Atlanta Electricals

Operator: Good day and welcome to Atlanta Electricals Ltd. Q2 and H1 FY27 earnings conference call. As a reminder, all participant lines will be in 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.

Operator: Thank you. Good morning, and a very warm welcome to Atlanta Electricals Ltd. Q2 and H1 FY27 earnings conference call. Joining us today are Mr. Niral Rupeshbhai Patel, Chairman and Managing Director; Mr. Anand Sharma, 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 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 of Q2 and H1 FY27. Thank you, and over to you, Mehul, sir.

Mehul Mehta – CFO: 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 financial performance. During Q2 FY27, our consolidated revenue from operations stood at INR 390.1 crores, registering growth of 23.1% year-on-year compared with INR 317 crores in Q2 FY26. This growth was achieved despite unusually 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 INR 180 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 am 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 INR 103.6 crores, registering growth of 6.1% year-on-year compared with INR 97.8 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 increases

Report is AI-generated and may contain inaccuracies.

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 INR 59.6 crores, representing growth of 8.8% year-on-year compared with INR 54.8 crores in Q2 FY26. EBITDA margin 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 INR 32.1 crores, registering growth of 28% year-on-year compared with INR 25.1 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 INR 8.5 crores from INR 13.2 crores a year ago. Basic and diluted earnings per share for the quarter stood at INR 4.18 compared with INR 3.50 in Q2 FY26.

Now coming to our consolidated performance for H1 FY27, revenue from operations for the first half stood at INR 856.4 crores, registering growth of 35.5% year-on-year compared with INR 632.1 crores in H1 FY26. Gross profit increased by 28.6% to INR 230.9 crores, while EBITDA grew by 32% to INR 136.7 crores compared with INR 103.6 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 INR 79 crores compared with INR 56.2 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 continued 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 INR 20.1 crores in H1 FY27 compared with INR 7.9 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 INR 632.9 crores as of September 30, 2026, compared with INR 364.1 crores as of March 31, 2026. 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

Report is AI-generated and may contain inaccuracies.

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 a 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 – Chief Operating Officer: Thank you, Mehul, and good morning, everyone. I will now take you through the operational performance and key business developments during Q2 FY27. 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 of September 30, 2026, our outstanding order book stood at INR 3,196.97 crores compared with INR 3,116.63 crores as of June 2026 and approximately INR 2,069 crores a year ago, representing 54.5% year-on-year growth. Our inquiry pipeline remained strong at approximately INR 19,464 crores. During Q2, we booked new orders worth approximately INR 421 crores. Commodity volatility had delayed certain order finalizations, including tenders where we emerged as L1, but purchase orders are awaited. We expect order finalization to improve during H2 FY27.

Among the key developments was a letter of intent worth INR 193.92 crores from APTRANSCO for the supply of 12 units of 160 MVA, 220 kV-class auto transformers. 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 operations and transportation during Q2. 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 second half of the financial year.

Moving to higher-voltage transformer initiatives, our Vadodara facility has received approvals from NTPC Solar, NTPC Renewables, Tata Power, KPTCL, Punjab Transmission Company, and a few more customers. Manufacturing of our first 315 MVA transformer, 400 kV class, commenced in October 2026 following delays in receiving certain critical components. To minimize similar delays going forward, we have placed advance purchase orders for the long-lead components and developed alternate supplier arrangements. We are targeting manufacturing completion and short-circuit testing during Q3 FY27. Subject to successful testing and necessary approvals, commercial contribution is expected in Q4 FY27.

Report is AI-generated and may contain inaccuracies.

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 sanction-related constraints, we remain open to suitable partnerships as circumstances improve in the future. We are targeting commencement of production during Q4 FY27, with completion and testing envisaged between Q4 FY27 and Q1 FY28. These developments will strengthen our capabilities in higher-voltage-class transmission projects.

Coming to capacity expansion, civil construction of our dedicated IDT plant, or inverter duty transformer facility, is complete, and machinery installation is underway. We expect commissioning before the end of Q3 FY27, adding approximately 5,000 MVA of capacity with planned capital expenditure of 65 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 to be manufactured in Unit 2.

