would substantiate our order books for a longer visibility and a bigger number.

Kunal Mehta: Okay, my second question is, sir out of the INR3,197 crores order book. Does this also include the INR180 crores that was not dispatched and how much of this includes the percentage of the fixed-price contracts? And will we be booking all the new orders with a price variation clause irrespective of it being a private or a public customer?

Mehul Mehta: Yes, Kunal, Mehul this side. I'll answer your first question out of your two questions. So first question is related to 400 kV class orders in our book, which is INR184 crores and that order is still there in our kitty and we are now starting executing that order. For second quarter Anand sir.

Anand Sharma: Hi, Kunal bhai, Anand Sharma this side. See we have been maintaining we said this in our previous earnings call also that since this problem of Middle East war started to happen in the

month of March, we stopped quoting inquiries which were coming with the firm price basis actually.

So even to the private customers or the corporate customers, we have been quoting with the price variation clause formula only. So maybe there might be a couple of orders in between which we may have to take on firm price basis, but again those would not be more than 1%, 2% of the total order book we have done in last 6 months.

Kunal Mehta: Okay, so out of the INR3,197 crores order book, how much percentage approx would be firm price?

Anand Sharma: Mehul you have that number?

Mehul Mehta: Yes, that is around, 10% to 12%, sir.

Anand Sharma: It is 3% to 4%. No, no. I, I, Yes, okay,

Kunal Mehta: 3% to 4%, sir?

Anand Sharma: That's what we know. See Kunal bhai as Niral sir said and Mehul also said in the beginning of the call, that majority of the orders which were booked on firm price basis last year, we have already executed a major chunk of it during quarter 2 and whatever is remaining shall be executed in the quarter 3 of this particular year. So we will not be left with any amount of firm price orders for the quarter 4 of this particular financial year. And whatever is remaining which is going to be executed in this particular quarter, the amount is very, very, very minuscule.

Kunal Mehta: Okay. And so my third question is on the capex of INR193 crores that we have announced, how much would be funded through internal accruals and how much would we be taking any debt for it? And also, any other capex is planned for capacity expansion or any other thing that, is expected to come in the second half?

Niral Patel: Hi, so this is Niral Patel again. Whatever capex we've lined up as of now are getting funded through internal accruals and we continue to maintain that momentum through internal accruals. We already also have tied up with long-term debts with banks, but none of them have availed as of now. The INR196 crores tank fabrication capex involves a lot of robotics and a lot of development in automation.

And hence, it will take its time to adapt to the Indian standards. And majority of that will be funded through internal accruals. As part of our Plan B, like I said term loans have already been tied up so that the project doesn't delay. Apart from these two capex, we do not have any other capex that is lined up apart from small projects like creating labor quarters for our staff, hostel buildings for our staff, but they are very small projects.

Kunal Mehta: Okay, sir. And sir on the US, if you can just throw some more light on how do we read this through as is it's just extremely positive development and are we seeing like a long-term partnership with these customers that we have onboarded? And how is the scenario there if you can throw some light on that more?

Niral Patel: Well, the this first order that we've received is a very, unique order. It's a specialty transformer and it is a highly technical product. With that being said, our entry into the US markets, our focus is not for white labelling, our focus is not for contract manufacturing. Our focus is for establishing our own connections with our own with partners which will enable a brand of Atlanta in the US market.

And that's exactly what we're exploring. two of these partners have been shortlisted as our support partners in the United States. And they would be one of them would be responsible for taking our brand forward in Atlanta Electricals in the US market. As of today, we would be focusing on 220 kV and below products, as an entry into the US market.

Kunal Mehta: And do we see at least 5% to 6% additional gross margin benefit in this?

Niral Patel: Their margins definitely are better, but it will be very difficult to commit onto the margins that you have just asked in the question. But yes, we know for sure that the margins are much better.

Kunal Mehta: Okay and sir just one last question. I think sir mentioned in the opening remarks that we had some issues with procuring critical components earlier, so we have kind of already stocked up on critical components such as maybe bushings. So when we, let's say, have higher quantum orders in future, the how are we planning to tackle, the, availability of all these critical components and transformers? Because I think there's a shortage of bushings and, other critical components and transformers. So how are we planning to, tackle this?

Niral Patel: Well, as you see from our inventory, there is it comprises a lot of, I would not say a small portion of inventory would be for aligned towards stockpiling. This for critical components, it's not that we do not have tie-ups or we do not have we are facing problems. It is a temporary problem because of the typhoons that occurred and disrupted the supply chain. That we see as a very temporary situation. For critical components, we do not see any problems coming into future.

