

TD Power Systems Limited
(CIN -L31103KA1999PLC025071)

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May 19, 2025

The Corporate Service
Department
BSE Limited
P J Towers, Dalal Street
Mumbai - 400 001
Scrip Code: **533553**

The Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, Bandra- Kurla Complex
Bandra (East)
Mumbai - 400 051
Symbol: **TDPOWERSYS**

Dear Sir/Madam,

SUB: Transcript of Earning Conference Call – Q4 and Year Ended March 31, 2025

In furtherance of our letter dated May 6, 2025 regarding intimation of earnings conference call, the transcript of Q4FY2025 earning conference call held on May 13, 2025 is enclosed and has also been uploaded on the website of the Company at <https://www.tdps.co.in/investor-relations/financial-results>

Kindly take the above on record.

Yours faithfully,
For TD Power Systems Limited

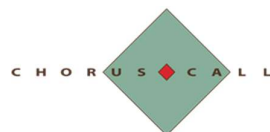
Bharat Rajwani
Company Secretary & Compliance Officer

Encl: A/a



“TD Power Systems Limited
Q4 FY '25 Earnings Conference Call”
May 13, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th May 2025 will prevail



MANAGEMENT: **MR. NIKHIL KUMAR – MANAGING DIRECTOR – TD
POWER SYSTEMS LIMITED**
**MS. M.N VARALAKSHMI – CHIEF FINANCIAL OFFICER
– TD POWER SYSTEMS LIMITED**
**MR. VINAY HEGDE – GLOBAL HEAD, SALES AND
MARKETING– TD POWER SYSTEMS LIMITED**

Moderator: Ladies and gentlemen, good morning, and welcome to the TD Power Systems Limited Q4 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will remain 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 the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikhil Kumar, Managing Director. Thank you, and over to you, sir. Ladies and gentlemen, due to technical issues, Nikhil, sir will connect us shortly. Now we have Varalakshmi ma'am. Please go ahead.

M. N. Varalakshmi:

Good morning, everyone. Thank you once again for joining us today on our earnings call. I trust all of you would have received our results and investor presentation. Now I would like to discuss with you TDPS financial performance for the year ended 31st March 2025.

Moving on to the financial performance for the 12 months ended 31st March 2025. On a standalone basis, our full year total income on a standalone basis was INR12.88 billion versus INR10.07 billion over the same period previous year, increase of 28%. EBITDA for the full year is 17.46%, including other income, excluding exceptional and treasury income versus 17.59% over the same period previous year.

Profit after tax and comprehensive income is INR1,530 million versus profit of INR1,223 million same period previous year, an increase of 25%. During the year, the company has provided for diminution in the value of investment of INR30 million, being 50% of its investment in its subsidiary, DF Power Systems Private Limited.

Order book. Order book of Manufacturing segment is INR13.68 billion, INR10.12 billion regular manufacturing business, INR3.16 billion railway business, space and aftermarket, INR0.11 billion and INR0.29 billion Turkey business. Exports and deemed exports, excluding railway order is 62%. Order inflow statistics. Order inflow for the quarter is INR4.13 billion, highest ever since inception of our company. Order inflow has increased 43% Q-to-Q basis and 41% over a Y-o-Y comparison basis.

Current year order book is INR14.79 billion, previous year order book, INR10.51 billion. 68% of our quarterly order inflow is exports, while 32% is domestic. Domestic order inflow for the last 4 quarters have been 28%, 27%, 32% and 40%, which is INR81 crores, INR96 crores, INR130 crores and INR153 crores, respectively. Order inflow from deemed and direct export is INR9.85 billion compared to INR5.9 billion previous year.

Export and deemed export order inflow is 68% of total order. On a consol basis, our total income on a consol basis is INR13.02 billion versus INR10.17 billion, an increase of 28%. Profit after tax and other comprehensive income for the year is INR1,734 million versus INR1,156 million, increase of 50%. We continue to maintain a strong cash position of INR1.99 billion.

Order book, market situation and guidance. Market conditions. The order inflow continues to be very strong from exports in our generator and motor business. We give our initial guidance at INR1,500 crores with a strong upward potential given the sustained order inflow as well as the third plant commission coming on stream in H2 of this financial year.

EBITDA margins will be in the range of 18% to 18.25% with an upward movement potential. Market scenario for domestic market, Looking at the entire year of FY '25 versus FY '24, the

domestic part of order inflow has increased from INR4.41 million to INR4.6 million, 4% growth. However, the rate of growth has moderated.

or...

Nikhil Kumar:

Sorry, everybody, I think that we got disconnected. So the rate of growth in the domestic market is just 4%, and we are factoring in 4% growth in domestic market for this year also. The market in India is still a single-dimensional market in captive power plant business, so it depends on brownfield and greenfield private sector investment. Biomass and garbage burning plants are relatively underperforming in terms of potential versus actual.