Alongside this, our tank and radiator backward integration project through AE Components is also progressing. The plant layout and machinery requirements have been finalized, and the groundbreaking ceremony has been completed, with planned capital expenditure of approximately [cut off]

Anand Sharma: Approximately 193 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 Q2, we secured our first US order for a specialty transformer for a new transformer manufacturing facility to be set up in the United States.

We are also witnessing encouraging traction from US customers, with active inquiries for approximately 120 transformers aggregating to 9,300 MVA. Additionally, we have identified two potential long-term partners to support our international expansion.

Our medium-term aspiration is for exports to contribute approximately 15% of 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 MVA worth 184 crores, alongside renewable energy and industrial electrification. These segments are expected to support future demand for our products.

Overall, despite temporary execution challenges during Q2, our order book and inquiry pipeline remain healthy. Our immediate priorities are to improve execution, commission our new Vadodara facility, and advance our higher-voltage development program.

With that, I would now like to hand over the baton to our CMD, Mr. Nirmal Patel, for his remarks. Over to you, sir.

Nirmal Patel - CMD: Thank you, Anand. Good morning, everyone.

Report is AI-generated and may contain inaccuracies.

Atlanta Electricals

First of all, on behalf of the 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 from 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 the underlying strength of our business and 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, and data center infrastructure are driving demand for higher-capacity and technologically advanced transformers.

At Atlanta Electricals Ltd., our strategy is centered on strengthening our position in the evolving industry through capacity expansion, technological advancement, and product diversification. Our key priority remains our transition toward 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 and the tank and radiator backward integration project will strengthen our manufacturing capabilities, improve supply chain reliability, and deliver long-term operational efficiencies.

Another important development has been our entry into the US market, with our first order marking a significant milestone in our 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 within the next 2 years.

Coming to our outlook, our strong order book and healthy inquiry pipeline provide encouraging revenue visibility. While commodity price 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 toward 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 Ltd. well for sustainable long-term growth.

Report is AI-generated and may contain inaccuracies.

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.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Tina Virmani from Motilal Oswal. Please proceed.

Tina Virmani – Motilal Oswal: Hi, sir. Good morning. My first question is related to the 765 kV plant. You mentioned that there are some delays in finalization of the technology partner. What is the status of the ramp-up of this 765 kV plant? This would be my first question.

Nirmal Patel – CMD: [pause] Good morning, Tina. The 765 kV development through a technology partner is still open. We have not shut the door. We are still exploring possibilities of engaging with partners without getting into the risks of tying up with sanctioned entities. That option is not something we are closing. At the same time, we are confident that the team is capable of developing 765 kV-class products on its own, and hence we have already started the design process and certain material-ordering processes for 765 kV development.

With the infrastructure that we have, it is going to be a parallel development across different facilities: 765 kV in Unit 5 and 400 kV in Unit 4. Hence, we do not see much stoppage because of that.

After that, we would still be exercising our options to obtain 765 kV-class orders through the private sector and will continue to pursue orders through the government sector.

Tina Virmani – Motilal Oswal: In this case, are you also directly working with Power Grid to align with the designs that are needed for 765 kV, or will that come at a later stage?

Anand Sharma: Hi, Tina. Anand Sharma here. Good morning.

Tina Virmani – Motilal Oswal: 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, the specifications of 765 kV- and 400 kV-class transformers and reactors have been standardized. Therefore, whatever reactor or ICT we manufacture at 765 kV shall be as per the CEA guidelines, and hence it will be acceptable to Power Grid and other customers in India.

Tina Virmani – Motilal Oswal: Okay. So there would not be any customized specifications related to any other customer. It is a standard design that will be applicable.

Anand Sharma: Yes.

Report is AI-generated and may contain inaccuracies.

Tina Virmani – Motilal Oswal: Okay. My second question is regarding the utilization level across your plants after the monsoon season. I believe that the monsoon would have impacted the second quarter. How do you see the utilization level now, particularly for your 220 kV plant and the 400 kV plant, which you were earlier planning to utilize for your existing 220 kV orders? How is the utilization level ramping up across the plants?

Nirmal Patel – CMD: Mehul, would you like to take that question?