We should be establishing good customer-supplier relationship with our suppliers and help them come in the Indian market to take care of their business as well. And establish our priorities over those products, so that our supply chain doesn't get disturbed. That's the strategy we are working with.

Kunal Mehta: Okay, sir. Thank you so much and wish you and the whole Atlanta family a very happy Diwali. I'll fall back in the queue for more questions.

Niral Patel: Thank you so much. Wish you the same.

Moderator: Thank you. The next question is from the line of Dhaval Yadav from IVIK Securities. Please proceed.

Dhaval Yadav: So, my question is regards to the EBITDA margin guidance. That, are we going to sustain the margins in the coming 2 quarters somewhat like Q1 which we have seen it?

Mehul Mehta: Yes, certainly. So, we maintain that our EBITDA margin for FY27 and FY28 would be ranging around 16% to 18%, and we are still firm on the belief that we will be achieving this margin in current year and coming year.

Dhaval Yadav: And another question is on US, where you guys you are working on the orders. So, what is the scene regarding the tariff? Are we getting impacted by any tariff or such, or no impact?

Anand Sharma: Dhaval bhai, we do not see any impact of the tariffs, at the moment on the inquiries which we are working upon.

Dhaval Yadav: Okay. So, do we have any manufacturing facility over there or we are just exporting it out?

Anand Sharma: No, we do not have any manufacturing facility in US as we know, and we shall be manufacturing in Indian units and shall be supplying there.

Dhaval Yadav: Okay. I have a few more questions, but I will fall back in line.

Anand Sharma: Sure, thanks.

Moderator: Thank you. The next question is from the line of Rohan from Axis Capital. Please go ahead.

Rohan: Thank you for the opportunity. Just a couple of questions. One, if you can please share your production figures for Q2 in terms of MVA.

Mehul Mehta: Yes, hi Rohan. Total MVA produced during H1 of FY27 is 8,664.

Rohan: Okay. And secondly, in terms of, you did mention that the margins were affected mainly because of your fixed price contracts. I just wanted to understand that, going into the next couple of quarters, how much of your, existing order book has those in terms of percentage? How many contracts are fixed price contracts and how we are looking at it going forward?

Mehul Mehta: Yes. So, as mentioned in our, opening speech, there are few orders left, without having a price variation clause, which is firm price contracts. The portion is around 10% to 12% of total orders booked, at present, and maximum out of these orders will be we can say manufactured and dispatched during Q3 of current financial year.

Rohan: Okay. So, and, we shall assume that for those particular orders of execution, you will be having a similar run rate of margin, EBITDA margin?

Anand Sharma: No, Rohan bhai, we do not see any trouble there because what happened actually with certain customers, with this problem of Middle East war happening in the month of March, we reapproached our customers requesting them for a price revision. So whatever orders which are remaining to be executed in the quarter 3 of this particular year, we have already received a good response and support from our customers in in terms of getting the price revision over the original contracts.

So, whatever, prices at which we booked the orders last year have been, let's say, bring brought at par with the current price levels. So, we do not see the impact of those remaining firm price

contracts getting executed in quarter 3 to show up any, let's say, negative, impact on the margins in this particular quarter.

Rohan: Okay, well understood. Thank you so much.

Anand Sharma: Thank you, Rohan bhai.

Moderator: Thank you. The next question is from the line of Jainam from Saltoro Investments. Please proceed.

Jainam: Hi team, my question was on margins. Given that we will have a substantial operating leverage in the second half of FY27 as the capacity increases, and the fact that as Anand bhai mentioned that we are getting the orders repriced, can we expect the margins to inch forward? Because we've stated -- we initially stated the aspiration of 18% to 19% EBITDA margins?

Anand Sharma: Sir, may I interrupt you? Voice is not very clear. Can you repeat the question?

Jainam: Yes, am I audible now? Is it better? Hello?

Anand Sharma: It is better now, sir. Yes, it is better now.

Jainam: Yes, my question was on margins. As in the second half of FY27, as we improve our capacity utilization and as we have repriced our orders, and along with the fact that the fixed price contracts will be lower in the mix, can we expect the margins to improve? Initially, we had the aspirations of high teen margins, EBITDA margins. So how are we looking at the margins in the second half of FY27 and FY28? That's my first question.

Niral Patel: I will have Mehul answer this question, Jainam bhai. This is Niral Patel, but I'll just give you a small brief as to where we come from. H1 is generally, cold in terms of business, and H2 is generally it's a seasonal business. So H2 is generally very good, and that's exactly what we are seeing, and the EBITDA levels on quarter-on-quarter are usually better in H2 than H1. With that being said, we were expecting such corrections in, Q2 as well, which was unfortunately, hit because of the monsoon season, and because of we're not being able to ship transformers.