In the hydro market in India, we're expecting some large orders in the refurbishment sector. If these are successful, we can see double-digit growth for the domestic market in terms of order inflow for FY '26 to be executed in FY '27. For TDPS, it is the export business, which remain backbone of the business.

International market. We have extremely strong growth in the order book in export business from gas turbines, engines and motors. Order inflow from direct and deemed exports has increased by 3.95 billion from 5.9 billion to 9.85 billion, which is a 67% growth on a year-on-year basis. These numbers are a clear evidence of our business results. Exports will continue to be a growth driver for the future as we have many more applications which are our generators in the international market compared to India.

We continue to win orders in gas engines and gas turbine generators. There is a huge growth in fracking, data centers, AI server farms, grid stabilization units and, of course, Ukraine. The demand is simply huge, and the market growth presents the company with the most exciting growth opportunities ever since its inception.

For example, the new German government has called for expedited installation of 20 gigawatts of gas power only for grid stabilization. The recent blackout in Spain and Portugal has suddenly increased awareness of grid stabilization and what can happen when the grid is overly dependent on renewable power.

AI farms and data centers in the U.S. continue to be a huge market with massive requirements, and we are very well positioned with our OEM customers to be a part of this exciting growth. Coming to traction, we're underway to deliver prototype units for Germany, U.S. and CIS countries. we have firm volume contracts for FY '27, and we will see a sharp increase in this segment in FY '27.

Hydro, the order inflow continues to be strong and steady. The new mission business is all export. As I mentioned earlier, there are a number of refurbishment jobs in the market in India, and we hope to win a few of them. In general, the export business is the key driver for our growth for generators with big orders in gas, hydro and traction. We are participating and winning business in larger AI data farms, AI server farms, data centers.

And this year, we'll put larger generators into the market up to 40 megawatts, even 45 megawatt size. And this segment of the market is equal to the size compared to the market where we're

currently operating in. So this will open up a huge market potential for TDPS in FY '27 and beyond.

In the motor business, we are on track to achieve the numbers we indicated earlier. Once again, our markets are mainly exports, and we see a big pipeline of orders in the Middle East and India. Turkey, we have received the orders from Turkey after a long pause in the market. We deliver the generators this year.

It is certain that Turkish plant will deliver good numbers and profits for this year. However, the outlook for the Turkish market is very bleak, and this year could be the last year of operations in this market. As the company enters new markets and more complicated applications, there is a clear need for advanced talent to design new machines and meet the stringent requirements of new applications.

TDPS is going to set up a design center in the U.K. initially with two or three highly qualified individuals who will be responsible for developing new generators and more products for the future. In conclusion, with the new plant and more opportunities coming our way, we're well positioned to exceed our guidance of INR15 billion for this year.

We are also focused on FY '27 and new products in large generators, large motors and, of course, execution of the traction motors for Europe, U.S. and the CIS countries, which will drive the company towards the INR 19 billion to INR 20 billion mark in FY '27.

This brings me to end my initial remarks. I'll be happy to address questions that you have.

Moderator:

The first question comes from the line of Piyush Sevaldasani from Sundaram Alternates.

Piyush Sevaldasani:

Congrats for great set of numbers. Sir, my first question is on the margins. We have seen an improvement in the margins for this quarter. Can you help us understand on the gross margins, is this 36% sustainable? And also on the staff cost, which has been controlled really well. I was under the impression that we are hiring new people for the new plant. That's why there would be an increase. So is that incremental cost capitalized? That's why we are not seeing this?

Nikhil Kumar:

No, who will incur capitalized staff cost, that is not at all our accounting policy. We are hiring people, but that is mainly at the blue collar level at the moment. So we are not going to see big increases in the numbers immediately. But the white collar hiring will start now. And then we will start seeing some increases in the employee costs coming in this year.

Coming to the gross contribution margin in general, they have been delivering fairly consistent numbers for the past few quarters. So it's sustainable in this range for sure. Of course, 1% here and there, it could vary from quarter-to-quarter.

Piyush Sevaldasani:

Sure, sir. And sir, my second question is on the working capital. So the net working capital days has seen an increase this year. So that is leading to weak operating cash flow. So how should we think about it going forward?

