“Atlanta Electricals Limited
Q4 FY26 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day, and welcome to the Atlanta Electricals Limited Q4 FY '26 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. Chaitanya Satwe. Thank you and over to you, sir.

Chaitanya Satwe: Thank you. Good morning and a very warm welcome to Atlanta Electricals Limited's Q4 and full year FY '26 earnings conference call. Joining us today are Mr. Niral Krupeshbhai Patel, Chairman and Managing Director; Mr. Akshaykumar Mathur, CEO; Mr. Mehul Mehta, CFO; and Mr. Anand Sharma, the Chief Operating Officer. 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 risks, 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 the financial highlights for FY '26.

Mehul Mehta: Thank you, Chaitanya. Good morning, everyone. FY '26 has been a defining year for Atlanta Electricals, and I'm pleased to walk you through the financial performance of the year and the fourth quarter. I shall start with sharing financial performance for full year FY26 and Q4 FY26. Straightaway zooming into fourth quarter, revenue from operations for Q4 FY '26 stood at INR747.6 crores, a robust growth of 81.7% year-on-year from INR411.5 crores in Q4 FY '25 and sequentially higher by 58.5% over Q3 FY '26.

EBITDA for the quarter stood at INR149.6 crores, more than doubling year-on-year with a growth of 117.9%, while EBITDA margins expanded to 19.99% effectively touching the 20% mark compared to 16.7% in Q4 FY '25. Profit after tax for Q4 FY '26 stood at INR102.2 crores, up 128.9% year-on-year from INR44.7 crores in Q4 FY '25.

On a consolidated basis, revenue from operations for FY '26 stood at INR1851.5 crores, representing a strong growth of 48.8% year-on-year from INR1,244 crores in FY '25, comfortably ahead of the 40% growth trajectory targeted we had set for the year. EBITDA for full year FY '26 stood at INR344.4 crores, up 77.9% year-on-year with EBITDA margin expanding to 18.6% compared to 15.6% in FY '25, reflecting an expansion of 300 basis points.

Profit after tax for FY '26 stood at INR201.8 crores, registering a healthy growth of 70.1% year-on-year. This margin expansion is structural in nature, driven by operating leverage from higher volumes, a richer product mix tilting towards 220KV class, which now constitutes nearly 52% of our revenue, and improved procurement efficiency on key input materials.

As targeted, all long-term debts fully repaid. I'm pleased to confirm that we have delivered fully on the debt reduction commitment made during Q3 FY '26. We had availed INR130 crores of term debt for our Vadod plant and INR210 crores towards the BTW acquisition, a combined term loan liability of INR340 crores.

As of 31st March '26, the closing balance on all term loans is nil. This has been completely repaid through a combination of IPO proceeds, internal accruals, and general corporate purpose fund, ahead of the original repayment schedule. This meaningfully reduces our finance cost base going forward.

Moving on, I shall take a while to speak about cash flow position. Our operating cash flow for FY '26 is healthy at INR184 crores, reflective of the strong underlying business momentum and disciplined working capital management. Our credit profile continues to strengthen. CRISIL reaffirms our long-term rating at A stable and short-term rating at A1.

And our overall bank facilities have been enhanced from INR910 crores to INR1,320 crores during the year, which predominantly covers non-fund-based requirements, providing us ample headroom to support our growth trajectory. On the year-end inventory position, I would like to confirm that it was a planned decision.

You will note that our year-end inventory is slightly lower than what one might expect at this scale of operations. I want to be clear; this is by design and not a reflection of any execution slowdown. We had proactively planned preventive maintenance shutdowns at two of our facilities scheduled for early April and inventory was deliberately drawn down in March end to facilitate those maintenance windows smoothly.

This is a considered operational call that demonstrates the maturity of our planning processes. All ongoing capex are funded through internal accruals. Our ongoing capex programs, including the new inverter duty transformer facility and the tank and radiator backward integration initiatives, are presently being funded comfortably through internal accruals.

As an enabling and prudent step, the board has already approved a term loan facility that may be drawn down at a later stage if required. However, as of today, our cash generation is sufficient to support the full capex roadmap without any external borrowing. Utilization of IPO proceeds.

Turning to IPO fund utilization, out of the INR400 crores fresh issue, approximately INR395.46 crores has been deployed as of 31st March 2026. The deployment is as follows: INR79.12 crores towards repayment of Vadod term loan, INR210 crores towards working capital requirements, and INR85 crores towards repayment of the BTW acquisition term loan under general corporate purposes, and INR21.31 crores towards public issue expenses.

The balance of approximately INR4.54 crores lies in our public money account against remaining of our expenses yet to be claimed. There has been no deviation from the objects stated in the offer document, and this is being validated quarterly by our monitoring agency. With that, I hand over to Mr. Anand Sharma, our COO, for the operational update.

Anand Sharma: Thank you, Mehul, for sharing valuable insights into the organization's remarkable financial performance. And good morning, everyone. I would now like to take this opportunity to walk you through the operational performance of financial year '26. I shall start with an update on the total MVA produced in FY '26.