Again, it's not just the monsoon in Gujarat, it is the monsoon activity showing up at the customer end where we are sure that we will not be able to deliver transformers. Now, going forward, we certainly see better utilization of our facilities. Optimum utilization is at 80%, and that certainly would be our targets to achieve. We have healthy order book margins. We will definitely see a good correction because better utilization will enable us bringing in economies of scale. So, margin corrections will happen in Q3 and will definitely happen in Q4 as well.

Jainam: Yes, that's true. Mehul Ji, you have anything to add on this one?

Mehul Mehta: So, Jainam, bhai if you see H1 EBITDA margin is 16%, and what we are maintaining for FY27 and FY28 is in between 16% to 18% of EBITDA margin. And we are quite sure that we will be achieving this with the H2 being heavy on the execution side and with the operating leverage coming in during H2. This margin will go up, and then the average margin for whole year will be at our expected range.

Jainam: Okay. A similar question on this is, how are you seeing the order pipelines right now in terms of with every player increasing their capacity? Are you seeing the new orders right now to have similar margins, or are the margins getting compressed given the competition? Can you provide some flavor on this one?

Anand Sharma: Jainam bhai, as on date, we have not seen any pressure on either on the inquiry pipeline or on the margins at which we were booking orders. Moving forward, what's going to happen is something we'll see actually, but because the capacity expansion of maybe couple of players have happened, but for the majority of the players it's yet to happen and another thing which we have been telling time and again, that not everyone or every player is expanding in the same voltage class. So, it is quite diversified up.

Let's say, capacity expansion being done by different players, and it's going to be spread over the entire requirement of the transformers. We are seeing capacity expansion. But alongside what we are seeing also is the newer requirement coming in. We saw this Green Energy Corridor, announcement coming in that certainly is going to throw up more requirement for the transformers in all voltage classes.

Jainam: Understood. My last question is regarding the 400…

Moderator: Sorry to interrupt you, Mr. Jainam, but can you please rejoin the queue?

Jainam: Sure, I'll get back in the queue. Okay, no question. Thank you very much.

Management: Thank you, sir.

Moderator: Thank you. The next question is from the line of Mohammed Nameer from Eiko Quantum. Please proceed.

Mohammed Nameer: Yes, hi, thank you for the opportunity. My question is pertaining to demand and supply dynamics of industry in 400 plus kVA class segment. What is the total demand and supply in MVA terms for those transformers that is above 400 kV?

Anand Sharma: Nameer bhai, Anand Sharma this side. There is really it is really a tough question to answer when it comes to giving exact numbers of on the requirement side. See why I say this? Because everybody of us possibly see the data being published by CEA or NEP, which according to us, let's say concentrates on the interstate transmission network requirements. It does not have intrastate transformer requirement, or rather transformer requirement for the intrastate development, transmission network development.

So, the CEA and NEP is showing up the interstate and the demand being generated for the transformers on the generation side. So, when you add up the intrastate numbers, which possibly shall be now be showing up after this Green Energy Corridor announcement, we do see huge numbers of 400 and 765 kV class transformer coming in for next so many years actually. Giving any exact number to this question would not be really justified on our part.

Mohammed Nameer: Okay, understood. My next question would be, what percentage of the current order book has higher kV class transformers?

Anand Sharma: Yes, when you say, I'm assuming 400 kV, you mean to say? Mehul?

Mohammed Nameer: Yes, Yes.

Mehul Mehta: Yes, hi. So, 400 kV class order in our current order book is at 8.60%, and if we consider 220 kV class order, it is another 50%, 47%.

Mohammed Nameer: Understood. Thank you so much. That's it from my side.

Moderator: Thank you. The next question is from the line of Kushal Saptarshi, an Individual Investor. Please go ahead.

Kushal Saptarshi: Hello, am I audible?

Anand Sharma: Yes, you are, sir

Kushal Saptarshi: So, my question was regarding raw material procurement. So, during last quarter, we have procured significant raw material. So how much quarter of revenue this inventory can support?

Anand Sharma: This can support a quarter's requirement of our raw material tentatively.

Kushal Saptarshi: Okay. So since currently there is a supply shortage. So, what's your near-term strategy in procuring raw materials since our backward integration is expected in October 2027? So, is there any near-term guidance revised?

Anand Sharma: Kushal, there are, let's say, 2-3 elements, at least 2-3 ways which we can answer this particular question. So, see, this what we are putting up as a facility, through our backward integration efforts is for the manufacturing of transformers and radiators. We are not seeing any supply pressure as on date on these items. But the reason why we are putting up this facility for the tank and radiators is entirely different.