- Nikhil Kumar:** Yes. We had to take certain very drastic decisions. For example, when the copper prices dropped recently, we purchased a lot of copper, and we also bought a lot of electrical steel because we saw prices were coming down. when the whole turmoil for duties and everything, Trump duties, Trump tariffs was in the market, so we saw a buying opportunity.
- So we have purchased a lot of material. We will see a big improvement in the operating cash flow starting from Q1 onwards. We will see because we'll not be buying steel and copper, we'll be consuming from inventory. Second reason is that we, of course, March is always a very heavy month for invoicing.
- So those will end up in receivables, but collections are now taking place in Q1 and Q2. So we will see the cash flow numbers dramatically improving in Q1 and Q2. By the end of H1, we will show very good cash flow numbers, by the next quarter, we will tell you exactly what it's going to be for H1.
- Piyush Sevaldasani:** Sure, sir. Sir, just last one question. On other income, we have seen a sharp jump of INR10 crores, if you can just help me on that?
- Nikhil Kumar:** Yes, that is mainly foreign exchange gains. Varalakshmi, please, you can maybe take this question
- M. N. Varalakshmi:** Yes,. due to foreign exchange gains, we had a lot of forward bookings.
- Nikhil Kumar:** Yes, we have been exploiting the opportunity, which has been created with the euro. In the recent times, the euro had become very strong against the rupee, almost going up to INR96, INR97 levels. We could also get a benefit of that in Q4. So we have exploited that opportunity with our forward rates and hedging.
- We will continue to take the benefit of this for this entire financial year. We have used that narrow window of time to book a large number of forwards with very, very favorable rates. So the company will get solid foreign exchange gains coming from forward booking from Europe for this entire financial year.
- Moderator:** The next question comes from the line of Deepesh Agarwal from UTI AMC.
- Deepesh Agarwal:** Congratulations, Nikhil and team for the good numbers. My first question is, Nikhil, if you can explain us what is the share of revenue coming from U.S.? And what is your view of the potential impact of the tariffs after that 30 -- 90 days pause?
- Nikhil Kumar:** I think that India is close to finalizing some kind of a trade deal with the U.S. And I don't think that India or the whole world is going to get back to those huge duties, what Trump was initially proposing. But even if it does, the U.S. market for our products are all outsourced from outside the U.S.
- So there's no U.S. manufacturer making anything above something like maybe 10 to 12 megawatt. There's one person who's making up to about 12 megawatt, but he's completely booked out. So there is the smaller machines, of course, we have competition, but there's one

player, but as I said, he is booked out. But all the larger data centers, AI business, the machines are imported from Europe.

So as long as Europe and India have comparable tariff rates, I think that there's going to be no big advantage for one country versus the other for the U.S. customer, there's going to not be a big advantage for buying from India or buying from Europe in terms of tariffs. Of course, if India is able to finalize the deal faster and we have lower tariff rates compared to Europe, then we will see a big advantage for us, and then that will correspondingly result in more orders for the company.

These are all highly uncertain things. They change from week to week. And as far as our customers are concerned, they need to import generators. They know that they have to pay the import duties. It's not coming on to us. Demand is very, very strong. Our OEM customers have started making all their contracts, passing on these import duties to the end users. They also are unaffected by this right now. Demand continues to be strong. So I feel that TDPS will not be affected by this for the U.S. market at all.

Deepesh Agarwal: In the opening remarks, you mentioned that you are setting up a design center in U.K. If you can throw some more light and need for it and what potential benefits it can bring for the company?

Nikhil Kumar: Yes. we are developing our own design for larger machines up to 100 megawatt. And these data center applications are also moving towards the larger sizes where each unit could be 30, 40, 50 megawatt in size. I mean, we need to upgrade our technology levels quite significantly to be able to compete in this space. We need better talent. We have identified talent who can do this. And these people are located in the U.K.

So we have decided now to put up the design center over there. So they're not only talented, not only very capable in the large generator space but they're also very capable in the large motor space. And they can also help us in our current designs in optimizing the designs and optimizing weight, efficiencies and things like that. So we will also see benefits coming downstream of our products in terms of cost optimization. I would say, the potential of what we can do with these extremely talented people is quite large. We see big benefits coming into the company downstream with this design center.

Deepesh Agarwal: Sure, sure. And last question, what percentage of our revenue would be dependent on data centers and AI farms? And in terms of your interaction with the customer, what is the commitment in continuing those investments? Are they concerned about the new tech impacting the future investments?

Nikhil Kumar: No I don't think right now, the market is completely on fire, and there's no slowing down. There is a fight for capacity. People who are putting up these data centers are fighting for capacity. They are booking up capacity from OEMs like gas turbine manufacturers, gas engine manufacturers, generator manufacturers. That is the situation right now.

Booking capacity for FY'26, booking capacity for FY'27 so that is what is happening, and there's no signs of this slowing down as the applications and the use of AI keeps getting more and more widespread, the demand for this power is getting more and more and more.

Plus grid stabilization, what happened in Spain and Portugal has really opened the eyes of people in Europe, especially what can happen when they are very good power in the grid. I'll tell you, it's about something like 25%.