Across all five manufacturing units, the team of Atlanta Electricals produced a total of 22,943 MVAs in financial year '26. This is a significant step up in output and reflects the full benefit of our expanded capacity coming to life. During this year, we started getting contribution from our Vadod and Ankhi facilities.

Our new Vadod facility, which we call it as unit four, contributed 6,960 MVAs of production in approximately seven months of operation since commencing production in July '25. Our Atlanta Trafo facility, which we call at unit five at Ankhi, contributed a production of 580 MVA in approximately three months of production during quarter three of FY26.

It's worth highlighting that our three legacy manufacturing units located in Anand and Bengaluru continued to run at very high utilization ratios through the year, reaffirming exactly what why the new capacity investment at Vadod and Atlanta Trafo was both timely and necessary.

Our efforts to ramp up unit four with proactive preparation was instrumental in delivering results. The Vadod story is the one which we are particularly proud of. The intensive preparatory work done over the 12 months preceding commissioning, with engineering teams aligned and trained, labour pre-inducted, machines commissioned ahead of schedule, and crucially, orders pre-lined up to feed the facility from day one, has paid up in full.

Orders were secured and structured in advance specifically to ensure there was no idle time at unit four commissioning. This forward planning directly enabled meaningful utilization right from day one. In each of the last three months of FY26, we consistently dispatched approximately 15 transformers per month from our Vadod unit alone, an output level that speaks directly to the ramp-up quality at the plant.

On an annual basis, for the seven months of operation, unit four operated at approximately 39% of the nameplate capacity, which is 30,000 MVA. Our speed at the end was affected for last couple of months due to the shortage of mineral oil. Despite the temporary shortage of mineral oil during quarter four of FY26 arising from the ongoing West Asian conflict, we were able to maintain strong production and dispatch momentum due to our proactive forward planning.

Inventory management and ability to shift part of the manufacturing towards green transformers using alternative ester oils. We received PGCIL approval, which was according to us was the fastest in the industry. The single biggest operation milestone in the FY26 is the PGCIL approval for the manufacturing of transformers up to 400KV at our unit four, which is Vadod facility. We received this approval on 2nd April 2026.

This was achieved within just two years of groundbreaking at Vadod, and to the best of our knowledge, this is among the fastest construction to PGCIL approval timelines in the Indian transformer industry. We call this as Atlanta speed. This approval is subject to completion of short circuit test and final qualifying requirements, which will be completed in due course. We also received or secured our first 400KV order during FY26.

Additionally, we have quoted at multiple PSU tenders, but now we are deliberately participating in restricted quantities. Our approach is straightforward, manufacture and prove the first prototype, validate it fully, and only then open the doors to additional 400KV orders. This prototype-first discipline will help us enter the EHV market with higher degree of confidence.

With this, I now invite our CEO, Mr. AK Mathur, for his remarks. Mathur saab.

AK Mathur: Thank you, Anand, and good morning, everyone. I hope I'm audible. I'll share three strategic reflections on what FY26 meant for Atlanta Electricals. Number one, during FY26 growth was driven by new capacity and market tailwinds. FY26 growth has been the result of two mutually reinforcing forces.

The operational contribution of our new manufacturing units, Unit 4 at Vadod and Unit 5 at Atlanta Trafo, coming online at right time and a highly supportive market environment where domestic demand for transformer, especially for higher kV class, has remained robust and structurally sound.

When new capacity and market condition come together in the right way, the result speak for themselves. 48.8% revenue growth and 77.9% EBITDA growth in FY26 is testament for exactly that. Having the strength of added capacity, we started approaching new customers and markets with better confidence, which provided strong order book and thus providing revenue visibility.

Team Atlanta booked INR2,507 crores of new order during FY26, which elevated our unexecuted order book on 31st March 2026 to INR2,493 crores, providing strong execution visibility going into FY27. Importantly, the quality of the order books continues to improve with a higher contribution from 220 and EHV plus transformers, reflecting our gradual movement towards higher value and technologically advanced products. We believe this positions us well for sustained growth over the coming years.

Point number two, we say it with pride that our investment payback is unprecedented in the industry. One of the most compelling narratives of FY26, the speed of payback on our approximately INR200 crores investment in the Vadod facility. Industry convention for a transformer facility of this scale and voltage class typically projects a payback period of five to seven years.

Vadod alone contributed nearly INR495 crores of revenue in first seven months of operation. Based on this trajectory, we are well on the course to achieve payback in three to four years' timeline, which is the best to our knowledge is largely unheard of in the transformer manufacturing industry.

It is important to speak about our new product development plan, that is 400 kV and 765 kV. Our new product development roadmap is phased and disciplined. At Vadod, the focus is firmly on 400 kV class prototype. At Atlanta Trafo, our Ankhi plant, is focused on 765 kV class prototype. The pathway is clear; prototype, validate, and then scale.