We are doing it up, for the quality improvement. We are doing it up for the, let's say, reducing the timelines for the supply. So that's the purpose we have been maintaining this particular stand of ours. As far as other components are concerned, we have not seen any, let's say, difficulty in terms of procuring, let it be a copper conductor or bushing or any other item.

And we certainly have let's say, strong, customer-vendor relationship and as a strong planning a pipeline, because of which we have been able to ensure that materials are available in time. Only reason why in quarter 2 temporarily the disturbance happened, because we know that in the regions of China and Japan there were back-to-back typhoons, and due to Middle East war also, the availability of the containers has been hampered dramatically.

So that's the situation which possibly let's say, worked in little negative manner, on the supply chain side. But other than, as far as our connections goes, our let's say, forward planning goes, we were on track and we are on track as well as on today.

Kushal Saptarshi: Okay, thank you. That's it from my side.

Anand Sharma: Thank you.

Moderator: Thank you. The next question is from the line of Hemant Soni, an Individual Investor. Please proceed.

Hemant Soni: Well, thank you for providing me the opportunity. Just wanted to, I mean, clarify one thing. Did I hear it correctly that 40% CAGR is for FY27, FY28, and FY29, right? For the next 3 years,

Niral Patel: When we went I would like to so this is Niral Patel, I would like to give you a comment there. When we went public, that's one, statement that we had made, that we would ensure, 40% CAGR for coming 3 years and maintain a stable margin between 16% to 18% because of the new tech development that we're doing.

We still continue to hold to that stand, and we are confident that we'll be able to maintain that stand. One year has passed away, from the time that we went listed. So, we're still having 2 years to maintain this stand, and we still stand by it.

Hemant Soni: So, sir, I shall expect 40% CAGR till FY28, right? For the next 2 years, FY27 and FY28, not for FY29, right?

Niral Patel: Yes, 100%.

Hemant Soni: And sir, it should be evenly distributed. I mean, it should be year-on -40% Y-o-Y growth?

Niral Patel: So, sir, I would not like, you to I mean, I will not like to give any confirmations on that because, to answer the first question, yearly distribution, more or less yes. But the business is cyclical. H1s are usually slow, H2s are usually very sharp and very growth-heavy. So, we cannot average it out on quarter-on-quarter basis. But yes, to a certain extent, year-on-year, we can definitely average it out.

Hemant Soni: Any ballpark figure for FY29? Maybe, sir.

Moderator: Sorry to interrupt you, Mr. Soni, but can you please rejoin the queue?

Hemant Soni: Ma'am, this is the last question. Please allow me.

Anand Sharma: No, it would not be appropriate for us to give any guideline for FY29 at the moment, sir.

Hemant Soni: Okay, sir. Thanks.

Anand Sharma: Thank you, sir.

Moderator: Thank you. The next question is from the line of Dhaval Yadav from IVIK Securities. Please proceed.

Dhaval Yadav: Sir, my question will be regarding to the Green Energy Corridor that recently the question of even the growth guidance was given. Does this include the Green Energy Corridor growth guidance, or it is just additional to the growth guidance given earlier?

Anand Sharma: We didn't understand your question, sir.

Dhaval Yadav: So, my question is on the Green Energy Corridor. We have given the 40% CAGR for FY27 and FY28. So is the green energy corridor will add more growth rate towards these 2 years or it's been factored in the 40%?

Niral Patel: So, in the CAGR growth commitment that we had we were working on this last year, from last year onwards, and we did not have any announcements of such Green Energy Corridors. What we're trying to say is 40% is what we're trying to do minimum. This is something, that we would like to bring to your notice. Green Energy Corridors will definitely improve the demand, but, on our side, we will still try and at least commit 40%.

Dhaval Yadav: Okay, thank you so much.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Niral Patel for closing comments. Over to you, sir.

Niral Patel: Thank you. Thank you everyone for joining us today and for your continued interest in Atlanta Electricals. While the second quarter presented certain temporary challenges, we remain confident in the underlying strength of our business and long-term growth opportunities in the transformer industry.

With a healthy order book and strong inquiry pipeline and continued progress across our capacity expansion and higher voltage class initiatives, we remain focused on improving execution and delivering sustainable growth. I would like to thank our employees, customers, business partners, and shareholders for their continued trust and support.

Once again, I wish you and your families a very happy Diwali and a prosperous New Year. I hope we have been able to answer most of your queries. We look forward to your participation in the next call. For any query, you may contact Adfactors, our Investor Relations advisors. Thank you so much, everyone.

Moderator: Thank you. On behalf of Atlanta Electricals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: This transcript has been edited to improve readability.

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