- Moderator:** The next question comes from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** Congratulations on a very good quarter and a fantastic year. My first question is, sir, given where we are, so what is our revenue guidance and order inflow guidance for FY '26 broad outlook?
- Nikhil Kumar:** Well, I said INR1,500 crores is the first guidance for FY '26 with a strong upward potential to improve the numbers and we see based on the order inflows that we are with what we are seeing. Order inflow guidance will be something like between the region of INR1,600 crores to INR1,700 crores for the year.
- Mohit Kumar:** Understood, sir. My second question is, of course, you have just in the presentation mentioned that you have got 225 megawatt gas turbine generator order from data center, right? What is the time line for delivery of this order? And are you working with only with 1 OEM right now?.
- Nikhil Kumar:** In the next 12 months.
- Mohit Kumar:** And are you working only with OEM? Is there a possibility of adding more OEM as we go forward?
- Nikhil Kumar:** There are only 3 big OEMs in the world who make these gas turbines. So we are working with all 3 of them. But one of them is having a very large market share and the other 2, smaller amounts, but the one that is having the largest market share is our most important customer, and that is the customer from where we are getting the most amount of business.
- Mohit Kumar:** And last question on the domestic, I think you mentioned about hydro generators, right? I'm assuming these are all old machines. Is the single generator could be a sizable order, maybe get to 100 megawatt or are these are smaller-sized generators?
- Nikhil Kumar:** Vinay, can you answer this question, please?
- Vinay Hegde:** Yes. These are smaller-sized machines, what we call as small hydro, which is in the range of up to 35 megawatts, not more than that.
- Moderator:** The next question comes from the line of Mythili Balakrishnan from Alchemy Capital Management.
- Mythili Balakrishnan:** A couple of questions. I wanted to get a sense from you of what is happening on the railway side. You had mentioned earlier that more than domestic, we are looking more at exports. So could you just elaborate a little bit on what are you seeing in terms of orders? And is there any traction there?
- Nikhil Kumar:** The domestic side is fairly dormant, let me say, I don't want to use the word dead. So there's nothing new coming up in the domestic market. So we have been focusing our attention on

opportunities outside India. We are focusing on 3 opportunities, one in Europe, one in the U.S. and one in CIS countries. All 3 are active.

We have contracts for all 3. And as I said, we'll be developing the prototypes this year. We have the orders for the prototypes. So they are being built right now. And the volume production will start by Q4. And so we should see the full revenues coming in, in next financial year.

Mythili Balakrishnan: And just to get a sense, these are prototypes and should then we test it?

Nikhil Kumar: Yes, they will be tested, put the locomotives and then they'll be tested. And that's the plan for this year. But these are fairly established designs, so we don't see a problem in meeting the full requirements. And there's been a lot of quality checks done along the way. We'll be successful in meeting the requirements.

Mythili Balakrishnan: Got it. And also, I wanted to check with you, when you spoke about larger generators and sizes, what is the competition there? Is it done in-house by the OEMs currently? Or is there someone else who is providing? And just if you could give us a little bit of an indication of the competitive landscape?

Nikhil Kumar: Actually there is just one big competitor in this range, which dominates the market. And the market is also looking for a second player. So I think that we are in the right place, right time. And it's a huge market and just one single player dominating the market, so there's scope for us.

All I can say is we are seeing a big scope, but we need to have the right product in terms of being able to compete against the party who is there as a market leader. We've got an extremely good product, and we need to do some work to get there.

Mythili Balakrishnan: Got it. And the last question is on the CapEx. Could you just help us with the time line of when do you think this is coming on board for us and how to sort of think about it? You mentioned H2. Just to get a sense of some time lines on that.

Nikhil Kumar: We have already started by the end of this month May, we will start commissioning the first shed, the second shed and third shed, all the equipment and everything, all the trials and everything will start. So we are more or less on schedule. When we see the impact on our numbers, we'll start seeing that only towards H2. Started installing machines and commissioning machines and the first shed has already started.

Moderator: The next question comes from the line of Ganeshram from Unifi Capital.

Ganeshram: Congratulations on a great set of numbers to the whole team. Most of my questions have been answered, Nikhil, but I was just trying to understand this thing in Turkey. The order inflows have improved. But did I hear you right in saying that this would be the last year of operations in that market?

Nikhil Kumar: Most probably.

Ganeshram: Okay. Could you just help to understand that?