This discipline sequencing is how we will build a credible EHV reference and base that will unlock a significantly larger order pipeline over next 12 to 18 months. Our green transformers were instrumental in converting a constraint into a strategic advantage. The mineral oil shortage in quarter four FY26 triggered by the West Asian crisis could have posed a much more severe challenge for our deliveries.

However, because we had already secured order for green transformer, which uses natural and synthetic ester oils as an alternative to conventional mineral oils, we were in a position to prioritize green transformer production during the period of mineral oil scarcity. This flexibility shielded our deliveries and demonstrated the resilience and versatility of our product portfolio.

Going forward, we expect green transformer to grow as a category as customers increasingly prioritizing supply chain resilience and ESG consideration in their procurement decision. Thank you very much. With this, now I request our Chairman and Managing Director, Shri Niral Patel, for his remarks.

Niral Patel: Thank you, Mathur saab, and good morning, everyone. Though we are firing on all cylinders, there are priorities. Let me close with our priorities and vision for FY27. Prototyping 400 and 765 kV are our top priorities. Our single most important focus for FY27 is successfully prototyping of 400 kV class transformer at Vadod and 765 kV class transformer at Ankhi facility.

These prototypes are not just engineering milestones, they are gateways to significantly larger addressable market. Once delivered and validated, they will allow us to scale our EHV order books in a meaningful way. EHV orders carry execution lead times of 18 to 24 months, and pipeline sizes are substantially larger than the lower kV segments. We are building towards that future, one prototype at a time.

Aggressive push in the export market is the next priority. We would be -- we will be putting significant and focused efforts in exploring export markets aggressively in FY27. The first sizeable export order was received in FY26, which has given us a strong foundation to build upon.

We shall now be pursuing other markets in a systematic way. We shall choose markets with an intent of staying long in those territories. We are in a process of identifying right markets for us, and thereafter we shall have our physical presence in select markets to move more decisively.

Domestic demands, multiple new emerging verticals are already coming up. On domestic front, we see transformer requirements scaling up sharply across three new verticals. First, battery energy storage systems, BESS as how we call it. As India's energy storage build-out accelerates to balance the intermediate renewable generation.

Second, data centers, which are rapidly growing with rising digital infrastructure investment and AI-driven compute demand. Third, the renewable power generation. Solar and wind projects continue to require large number of transformers for evacuation infrastructure. These verticals add meaningful diversification and durability to our domestic demand order outlook.

Commencing Unit 6, the inverter duty transformer facility. We will commence operations at Unit 6, our dedicated IDT transformer facility during FY27. We are working towards making this facility operational before end of this calendar year. Once commissioned, we shall add about 5,000 MVA for production of IDTs. IDTs are critical components in renewable energy projects.

EV charging infrastructure, and this facility will position us to address what we believe will be the fastest growing segment in the transformer demand in India. Tank and radiator manufacturing facility for backward integration. We will also commence tank and radiator manufacturing plants during FY '27.

This backward integration initiative will give us tighter control on supply chain, improved quality for export markets, consistency, and meaningful cost benefits over time. All of which will contribute to further strengthening our margins and delivering reliably. In order to have better operational control, we shall set up this facility in close proximity to our Vadod facility.

Closing remarks. FY '26 has validated our investment thesis in every measurable way 49% revenue growth, nearly 300 basis points improvement of EBITDA margin expansion, complete repayment of all term debt, the PGCIL approval at Vadod facility, and the first 400 kV order in our history.

The platform we have built is strong. The next chapter is about converting EHV approvals into EHV orders, scaling exports, and operationalizing unit six and our backward integration plans. Within a short span, we shall also be commencing the procedure of merging Atlanta Trafo Limited with Atlanta Electricals Limited. We remain deeply committed to creating sustainable long-term value for our stakeholders. We thank you for your continued trust and support in Atlanta Electricals. We now open floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We will take the first question from the line of Kunal Mehta from InCred Equities. Please go ahead.

Kunal Mehta: Yes, hi. So, very good morning and congrats on the amazing set of numbers and a very detailed guidance across operations, finance, and strategic view. However, I have 2 or 3 questions. The first is, the margins -- the gross margins and the EBITDA have improved about 350 bps on the gross and 300 bps on the EBITDA level. So, do we see this as a steady-state margin, now that our mix is, bent more towards the extra high voltage transformers? So, do we see this as, something that we can build in going ahead?

Niral Patel: Good morning, sir. Thank you for your wishes. And we see this margins, relatively stable when it comes to 220 kV class and below manufacturing. The improvement in margins is because of incremental production and scale-up that happened in the 220 kV segment, and that's where the capex was. But going forward, we see the margins being stable for times to come.

Kunal Mehta: Okay. And our average realization has risen above almost 8 lakh per MVA. So, and I think in the previous call, I think Niral sir had mentioned that, with increasing, moving more towards extra high voltage, the per MVA realization will come down. So, I just want to understand this, how is the realization going from 7 to 8 lakh now? Is it because of -- is there some kind of price hike that we are taking?