Mehul: Yes. The current utilization levels at Units 1 and 2, which are located in the GIDC area of Anand, are 60% and 40%, respectively, and our Bangalore plant is contributing around 90% utilization. The Vadodara facility is at around 30% utilization, and the Jambusar facility, which is the 765 kV plant, is at around 7% to 8% utilization.

Tina Virmani – Motilal Oswal: Understood. What is the utilization level of the 220 kV facility?

Mehul: At present, Unit 1, which is at Anand, is at 60% utilization, and our Vadodara facility, which is capable of handling 220 kV and 400 kV, is at 30%.

Tina Virmani – Motilal Oswal: This will move up as execution ramps up.

Mehul: Yes. During H2 of the current financial year, it will definitely move up. This was specifically due to heavy rainfall in this area. These facilities did not contribute to the revenue numbers in terms of MVA utilization. However, if we look at utilization on the basis of production, it is on the higher side. Unfortunately, we were not able to dispatch a few transformers that were ready, and that finished goods inventory was lying with us as of September 30, 2026, at around INR 180 crores.

Tina Virmani – Motilal Oswal: Understood. So you maintain your revenue growth guidance with a good pickup in the second half of this year.

Mehul: Yes. As included in my speech, around 70% of these deferred deliveries had already been dispatched during October itself.

Tina Virmani – Motilal Oswal: Understood. Thank you so much. That is it from my side.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone.

The next question is from the line of Kunal Mehta from InCred Equities. Please proceed.

Kunal Mehta – InCred Equities: Hi, sir. Very good morning. My first question is on order inflow. This quarter, as mentioned, it was around INR 421 crores, which is almost 55% down quarter-on-quarter. Is this slowdown due to slower tendering, delayed decisions on the customer end, or some competitive pressure that we are facing? We see peers booking orders aggressively, such as TRIL. What should we expect in the second half of this year?

Nirmal Patel – CMD: [pause] Hi, Kunal. This is Nirmal Patel. This is a management decision. It is not related to the market. As we said, a lot of orders were on the verge of being L1 and being ordered, but they were pending. Apart from that, it is a management decision to cautiously undertake order intake because these orders are predominantly 220 kV and below. A substantial amount of order

Report is AI-generated and may contain inaccuracies.

booking had already been completed in Q1 to substantiate our growth for at least the next 1.5 years. That is the reason we have taken a conscious call on order booking of 220 kV class and below.

As soon as we are able to develop a 400 kV-class product in this particular quarter, we shall be opening our doors for 400 kV-class orders, which will eventually add to our order pipeline. For the 220 kV class, order visibility is usually 1.5 years, and hence a 3,000 crore-plus order book is sufficient to take care of that visibility.

Kunal Mehta – InCred Equities: So you mean that now we will be more aggressive in the 400 kV and 765 kV segments over the next couple of quarters? We will start tendering for those transformer orders. Am I right?

Nirmal Patel – CMD: Yes, you are right. However, we cannot ignore 220 kV-class orders and below as well. Whatever we have quoted will definitely come, but 400 kV and above will be our focus, which will substantiate our order book for longer visibility and a larger number.

Kunal Mehta – InCred Equities: My second question is, out of the 3,197 crore order book, does this also include the 180 crores that was not dispatched? How much of this includes fixed-price contracts? Will we be booking all the new orders with a price variation clause, irrespective of whether the customer is private or public?

Mehul: Hi, Kunal. Mehul here. I will answer your first question out of the two questions. The first question is related to 400 kV-class orders in our book, which amount to 184 crores. That order is still in our order book, and we are now starting to execute it.

Kunal Mehta – InCred Equities: Mhm.

Mehul: For the second part, Anand, sir?

Anand Sharma: Hi, Kunal. Anand Sharma here.

Management: We have been maintaining, and we also said this in our previous earnings call, that since the Middle East war started in March, we stopped quoting inquiries that came on a firm-price basis. Even for private or corporate customers, we have been quoting only with the price variation clause formula. There may have been a couple of orders in between that we had to take on a firm-price basis, but again, those would not be more than 1% to 2% of the total order book we have booked in the last 6 months.

Kunal Mehta – InCred Equities: Out of the 3,197 crore order book, what percentage would approximately be firm-price?