- Nikhil Kumar:** They've changed the calculations for local content once again. Of course, it will not be applicable for this order, but it will be applicable for future orders. I think it will be almost impossible for anyone to meet those new guidelines.
- And there are no inquiries in the market. And with these new guidelines, local production will become very expensive. And even with the incentives, it will be cheaper for someone to buy an imported machine. So it's quite senseless what's going on over there in terms of these regulations.
- Now it's been totally overregulated. So I don't see a future in locally made machines anymore. And so after we finish this order, we will consider just shutting down the plant. There's no point in having any cost over there anymore.
- Ganeshram:** No, I totally understand. So would there be any one-off impacts that come from it? That's the first part. And second thing I mean, if they're not making it locally, would it still be attractive for us to export there out of our manufacturing base here?
- Nikhil Kumar:** Yes, It will be all imported machines as far as Turkey is concerned. And we have a very strong market presence, very strong brand name in that country. So whatever gets imported, probably we'll be still very competitive in the market. But Varalakshmi, there will be hardly any impact on the balance sheet, right, if we stop the plant over there?
- M. N. Varalakshmi:** Maybe around INR3 crores, INR4 crores the investments that we have done. We'll try to bring back them.
- Nikhil Kumar:** But we have those reserves also, right? So it will get nullified.
- M. N. Varalakshmi:** Yes.
- Ganeshram:** Understood. That's very clear. The second thing is I went through that exhaustive list of wins and the hydro leap of orders, the nuclear orders. There's quite a lot happening for us as we've been aware for some time, right? Is there anything new this quarter that you think has come up that you haven't had previously that could scale up quickly? Or is a very large addressable growing market beyond the AI data centers and server farms and motors?
- Nikhil Kumar:** No, asking for too much, right? we have this AI for this grid stabilization, I think, this will become very large. So what has happened in parts of Europe, in Spain and Portugal has really shocked everybody in the continent. So all governments are now really relooking at gas power to stabilize grids very seriously and ordering is going to start.
- Of course, the problem is that once again, everyone is again competing for the same capacity for gas turbines and gas engines, which is completely oversold for the AI market in the U.S. So that's the situation right now. There are a huge demand coming from grid stabilization units and AI for larger gas units, but there's no capacity. So a good thing, of course, we're right in the middle of all this.

So also the demand situation is going to be very strong for foreseeable future because these are 2 fundamental things which are driving the demand, which is going to be sustainable for some time.

Ganeshram: Yes. Yes. And maybe just the last question from me is on the tariffs, right? I just want to get a bit more nuanced here because I know there's a lot of moving parts. One thing I was asking is if U.S. is importing a lot of these generators from Europe, are they primarily importing this from the U.K.? Or is it from outside the U.K.?

Because my understanding is they have a Free Trade Agreement going on there. So that's the first part. And the second is, if the cost of importing these generators go in and even if the OEM is passing through these costs, how much is the effective impact for the demand, right? Like is there going to be an impact on second or third order impact on demand because of this?

Nikhil Kumar: The cost of the power unit, the power plant from the overall data center or overall AI server farm is estimated to be something like 5% to 6% of the total cost. If you take the cost of the servers, land, water, whatever, everything, all water systems, everything put together is something like 5%. So even if it goes upto 20%, it is 1% of the overall cost. It's nobody cares about it.

Moderator: The next question comes from the line of V.P. Rajesh from Banyan Capital.

V.P. Rajesh: Yes. I was just saying by March '26, what kind of ramp-up can we expect? Will it be, let's say, closer to 80% or so? Or will that happen in fiscal '27?

Nikhil Kumar: It will happen in FY '27.

V.P. Rajesh: Okay. And then secondly, on the railway business, if you can just touch upon that, what has been the progress on that particular order?

Nikhil Kumar: I just spoke about it a few minutes ago, but I'll repeat myself.

V.P. Rajesh: Sorry, I missed that.

Nikhil Kumar: Yes. So the railway business in India is fairly dormant. There's nothing much happening over there. And we are focusing on 3 orders that we have with Europe, U.S. and CIS. We are building prototypes this year. Testing will take place this year and volume production will start by about Q4, but the impact will be felt in FY '27. And these are something like 3- to 3.5-year contracts that's starting from FY '27.

V.P. Rajesh: Got it. And just one clarification. You said your business is now 25% because of the AI and data centers in the U.S. Is that the right way to understand it?

Nikhil Kumar: Approximately, it will end up being around that number, 20% to 25%.. But if we penetrate with the larger machines in FY '27 into that market, then this share could grow.

Moderator: The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives.