Niral Patel: Revenue per MVA is directly related to the commodity pricing, and commodity pricing is clearly -- naturally hedged to the customer orders itself. So, if the commodity pricing goes up -- I'm talking about steel, copper, oil, etcetera -- the prices per MVA will relatively also go up. Per MVA pricing will naturally not be a factor to highlight how the industry is performing. It is directly linked to the commodity pricing.

To answer your question, yes, we will be seeing per MVA realizations getting dropped in coming times because more the MVA per unit, per MVA realizations drop. We are in the process of prototyping 400 and 765, which are typically 500 MVA products, which are higher than what we are making right now, typically 160 and 200 MVAs. So, per MVA realization will drop.

Kunal Mehta: Okay, sir. So, I think 400KV we are, I think, almost through, I think, in second quarter when we receive the approval, on the product level as well. We can start aggressively pitching for all that. But what about 765? What are certain timelines if you can throw some light on that?

Niral Patel: We started marketing our 765KV class products. We've not received any breakthrough yet. But yes, the intention is to prototype it first. This year, we would be spending huge amount of time to prototype 765KV class transformer and reactor and then, of course, entering in the market. Any orders that we are able to take or grab in this particular year will fall for invoicing in next particular considering the lead times that are there in the Indian market.

Kunal Mehta: Okay, sir. And just one last question on the tank and radiator capex. I think you mentioned about INR180 crores of capex. And I think Mehul sir mentioned that we'd be doing through internal accruals. So, we have a bank balance of INR93 crores and a healthy cash generation. So, any possibility that we'd be drawing down the INR50 crores term loan line? And what are the timelines also for capex to get live?

Niral Patel: This financial year is when we're trying to commence this tank and radiator manufacturing facility. It's a completely robotic investment that we're doing so that we can achieve good quality of automation and quality control. Yes, the cash flow of the company, cash flow position of the company looks significantly healthy.

However, just not to affect the project timeline, we would be taking a term loan if required, and we would have the intention to completely pay it off in the coming financial year, if taken.

Kunal Mehta: Will it be more towards the end of it? Do we see any benefit in this year, or it will go to the next year?

Niral Patel: The benefits would be coming in next year for sure.

Kunal Mehta: Okay. Thank you so much, sir. I'll fall back in the queue.

Moderator: We will take the next question from the line of Teena from Motilal Oswal Financial Services. Please go ahead.

Teena: Yes, sir. Congratulations for a good set of numbers. My question is regarding the raw material side. So, which are the areas among all the categories of raw materials where you can easily manage the supply chain and are likely to see a normal procurement, and which are the areas and which are the components where you can see some pressure or delay or any kind of higher costing which can be felt, let's say, in next one to two quarters because of the way things are going on globally?

So, this is just to get an idea as to how we see the margins going forward, both in terms of overall pricing and overall the cost side?

Anand Sharma: Hi, Teena. Good morning. Anand Sharma this side. I'll take this question of yours. First of all, the troubles which industry has been facing, so I'll reply on that. Historically, we have seen that industry has been facing supply crunch on the conductor side, bushing side, and the fabricated component side.

We have been telling on the last couple of calls that the situation around the supply of conductors is improving because many of the manufacturers, Indian manufacturers who had announced their plans to expand capacities, those expanded facilities came to life and we have started now taking the supplies. And there are new manufacturers also who are getting into this game, and the supply side of the conductor, copper conductor, is certainly going to improve.

While there is an improvement on the conductor side supply, we believe the situation around RIP bushing also is going to ease out in a time to come because there are going to be facility expansions coming in from the existing players in India. We are seeing in particular supply issues on the OIP bushings, for which also we are trying to find let's say solutions by the way of booking orders in advance, by the way of coordinating with our suppliers well and trying to find out new vendors.

As far as the pricing is concerned, of course, there are multiple factors. So, commodity prices right from copper to aluminium to crude oil, everything is going up. And this particular thing of West Asian disturbance is not only affecting the oil prices, this crude prices is indirectly affecting other smaller component pricing also, be it fabricated component pricing or the paint prices or the gaskets prices. So, those small-small components also we are going to see some kind of price hike. But we believe that this particular thing is temporary in phase. Once we have the resolution on this crisis, ongoing crisis, these things should cool down in a time to come.

Teena: So, the cost increase that you are seeing on account of all these smaller components and smaller items which are seeing a price hike, are you able to pass on this cost increase also to the end users for your existing contracts which are there in your 220kV category?

Anand Sharma: Teena, we are able to, since majority of our contracts are on with the price variation formula, we are able to pass on the majority cost to our customers. These smaller components which I told you, like components like gaskets and paints, etcetera, these are very, minimal raw material contained items for any transformer manufacturing company. So, it will not have any major impact, actually.

Teena: Understood. Understood. And another thing is on the tech tie-up for this 765kV transformer. So, where are we in terms of the stages of achieving this?