Management: Mehul, do you have that number?

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

Kunal Mehta – InCred Equities: Okay. And, sir—

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

Report is AI-generated and may contain inaccuracies.

Kunal Mehta – InCred Equities: 3% to 4%, sir?

Management: That is what we know, yes. As Niral sir said and Mehul also said at the beginning of the call, the majority of the orders booked on a firm-price basis last year have already been executed, with a major portion completed during Q2. Whatever remains will be executed in Q3 of this year. We will not be left with any firm-price orders in Q4 of this financial year. Whatever remains to be executed in this quarter is a very, very, very small amount.

Kunal Mehta – InCred Equities: My third question is on the capex of 193 crores that we have announced. How much would be funded through internal accruals, and how much debt would we take for it? Is any other capex planned for capacity expansion or any other activity in the second half?

Niral Patel: Hi, this is Niral Patel again. Whatever capex we have lined up as of now is being funded through internal accruals. We continue to maintain that momentum through internal accruals. We have also tied up long-term debt with banks, but none of it has been availed as of now. The 196 crore tank fabrication capex involves a lot of robotics and a lot of development in automation, and hence it will take time to adapt to Indian standards. The majority of this will be funded through internal accruals. As part of our Plan B, as I said, term loans have already been tied up so that the project does not get delayed. Apart from these two capex projects, we do not have any other capex lined up, apart from small projects such as creating labor quarters and hostel buildings for our staff. These are very small projects.

Kunal Mehta – InCred Equities: On the US market, can you provide more detail on how we should view this? Is this an extremely positive development, and are we seeing a long-term partnership with the customers that we have onboarded? How is the situation there?

Niral Patel: This first order that we have received is a very unique order. It is a specialty transformer and a highly technical product. That being said, our focus in entering the US market is not white-labeling. Our focus is not contract manufacturing. Our focus is on establishing our own connections with partners who will enable the Atlanta Electricals brand in the US market, and that is exactly what we are exploring. Two of these partners have been shortlisted as our support partners in the United States, and one of them would be responsible for taking the Atlanta Electricals brand forward 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 – InCred Equities: Do we see at least a 5% to 6% additional gross margin benefit from this?

Niral Patel: The margins are definitely better, but it would be very difficult to commit to the margins that you have asked about. However, we know for sure that the margins are much better.

Kunal Mehta – InCred Equities: I have one last question. I think it was mentioned in the opening remarks that we had some issues procuring critical components earlier. Have we already stocked up on critical components, such as bushings? When we have higher-volume orders in the future, how are we planning to tackle the availability of all these critical components for transformers? I believe there is a shortage of bushings and other critical components for transformers. How are we

Report is AI-generated and may contain inaccuracies.

planning to tackle this?

Niral Patel: As you can see from our inventory, a small portion of it is allocated toward stockpiling critical components. It is not that we do not have tie-ups or that we are facing problems. It is a temporary problem because of the typhoons that occurred and disrupted the supply chain. We see this as a very temporary situation. For critical components, we do not see any problems arising in the future. We should be establishing good customer-supplier relationships with our suppliers and helping them enter the Indian market to take care of their business as well, while establishing our priorities for those products so that our supply chain does not get disturbed. That is the strategy we are working with.

Kunal Mehta – InCred Equities: Okay, sir. Thank you so much, and I wish you and the entire Atlanta family a very happy Diwali. I will fall back in the queue for more questions.

Management: Thank you so much. Wish you the same.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Dhaval Yadav from {? IVIK ?} Securities. Please proceed.

Dhaval Yadav – {? IVIK Securities ?}: Hello?

Management: Hi. Hello.

Dhaval Yadav – {? IVIK Securities ?}: Am I audible?

Operator: Yes, sir.

Management: Yes, you are.

Dhaval Yadav – {? IVIK Securities ?}: My question is regarding the EBITDA margin guidance. Are we going to sustain the margins in the coming 2 quarters, somewhat like Q1, which we have seen?

Mehul: Yes, certainly. We maintain that our EBITDA margin for FY27 and FY28 would range around 16% to 18%, and we remain firm in our belief that we will achieve this margin in the current year and the coming year.