- Prolin Nandu:** Yes, Nikhil, I apologize if my questions are repetitive. I joined a bit late. My first question is on motors, right, and the margins that you intend to earn there, right? See, in generators, we have a very dominant position. We have been doing this for years.
- Motor relatively is a newer venture for us. So how comfortable are we to earn -- I'm not asking you the specific number, but to earn a similar margins in our motor business as well? That's my first question, Nikhil.
- Nikhil Kumar:** We are going after markets only where we can earn good margins in the motor business. We're not going after the market where the margins are bad, the market where the margins are bad is a huge market. But we're not going after that market, we're going after the market where the margins are better. So we will be in the market where we can deliver good margins.
- Prolin Nandu:** Understood. And my second question is these 2 tailwinds that you mentioned. One is the gas-based AI data centers in U.S. and what happened in Europe in terms of power shortage. Now if I think about to cater these 2 tailwinds, are we approaching these 2 tailwinds in a similar manner as we approach some of the other avenues of our revenue?
- Where I'm coming from is that is it still part of the entire package of turbine and generator which go together or the way to probably approach this market is slightly different than our traditional routes?
- Nikhil Kumar:** The way is the same. The prime mover companies, turbine manufacturers, engine companies will get the orders, and we are tied up with them, and we'll get some part of the business.
- Prolin Nandu:** Okay. Understood. Can I just add one follow-on, if that's fine?
- Nikhil Kumar:** Yes, yes, go ahead.
- Prolin Nandu:** Yes. So just to understand this whole blackout that happened in Spain and Portugal, right? And you mentioned that as a tailwind. I mean, is it like a particular part of the grid, which was not doing well and which was something related to, let's say, having some of the excess generator capacity at a few places in the grid?
- can we pinpoint as to what was wrong there? And I mean, whatever is the cause, is that the main reason for, let's say, this tailwinds that you mentioned? Can you just give some more color on this aspect?
- Nikhil Kumar:** What happened was that there was a sudden drop in renewable production in the grid something like 4 or 5 gigawatts came off the grid instantly because the wind stopped blowing, some stopped shining in different parts of Spain and Portugal. And that caused a complete outage because there was nothing that could come and replace that 5 gigawatts of power instantly. So overall, the grid everywhere one by one by one just collapsed.
- Nikhil Kumar:** This is a domino effect that takes place when something like one part of the grid just completely collapses and the remaining part of the grid cannot meet the demand, then that part of the grid gets overloaded and then it's a domino effect that takes place. So the only way is to make sure

that you have gas power, which can come on to the grid very quickly to be able to fill in that gap when the renewable power comes off the grid.

Moderator: The next question comes from the line of Shyam Maheshwari from Aditya Birla Mutual Fund.

Shyam Maheshwari: Congratulations on a brilliant set of results. A couple of questions from my side.. Firstly, on the domestic inflows. So while you're mentioning that the market looks to be a little dormant, this quarter, we have shown our best inflows for the last 9 quarters.

And this is coming in conjunction with probably Triveni reporting an inflow decline this quarter ex of the large order that we won. So was very curious to understand how we have been able to deliver 40% growth in domestic inflows this quarter. Was there a one-off large order here? Or is it largely steam turbine?

Nikhil Kumar: Well, we also got some orders from the domestic market for large 2 pole generators. That's also included 80-megawatt, 90-megawatt machines. That's not in the range that Triveni operates in. They do, but I think they didn't get these orders. So that adds to our numbers. We got a couple of motor orders from Nuclear Power Corporation in Q4, that has also added to domestic.

So if you take the generator sizes below 50 megawatt, So if you take the domestic market only for the steam generators below 50 megawatt, I think our numbers would be following the trend what Triveni is reporting.

Shyam Maheshwari: Interesting. Interesting. And secondly, on the export side, obviously, gas turbine has been a big vector of growth for us. I wanted to understand what would be your current market share? You mentioned there are limited players here. What would be our current market?

Nikhil Kumar: In which segment??

Shyam Maheshwari: Gas turbines, generators.

Nikhil Kumar: Very small, less than 3%.

Shyam Maheshwari: Of the global market share.

Nikhil Kumar: Yes.

Shyam Maheshwari: Okay. And that probably with these machines up to 40 megawatts that we are trying to produce, that should ideally inch up over the next few years?

Nikhil Kumar: Yes. we have a lot of new products for the gas turbine market, which we'll be bringing in this year, we also have a new OEM, which we have signed up. We're also getting new orders from the new OEMs. So this year, we will be putting a lot of machines into the gas turbine business up to 25 megawatt, also putting in the trial orders, trial machines for the 40 to 45 megawatt.

The opportunity size is extraordinarily huge. So there's a lot of pressure on us also coming from our OEM customers to move faster. They want everything yesterday. There's also big opportunities coming from the gas engine side where, once again, there's some new products

which are being developed exclusively for the data center market by our engine customers with big gigawatt size order commitments where we are the chosen generator manufacturer, which will start coming in on stream October, November, December this year and going well into next financial year.

So that's why we are very upbeat about revising our guidance upwards. We are extremely upbeat about it. We will be happy to report the better numbers in next quarter when we will talk once we see all these things gel together and come to the point where we can announce it to all of you, but the way things are going, it will gel together unless earthquake or something like that or some asteroid hits the earth. It's really going gang-busters right now.

Moderator: The next question comes from the line of Aman from Stallion Asset.

Aman: Yes, Sir, I request you to can you please give some more color on the domestic side of our business? What kind of headwinds we have been facing challenges? And what's the customer behavior there? And what is the sign we can track in order to see some recovery on that side?