Anand Sharma: We are in discussion with couple of agencies, name of which surely cannot be disclosed at this point in time. But we are in discussion with couple of agencies or companies to finalize this particular tech tie-up for 765KV. We are expecting it to be closed in next couple of months. That's the target we have kept for ourselves.

Teena: Understood, sir. And the short circuit test would be due sometime in the month of June-July for your 400KV?

Anand Sharma: I would not be committal on that front. Yes, we are working and yes in coming quarter we shall certainly be sending our transformer for the short circuit.

Teena: Understood, sir. Thank you. That's all from my side.

Moderator: Thank you. We will take the next question from the line of Anuj Shah from Philip Capital. Please go ahead.

Anuj Shah: Good morning, everyone. Kudos to the entire team of Atlanta Electricals for delivering another stellar set of numbers. So, I had just couple of questions. Firstly, could management provide some sort of perspective on the expected utilization ramp-up for Vadod facility over the next 12 to 24 months and potential revenue contribution from higher KV segment?

Niral Patel: The expected utilization of Vadod facility is on track. We expect it to be like we suggested before going public, about 35% in the last financial year, which is about 39%. We expect it to be 65% in this particular year and then eventually taking it to 100% in the next financial year. 65% is because of the development time that is going to take into 400KV class.

And the mainstream production of 400KV class coming in in next financial year would ramp up the capacity to 30,000 MVA. As of today and in this financial year, majority of the products that would get manufactured would be still 220KV and some products, only some products of 400KV.

Anuj Shah: Okay. My second question was -- so as we now continue to scale our operations and move towards a higher value product mix, do we see any further scope for margin expansion or we stay very conservative in terms of margin guidance and maintain that 18% to 20% band for next financial year?

Niral Patel: Historically, we've been maintaining one stand that we would be growing at about 40% CAGR for next 3 years. First year has already passed by with an intention of margins being stable because of the reason that we have yet not manufactured a 400KV class transformer and a 765KV class transformer under the brand name of Atlanta Electricals. However, when we start manufacturing, we would be in a better position to tell you any improvement in the margins are there or not. But as of today, we maintain a standard that it's going to be stable.

Anuj Shah: Okay. Thank you so much and all the best to the entire team. Thank you.

Niral Patel: Thank you, sir.

Moderator: Thank you. We will take the next question from the line of Arafat Saiyed from Dolat Capital. Please go ahead.

Arafat Saiyed: Yes. So, congrats on a delivering strong quarter and also excellent FY26 performance. Sir, most of the question has been answered, but just to let's say if you have become in a debt-free now, so how does the management plan to utilize future cash flow, let's say higher capex or working capital or let's say any other form of acquisition kind of thing?

Mehul Mehta: So, Arafat ji Mehul this side. Naturally speaking, as we move up higher KV class execution, requirement of working capital will be there. It will increase for sure. That's the reason we were commenting every time that going forward in FY27 and FY28, our net working capital days will go up around 80s and 90s. However, during FY26, we could maintain our net working capital days at around 64. And going forward, it will increase for sure.

Arafat Saiyed: Sure, sir. And the next one, can you please comment on the competitive landscape in the transformer industry, especially the multiple players announcing fresh capex across the categories? So, how do you see that?

Anand Sharma: Arafat sir Anand Sharma this side. This is a very. let's say, obvious question which comes every time we get into a call with any of the investor fraternity. So, the capacity expansion which is coming or has come up or shall be coming, we have been maintaining that it is because of the demand generation and it's to meet the demand generation when it comes to the transformer requirement.

India has been setting up newer and newer targets and a higher and higher targets for the power generation. So, we have been hearing 500 gigawatts by 2030. The new target which I have been in particular listening for last 15 days is 900 gigawatts by 2035. This coupled with the requirement of transformer coming in from the Europe, USA market, Middle East, I am sure that whatever amount of capacity Indian manufacturers are going to put up, it is going to still fall short of the requirement. The requirement is going to edge over the supply side for at least next 5 years for sure.

Arafat Saiyed: Got it, sir. So, lastly, let's say, any plan to let's say starting export to other country and what's future look like for company like yours and what are targets for you to generation from export?

Anand Sharma: Arafat sir we have been maintaining this trend that in next 3 years' time, we have this target of taking our exports to 15% of the total revenue. We are working towards developing those markets. We have started discussions in different markets with different set of customers. It would not be fair on our part to maybe commit or comment as to which markets we are approaching and what is the progress on that. But yes, wherever, as Niral sir also suggested on the call that wherever we shall be putting our foot, we shall be doing it with an intention that we are going to stay there for a longer duration. And it's not going to be a transactional business for sure.

Arafat Saiyed: Got it, sir. Thanks. That's all from my side.

Anand Sharma: Thank you, Arafat sir.

Moderator: Thank you. We will take the next question from the line of Nikhil Chaudhary from Toro Wealth Managers LLP. Please go ahead.