Dhaval Yadav – {? IVIK Securities ?}: My other question is about the US order that you are working on. What is the situation regarding tariffs? Are we being impacted by any tariffs, or is there no impact?

Management: Dhaval, we do not see any impact from tariffs at the moment on the inquiries that we are working on.

Dhaval Yadav – {? IVIK Securities ?}: Do we have any manufacturing facility there, or are we only exporting?

Management: No, we do not have any manufacturing facility in the US, as far as we know. We will manufacture at our Indian units and supply there.

Report is AI-generated and may contain inaccuracies.

Dhaval Yadav – {? IVIK Securities ?}: Okay. I have a few more questions, but I will fall back in line. Thank you.

Management: Sure. Thanks.

Operator: Thank you. A request to all participants: please restrict your questions to two questions per participant. For more questions, please rejoin the queue. The next question is from the line of Rohan from Axis Capital. Please go ahead.

Rohan – Axis Capital: Thank you for the opportunity. I have a couple of questions. First, can you please share the production figures for Q2 in terms of MVA?

Mehul: Hi, Rohan. Total MVA produced during H1 FY27 was 8,664.

Rohan – Axis Capital: Secondly, you did mention that the margins were affected mainly because of fixed-price contracts. Going into the next couple of quarters, how much of the existing order book consists of fixed-price contracts, in percentage terms, and how are we looking at this going forward?

Mehul: As mentioned in our—

Management: Rohan, as—

Niral Patel: Go on, Mehul.

Management: Go on, please.

Mehul: Rohan, as mentioned in our opening speech, there are a few orders without a price variation clause, which are firm-price contracts. The portion is around 10% to 12% of the total order book at present, and most of these orders will be manufactured and dispatched during Q3 of the current financial year.

Rohan – Axis Capital: So should we assume that, for the execution of those particular orders, you will have a similar run rate of EBITDA margin?

Management: No, Rohan. We do not see any trouble there because, with certain customers, when the Middle East war began in March, we approached them again and requested a price revision. For whatever orders remain to be executed in Q3 of this year, we have already received a good response and support from our customers in terms of obtaining price revisions to the original contracts. Therefore, the prices at which we booked the orders last year have been brought in line with current price levels. We do not expect the remaining firm-price contracts executed in Q3 to have any negative impact on margins in this quarter.

Rohan – Axis Capital: Understood. Thank you so much.

Management: Thank you, Rohan.

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

Report is AI-generated and may contain inaccuracies.

Jainam – Saltoro Investments: Hi, team. My question is on margins. Given that we will have substantial operating leverage in the second half of FY27 as capacity increases, and given that, as Anand mentioned, we are getting the orders repriced, can we expect margins to move forward? We initially stated an aspiration of 18% to 19% EBITDA margins.

Management: May I interrupt you? Your voice is not very clear. Can you repeat your question?

Jainam – Saltoro Investments: Am I audible now? Is it better? Hello?

Management: It is better now, sir.

Niral Patel: Yes, it is better now, sir.

Jainam – Saltoro Investments: My question was on margins. In the second half of FY27, as we improve our capacity utilization and as we have repriced our orders, along with the fact that fixed-price contracts will be lower in the mix, can we expect margins to improve? Initially, we had aspirations of high-teen EBITDA margins. How are we looking at margins in the second half of FY27 and FY28? That is my first question.

Niral Patel: I will have Mehul answer this question, Jainam. This is Niral Patel. I will just give you a brief view of where we come from. H1 is generally cold in terms of business, and H2 is generally the seasonal business. H2 is generally very good, and that is exactly what we are seeing. EBITDA levels on a quarter-on-quarter basis are usually better in H2 than in H1. That being said, we were expecting such corrections in Q2 as well, but the quarter was unfortunately affected by the monsoon season and by our inability to ship transformers. It was not just the monsoon in Gujarat; it was also monsoon activity at the customer end, where we were certain that we would not be able to deliver transformers. Going forward, we certainly see better utilization of our facilities. Optimum utilization is 80%, and that would certainly be our target to achieve. We have a healthy order book. We will definitely see a good correction in margins because better utilization will enable us to bring in economies of scale. Margin improvement will happen in Q3 and will definitely happen in Q4 as well.