Nikhil Kumar: We are a fairly well entrenched player on the domestic side. We have 2 major customers to whom we deliver our steam turbine generators. We have long-standing relationships with both of them. And so when the market turns and when the market picks up, they will get the business and we will correspondingly get the business.

It is practically impossible for any one of us, who are on this call to predict or to say what's going to happen in the next 6 months, next 1 year to the domestic market. So I don't have a better insight compared to all of you who are looking at indicators day in, day out and who are in the market day in, day out on the domestic side.

So I think you guys are the better experts compared to me. What I see is something like a conservative growth in the domestic market, which we have factored into the business plan. Of course, if things get better, we'll be happy that business will then come to us, we'll be happy to deliver to the domestic market. But at the moment, I'm being realistic about where we are.

Aman: Understood, sir. Sir, just one last question on the number side to just understand. So sir, historically, for the last 4, 5 years, we have been executing around 60% to 70% of the order book, which we have on the annual basis. So last year, on a INR1,189 crores of order book, you closed this year around INR1,278 crores, so which is around 110% execution on the order book.

And currently as well, you are guiding around INR1,500 crores of revenue on INR1,368 crores of order book roughly. So which is again 110% of execution on the order book. Am I missing on something which is not recorded in the book? And how is this number I'm trying to understand.

Nikhil Kumar: Yes, I think the analysis is really good. That's realistic what you're looking at. That's what we have performed in the past, and that's a trend for the future. The upside potential will come based on whatever I spoke about earlier in this call. And we are confident that we have products, new products, new applications, which will then give us the opportunity to exceed the guidance, whatever we talked about.

Generally, your analysis is correct, and this is something that we also do internally, just to say that we have a good analysis. This is something we also do when we do our analysis on the order book versus achievement and looking at the past 5 years and looking at the numbers..

Aman: Got it, sir. Understood. So this trend is going to continue going ahead as well. I just wanted to understand that.

Nikhil Kumar: Correct. Yes, yes. absolutely.

Moderator: We take the next question from the line of Himanshu Upadhyay from BugleRock Capital Private Limited.

Himanshu Upadhyay: My first question was on receivables to Varalakshmi. The trade receivables have gone to INR437 crores from INR300 crores last year. Can you give some aging of receivables in terms of how much is less than 90 days and how much is more than 90 days? And if anything is more than 180 days. Some color on that will be helpful. And secondly, what are we doing to improve the cash flow on the receivables side?

M. N. Varalakshmi: Almost 80% of the receivables are below 90 days.

Himanshu Upadhyay: And anything above 180 days.

M. N. Varalakshmi: There will be some small receivable maybe. Hardly 3% to 4% but they are all collectibles.

Himanshu Upadhyay: Okay. And the next question is we have nearly INR240 crores of cash on balance sheet, and we will be completing the new plant. Any plans on how to use cash? And any inorganic opportunities you will evaluate? And also the dividend payout ratio has been less than 20% for the last 5 years, okay. This year, it is around 11%. So what are your thoughts on payout dividends and cash flow usage in the near future?

Nikhil Kumar: Himanshu, we are investing heavily into the future for the company's growth, and that gives the best return to the shareholders. So, we have been steadily increasing the dividend as a percentage by something like 10%, 12% per year, and we will continue to do that.

But that's not the first priority. We are in an exciting growth stage. Looking at the way that the business is growing, it looks like the third plant also is going to be filled up fairly quickly. Then we need to again start building up cash for the next set of investments, right?

So we are definitely looking one step beyond the third plant also right now looking at funding that through internal accruals. And so if this trend continues like this, even after making efficiency improvements in the plant and everything, taking the existing plant utilization to INR2,200 crores, INR2,300 crores, at some point of time, we would need to again make investments. So that is our thinking that we are conserving our strength for the future.

Himanshu Upadhyay: Okay. And one last question. We had won an order for geothermal 3 and 43-megawatt plant in U.S. in Q2, okay? And that was Phase 1. We stated that the company is looking for Phase 2, which will be nearly 1,000 megawatts. What happened on that business? .