Nikhil Chaudhary: Yes, congratulations team on a very stupendous performance. And I have just two questions. In Q3, we've been like we mentioned that we've been quoting on data center inquiries. So, I just wanted to get a reconfirmation on how many active inquiries and what is the conversion timeline because one of our peer has actually received very large order. So, just trying to understand if this is a very strategic priority for us or along with other export opportunities too. Second question is, if you are comfortable, what would be the gross margin delta between 400KV and 220KV in your current assumptions?

Niral Patel: So, sir, export markets do end up taking a lot of time to find, I mean, for the orders to get finalized. They come in with a long-term planning and they do have time to shortlist the vendors. So, when we say we are working on it, we expect to have a breakthrough in this financial year in terms of orders.

But the execution will definitely fall on the next year because the lead times are much larger than what we have in the Indian market for even 220KV and below products. Responding to the margins on the, I mean, margins or value addition of 400KV class, we expect that 400 and 765KV class would be around 200 basis points higher. But as of today in the current last financial year numbers, there are no 400KV class products and there are no revenue coming in for 400KV class products.

Nikhil Chaudhary: Yes, got it. Thank you so much and wish you all the best.

Niral Patel: Thank you.

Moderator: Thank you. We will take the next question from the line of Naman Parmar from Niveshaay Investments. Please go ahead.

Naman Parmar: Yes, good morning, sir. Thank you so much for opportunity and congrats on great set of numbers. So, firstly, I wanted to understand on the current order book, how much contract would be the fixed contract and how much would be the price variation clause contract?

Mehul Mehta: Yes, hi, Naman. So, current order book which we have and we maintain this stand throughout the concalls, that we are maintaining around 70% to 80% of the orders from the state utility boards. So, this ratio is in the range of, let's say, 60% to 75% in recent times. And going forward also, we expect that this ratio to be there. At the outset, we would like to say that any orders from state utility board is backed by the price variation clause and in recent times, even the private orders which are for longer horizon are also backed by the price variation clause.

Naman Parmar: Okay. Yes, understood. Thank you so much. And secondly on the INR180 crores capex that you have told about the radiator and tank facility and IDT division. So, IDT 5,000 MVA would be totally a new capacity which will be live in the another Greenfield plant or it will be in the existing plant only?

Mehul Mehta: So IDT facility will be in the existing Vadod facility only, so it is the adjacent area of Vadod facility. And that is the additional capacity of 5,000 MVA.

Naman Parmar: And how much would be the capex -- yes, so INR180 crores capex then what will be for the IDT and what will be for the radiator and tank?

Mehul Mehta: So, for IDT it is around INR65 crores of capex and for backward integration, it is INR170 to INR180 crores of the capex.

Naman Parmar: Okay, understood. And lastly, on the currently like how the whole industry is moving towards lots of long transmission line like HVDCs and all. So, there will be big requirement for the HVDC converter transformer. So, any update that we will be entering that particular market in coming future like we are entering the 400 to 765? And if we see a very big potential on that side, then we are thinking to enter that market?

Anand Sharma: Sir, there is good demand on the HVDC transformer requirement. That is for sure is there, actually. But for a company like us which is concentrating now on the development of 400 and 765KV products, it would be too early and ambitious to say that we possibly would start working on HVDC in a time to come. We would focus more on establishing or doing the prototype of 400 and 765KV first and once we have done that successfully, we shall certainly be trying to find newer growth territories and it surely would be HVDC. But it's -- there's no point we commenting on it at the moment.

Naman Parmar: Right. Yes, understood. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: Good morning to the team. I have two questions. My first question to Mr. Niral Patel is, in your point of view how is Atlanta Electricals preparing to capture evolving demand in electrical equipment and power systems while thoroughly addressing challenges such as raw material volatility, technological shifts and competitive pressures and what strategic levers do you see important that will differentiate from your peers in the coming quarters? That's my first question. I'll ask my second question after this. Thank you.

Niral Patel: It's a -- it's a very detailed question and it's going to be a long answer, but I'll be fairly brief as I can. When it comes to differentiating Atlanta Electricals, we are a company that's very lean in terms of our fixed costs and we intend to be that and we intend to keep it in the longer duration.

When it comes to planning, we are always a step ahead. When it comes to technological development, we are again a step ahead. We would like to be part of the growth story that is coming in for the transformer space requirement on the back of upcoming power demand, which is going to eventually create demand for transformers. To sustain that growth story, we've already taken up developments of newer technology products that are 400 and 765KV class transformer and 400 and 765KV class reactors, which will play a big role in in the growth story of Atlanta Electricals.

Sucrit D Patil: My second question to Mr. Mehul Mehta is as the company continues to benefit from infrastructure and industrial demands, how are you prioritizing capital allocation between capacity expansion, technological investments and shareholder returns? And what long-term cost efficiencies are being put into place to safeguard margins amid rising input and compliance costs? Thank you.