Jainam – Saltoro Investments: Understood.

Management: Mehul, do you have anything to add on the same?

Mehul: Jainam, if you see, H1 EBITDA margin is 16%, and what we are maintaining for FY27 and FY28 is between 16% and 18% EBITDA margin. We are quite sure that we will achieve this, with H2 being heavy on the execution side. With operating leverage coming in during H2, this margin will go up, and the average margin for the full year will be within our expected range.

Jainam – Saltoro Investments: A similar question on this: how are you seeing the order pipeline right now? With every player increasing capacity, do the new [cut off]

Jainam – Saltoro Investments: [inaudible] orders right now have similar margins, or are margins getting compressed given the competition? Can you provide some perspective on this?

Report is AI-generated and may contain inaccuracies.

Aneesh Sharma: Jainam, Aneesh Sharma here. As of today, we have not seen any pressure either on the inquiry pipeline or on the margins at which we were booking orders. Moving forward, we will see what happens. The capacity expansion of perhaps a couple of players has happened, but for the majority of players, it is yet to happen. Another point that we have been making repeatedly is that not every player is expanding in the same voltage class. Therefore, capacity expansion is quite diversified across different players, and it will be spread across the entire requirement for transformers. We are seeing capacity expansion, but alongside that, we are also seeing new requirements emerging. We saw the Green Energy Corridor announcement, which will certainly generate more demand for transformers across all voltage classes.

Jainam – Saltoro Investments: Understood. My last question is regarding the 400 kV—

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

Jainam – Saltoro Investments: Sure, I will get back in the queue for further questions. Thank you very much, sir.

Aneesh Sharma: Thank you.

Operator: Thank you. The next question is from the line of Mohammad Namir from {? ICO Quantum ?}. Please proceed.

Mohammad Namir – ICO Quantum: Hi. Thank you for the opportunity. My question pertains to the demand and supply dynamics of the industry in the 400 kV-plus class segment. What is the total demand and supply in MVA terms for transformers above 400 kV?

Aneesh Sharma: [pause] Mohammad, Aneesh Sharma here. It is really a tough question to answer when it comes to providing exact numbers on the requirement side. Why do I say this? Because all of us possibly see the data published by CEA or NEP, which, according to us, concentrates on the requirements of the inter-state transmission network. It does not include intra-state transformer requirements or other transformer requirements for intra-state transmission network development. Therefore, CEA and NEP show the inter-state requirement and the demand for transformers on the generation side. When you add the intra-state numbers, which will possibly start appearing after this Green Energy Corridor announcement, we do see substantial requirements for 400 kV- and 765 kV-class transformers for many years. Providing any exact number in response to this question would not be justified on our part.

Mohammad Namir – ICO Quantum: Understood. My next question is: what percentage of our current order book consists of higher kV-class transformers?

Aneesh Sharma: When you say higher kV class, I am assuming you mean 400 kV?

Mohammad Namir – ICO Quantum: Yes.

Aneesh Sharma: It is Niral.

Niral Patel: Hi. The 400 kV-class order in our current order book is 8.60%. If we consider the 220 kV-class order, it is another 15.47%.

Report is AI-generated and may contain inaccuracies.

Mohammad Namir – ICO Quantum: Understood. Thank you so much. That is it from my side.

Operator: Thank you. The next question is from the line of Kushal Saptarshi, an individual investor. Please go ahead.

Kushal Saptarshi – Individual Investor: Hello, am I audible?

Aneesh Sharma: Yes, you are, sir.

Kushal Saptarshi – Individual Investor: My question is regarding raw material procurement. During the last quarter, we procured significant raw material. How many quarters of revenue can this inventory support?

Aneesh Sharma: Kushal, this can tentatively support one quarter's raw material requirement.

Kushal Saptarshi – Individual Investor: Since there is currently a supply shortage, what is our near-term strategy for procuring raw material, given that our backward integration is expected in October 2027? Is there any near-term guidance or revision?