Mehul Mehta: So, sir, right now the focus is on development and development of 400 and 765KV. So, we are allocating fixed capital over there for newly built capex plan for IDT as well as the backward integration. These are the two capex which will be coming in this financial year. Other than that, there will be cost related to development of 400 and 765KV, which is in terms of, let's say, short circuit test as well as technical tie-up for 765KV. So, we are allocating good amount of capital over these two plans. Along with this, as I told earlier, there is increase in working capital requirement as well. So, we are focusing on that as well.

Sucrit D Patil: Thank you and best wishes.

Mehul Mehta: Thank you.

Moderator: Thank you. We will take the next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Yes, hi, sir. Congratulations on a great quarter. So, my first question is on data centers. So, what is the total share of order book from the data centers and how do you think this opportunity will play out over the next few years for us?

Anand Sharma: Sir, as of now, good morning. Anand Sharma this side. As of now, there is no portion of data center business in our kitty. We are in discussion with different customers, potential customers to explore this particular market. But yes, to confirm as on date, there is no single order related to data centers in our kitty.

Parikshit Kandpal: And how big this opportunity both on the Indian context and even export markets for us?

Anand Sharma: It is looking to be huge. We do not have any fixed numbers or specific numbers to tell you at this moment. We are also exploring different opportunities and if different reports give different numbers, so it's not fair on our part to just pick one particular number and put it on the table. But this looks to be pretty interesting a case and it's going to be quite sustainable a demand in a time to come.

Parikshit Kandpal: Okay. My second question is on the commodities. So, what portion of our raw material is imported and weren't we impacted by the rupee depreciation? Some of our peers have seen the margins cracking because of commodity or then transformer oil, then copper prices going up. So, if what was the hit for us, how do you hedge copper? So, if you can highlight some of these things now how you are mitigating the impact of the commodity price increases and rupee depreciation?

Anand Sharma: So, our organization's strength has been that we are having majority of our orders with the price variation clause. So, that has been the strength of the organization and that is that's one particular strength which is coming quite handy and these kind of difficult scenarios which are prevailing at this moment.

So, whatever price increase we are seeing in the commodities, different commodities, we are able to pass it through to the customers with the help of the price variation clause which we have along coming with the purchase order. What we have also started doing of late, that we have also started talking to the private or the corporate customers to provide orders or to give orders with the price variation clause so that we are able to mitigate if any risk on the private or corporate customers' orders also.

Parikshit Kandpal: So, out of the INR2,493 crores order book, is it entirely pass-through? So, I think earlier you gave some share of the utility. So, I didn't quite get it. So, is it like only 60% to 75% order book is pass-through or like -- so if you can help us understand?

Anand Sharma: Yes, you are right, sir. Approximately 75% of the order is on with the price variation clause and rest of the orders are without price variation clause.

Parikshit Kandpal: But in this quarter, can you quantify any hit you would have taken if on account of commodity? So, if the margins would have been better if that fixed price portion was also pass-through?

Anand Sharma: No, nothing. We have not taken any hit in the previous quarter.

Parikshit Kandpal: Okay. And can it come in Q1 now?

Anand Sharma: No, we don't expect it to see and it's quite early for us to comment on that as to where prices shall -- we have daily movement of the prices nowadays. So, the different phenomena. So, we'll get to know when it comes.

Parikshit Kandpal: Okay. Sure, sir. Thank you and wish you the best.

Anand Sharma: Thank you, sir.

Moderator: Thank you. We will take the next question from the line of Jigar Jani from Nuvama PCG Research. Please go ahead.

Jigar Jani: Yes, hi. Thanks for taking my question. Sorry, I'm a bit new to this company, so the questions you might have answered in the previous con calls. But on your backward integration project, what kind of margin accretion are you expecting once this project comes online on the tank and radiators backward integration that you would be doing? That is my first question.

And my second question is given that you are going to utilize Vadod more, so there will be operating leverage coming in plus the backward integration part, what kind and plus moving into higher KV transformers, what kind of margin accretion totally do you see once all these three benefits kind of flow through into your P&L? Yes, if you could answer that? Thank you.

Niral Patel: Sir, very frankly speaking, backward integration for radiators and tanks is not because of margin improvement. That's not the intention of the company. The company's intention is to get align its supply chain and manage supply chain management because we all know that all of transformer manufacturers are expanding.

Requirement of radiators and tanks is going to further expand and we need to allocate our own supply chain for that. That is point number one. Point number two is because of quality improvement when we are targeting export markets it is always better to have good robotically engineered radiators and tanks fabrication and robotically painted.

So, that is the reason this capex has been put in place. When we talk about 400KV development, 765KV development, there is going to be expense that is going to be attached to the technical tie-up that we are going to do and hence and also the research and development cost of these products and also the type testing cost of these products.

The cost is something that is anticipated. I would not be able to share the exact number. However, because of this cost coming in and after developing a first 400/765KV class products, we would be able to say how much margin improvement that comes into play. As of today, with that margin improvement and cost coming in, taking off, I mean, setting off the margins, we would be like—we would like to share that the margins for coming times would be fairly stable in nature.