Aneesh Sharma: There are two or three elements, or two or three ways, in which we can answer this question. The facility that we are establishing through our backward integration efforts is for the manufacture of tanks and radiators. We are not seeing any supply pressure as of today for these items. The reason why we are establishing this tank and radiator facility is entirely different. We are doing it for quality improvement and to reduce supply timelines. That is the purpose for which we have maintained this particular position.

As far as other components are concerned, we have not seen any difficulty in procuring copper conductors, bushings, or any other item. We certainly have strong customer-vendor relationships and a strong planning pipeline, because of which we have been able to ensure that materials are available on time. The only reason for the temporary disruption in Q2 was that there were back-to-back typhoons in the regions of China and Japan. Due to the Middle East war as well, container availability was severely hampered. That situation worked somewhat negatively on the supply chain side. Apart from that, as far as our connections and forward planning are concerned, we were on track and remain on track as of today.

Kushal Saptarshi – Individual Investor: Okay. Thank you. That is all from my side.

Aneesh Sharma: Thank you, sir.

Operator: Thank you. The next question is from the line of Hemant Soni, an individual investor. Please proceed.

Hemant Soni – Individual Investor: Thank you for providing me the opportunity. I wanted to clarify one thing. Did I hear correctly that the 40% CAGR is for FY27, FY28, and FY29, for the next 3 years?

Aneesh Sharma: Sir, 40% CAGR is [crosstalk]

Report is AI-generated and may contain inaccuracies.

Niral Patel: I would like to provide a comment here. When we went public, one statement that we made was that we would ensure 40% CAGR for the coming 3 years and maintain a stable margin between 16% and 18% because of the new technology development that we are undertaking. We continue to hold to that position, and we are confident that we will be able to maintain it. One year has passed since we went public, so we still have 2 years to maintain this position, and we continue to stand by it.

Hemant Soni – Individual Investor: So should I expect 40% CAGR through FY28, for the next 2 years, FY27 and FY28, and not for FY29? 100%?

Niral Patel: Yes, 100%.

Hemant Soni – Individual Investor: Should it be evenly distributed? Should it be 40% year-on-year growth?

Niral Patel: I would not like to give any confirmation on that. To answer the first question, the yearly distribution will be more or less in that range, but the business is cyclical. H1 periods are usually slow, while H2 periods are usually very strong and growth-heavy. Therefore, we cannot average it out on a quarter-on-quarter basis. However, to a certain extent, we can definitely average it out year-on-year.

Hemant Soni – Individual Investor: Is there any ballpark figure for FY29?

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

Hemant Soni – Individual Investor: This is the last question. Please allow it.

Aneesh Sharma: No, Hemant, it would not be appropriate for us to provide any guidance for FY29 at the moment.

Hemant Soni – Individual Investor: Okay, sir, fine.

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

Dhaval Yadav – IVIK Securities: My question is regarding the Green Energy Corridor. When the growth guidance was recently given, did it include growth from the Green Energy Corridor, or is that additional to the growth guidance given earlier?

Aneesh Sharma: We did not understand your question, sir.

Dhaval Yadav – IVIK Securities: My question is about the Green Energy Corridor. Hello, am I audible?

Aneesh Sharma: Yes, you are.

Dhaval Yadav – IVIK Securities: My question is about the Green Energy Corridor. We have given a 40% CAGR commitment for FY27 and FY28. Will the Green Energy Corridor add to the growth rate during these 2 years, or is it factored into the 40%?

Report is AI-generated and may contain inaccuracies.

Niral Patel: The CAGR growth commitment that we were working on began last year, and at that time we did not have any announcements regarding such Green Energy Corridors. What we are trying to say is that 40% is the minimum growth that we are trying to achieve, and this is something we would like to bring to your notice. Green Energy Corridors will definitely improve demand, but on our side, we would still try to commit to at least 40%.

Dhaval Yadav – IVIK Securities: Okay. Thank you so much, sir.

Operator: 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, everyone, for joining us today and for your continued interest in Atlanta Electricals Ltd. While the second quarter presented certain temporary challenges, we remain confident in the underlying strength of our business and the long-term growth opportunities in the transformer industry. With a healthy order book, a 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 queries, you may contact Adfactors, our investor relations advisors. Thank you so much, everyone.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.