Jigar Jani: Understood. And sir, lastly, this order book that you have, what is the general execution timeline? Is it like within a year that you execute these orders?

Niral Patel: Normally speaking, sir, 220KV class and below the timelines are close to 12 months to 18 months. The current order book only a very small portion is 400KV class. That also falls in due for deliveries perhaps starting December till March. Mostly about 80%, 85% of this order book will get executed in the coming year itself. Whatever orders that we'd be booking for higher KV class in this particular year will fall for execution in the next financial year.

Jigar Jani: Understood. Thank you so much for answering my question patiently and best of luck.

Niral Patel: Thank you, sir. Thank you.

Moderator: Thank you. We will take the next question from the line of Sarang Joglekar from Vimana Capital. Please go ahead.

Sarang Joglekar: Hello. Yes, hi. Thanks for the opportunity. So, on the demand side, as you said that a lot of capacities are coming up and but still there will be a shortfall. So, just trying to understand is there a thumb rule by which we can go? So, for every gigawatt, like what amount of transformer capacity is added like for every gigawatt of generation capacity added, is there a thumb rule or anything like that?

Niral Patel: Sir, very frankly -- this is Niral Patel once again. So, the thumb rule says it is anywhere between 8 to 11 times the gigawatt capacity gets added, the transformer capacity gets added in various KV classes. However, this is straight generation to utilization of power. Now when we speak about grids being unstable, requirements of BESS coming in.

This thumb rule generally would tend to increase because battery energy storage systems were never a thumb rule of the Indian power industry. This is again coming in just to stabilize the grid. So, this is incremental requirement of transformers. There are battery storage systems getting commissioned as we speak, but generally no thumb rule is attached to it.

Sarang Joglekar: Understood. So, it's about 8 to 10 times is what we should go by?

Niral Patel: Definitely yes.

Sarang Joglekar: Understood. Thank you.

Moderator: Thank you. We will take the next question from the line of Aditya Vora from Sohum AMC. Please go ahead.

Aditya Vora: Yes, hi. Good morning, Niral bhai. Great set of numbers and congratulations to the team. My question primarily was on the BESS. You alluded to the fact that there is no thumb rule as such, but just from an Atlanta perspective, just wanted to understand how big the BESS opportunity could be and considering the fact that currently we are at 1.5 gigawatt hours and by FY30 we are expected to reach anywhere between 40 gigawatt, 50 gigawatt hours?

Moderator: Sorry to interrupt in between, Aditya. Your voice is breaking. Could you please repeat your question and use the handset mode?

Aditya Vora: Yes, sorry. Is it better now?

Moderator: Yes, please proceed.

Aditya Vora: Right. So, my question primarily is for the BESS segment. You know, considering that BESS is a very large opportunity and when you look at all the renewable companies right from Adani Green and others, everybody is setting up massive BESS capacity. Just wanted to understand how this BESS opportunity is for Atlanta. That's the first thing. And secondly, I know you alluded to the fact that there is no mathematics in terms of per gigawatt hours how much transformer is required, but if you could quantify in numerical terms for the size of the opportunity for Atlanta and the industry for the transformer segment with respect to BESS?

Niral Patel: Good morning, sir. So, I understand the question and I understand where you're coming from, sir. But very frankly speaking, for a company like Atlanta, it will be very difficult to judge the numbers as to how much requirement will come up. What we are seeing right now is a lot of orders getting awarded in the TBCB model of BESS.

Wherein developers are making such kind -- are in the process of constructing battery energy storage systems. Requirement of this nature will be there for times to come because the amount of renewable gigawatts that we've already added, we would have to augment that with battery energy storage systems, so the requirements will be huge. We anticipate that.

However, the KV classes and the products depends upon how the BESS is getting designed. And trust me, it is a new story for India, so we're seeing continuous developments happening, prototypes, products changing. But we are very well placed in terms of technology to support this kind of market.

Aditya Vora: Right. And is this some different kind of a transformer required or an IDT transformer is fine considering that we are dealing with renewables?

Niral Patel: It's a converter duty transformer wherein the power flows in bi-directional, but it is a transformer that can be routinely designed by Atlanta Electricals.

Aditya Vora: Right. And have we supplied any BESS transformers currently or any BESS transformers in our order book?

Niral Patel: In times to come, we would be supplying. We have BESS orders in our order book. So, in times to come, we would be definitely supplying.

Aditya Vora: Right. Okay, sir. Thank you. I think most of my questions were answered and congratulations again on one of the best results in the industry. It's a great work. Thank you.

Niral Patel: Thank you, sir. Thank you for support.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the conference over to Mr. Niral Krupeshbhai Patel for the closing comments. Thank you and over to you, sir.

Niral Patel: Thank you. Thank you, everyone, for joining. This is Niral Patel signing off. Thanks, everyone.

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