- Nikhil Kumar:** We are still the preferred party. It's not yet finalized, but it will get finalized soon, I think, in the next 3 months, we should be able to deliver a good news to the market about this. Yes, it is definitely a very important project for us, on the radar screen, we're actively working with the customers. They've changed the configuration of the generator a number of times. So it is still under active discussion.
- Moderator:** The next question comes from the line of Krupa Desai from Electrum Capital.
- Krupa Desai:** Congratulations for your good set of numbers. Sir, my question was on the NPCIL order. So who are the other players in this space? What is the execution time line for this order and the opportunity size for this -- further opportunity size in this space?
- Nikhil Kumar:** NPCIL, of course, the biggest competitor is BHEL. But for these replacement motors, this is a specific market segment within NPCIL that we are pursuing. There's a lot of scope because all the existing nuclear power plants in India are with Russian equipment. There is a big market for it. I can't give you the exact size, but every year, we could be getting some good numbers from this business.
- And of course, once you start doing more and more business on the refurbishment side, on the replacement side with NPCIL and you establish the performance of the machines in the existing plants, automatically for the new plants, you have the opportunity to deliver motors for the new plants, but the big, huge investments are taking place for the future for nuclear operations. So it will deliver steady revenues to the company year-on-year. Competition is BHEL.
- Krupa Desai:** Okay. Only BHEL right now?
- Nikhil Kumar:** Yes, at the moment.
- Nikhil Kumar:** The execution time line is next 12 months.
- Krupa Desai:** Okay. And what is the order value, if you can provide a number?
- Nikhil Kumar:** We gave that. We announced it already on the exchange when we got the order, I remember it to be somewhere around INR50 crores, It could be around plus/minus, but around INR50 crores.
- Moderator:** The next question comes from the line of Nupur Kogta from Naredi Investments.
- Nupur Kogta:** My question is regarding the promoter stake. As we see it has declined significantly from 58% in 2023 to around 33.2% in the recent quarter. We could also see a reduction of approximately 1.05% in the recent quarter. So can you please elaborate the reasons behind this reduction? Also, is there any possibility of further reduction going forward?
- Nikhil Kumar:** The reduction from 58% to 34% took place 2 years ago. So I think that's not something which is relevant for today. The recent reduction took place due to declassification of one of the promoters as non-promoter. So it's not that the shares were sold. The shares were only declassified. The shares are still intact. Future plans, I have to ask my co-promoters, what they want to do, but there's no plans right now.

- Moderator:** The next question comes from the line of Jainam Jain from ICICI Securities.
- Jainam Jain:** Congratulations on great set of numbers. So sir, my first question is, can you quantify the NPCIL order in terms of megawatt?
- Nikhil Kumar:** It's 3 megawatts, something 13 motors, it's whatever, 40 megawatt, anyway, whatever information it conveys, I don't know, but yes, that's the size.
- Jainam Jain:** Okay. And sir, what was the breakup of motor and generator business in the revenue during FY '25?
- Nikhil Kumar:** If you take only pure motor business, not including traction motors, it's something like 6%, 7%.
- Jainam Jain:** Sir, what is the average realization of megawatt we have currently? And how are we seeing increase in that going forward?
- Nikhil Kumar:** I don't have that information right now.
- Moderator:** The next question comes from the line of Kushal Goenka from Mangal Keshav Financial Institution.
- Kushal Goenka:** Congratulations on a good set of numbers. Sir, my first question was, as per my understanding, the current capacity can be around INR350 crores to INR360 crores per quarter. And only in H2 FY '26, we can see increase in quarterly revenue. Is my estimation correct?
- Nikhil Kumar:** Yes, approximately correct.
- Kushal Goenka:** Okay. And sir, second question was, sir, did you mention in your opening remarks that for FY '27, you are guiding for INR2,000 crores revenue?
- Nikhil Kumar:** I said that there is a path forward to INR2,000 crores with the new products and the export railway business and the new products that we are getting into, there is a clear path that we can see towards INR1,900 crores to INR2,000 crores. Yes, I'm confident that we will see the path there.
- Kushal Goenka:** Okay. So that can be achieved with the new capacity that is coming live?
- Nikhil Kumar:** We will not put any new capacity until about INR2,200 crores. We will optimize and we will make this existing capacity extremely efficient to produce more.
- Kushal Goenka:** Okay. Sir, but like before starting a new capacity, you would need time, right? So beyond INR2,200 crores also, like you will need to plan like before 1 year or something. So just wanted to get a sense.
- Nikhil Kumar:** Yes. We will of course, plan and we will do it. We will make sure we don't lose any opportunities. That's our job, and we'll keep the market informed.
- Moderator:** The next question comes from the line of Vinit from Plus91 Technologies.

- Vinit:** Congratulations on great set of numbers this quarter. I actually have a couple of questions. You cited Ukraine was a good market for us and you have mentioned as a key export driver this quarter as well. What revenue did recognize from Ukraine this quarter? Do we have some numbers about it?
- Nikhil Kumar:** We don't give country-wise data, sorry.
- Vinit:** Okay. And as we see that 67% of our orders are coming from export. And do we expect this percentage share to be increasing or orders from domestic market will increase as well in the coming years?
- Nikhil Kumar:** Well, it depends on whether we win some of those large hydro orders or not from replacement and we take that out, then I think the ratio will be approximately the same, 65% to 70% will be export.
- Moderator:** The next question comes from the line of Kiran from Tabletree Capital.
- Kiran:** Congratulations on a great set of numbers. The first question is, I mean, I'm not looking for exact numbers per se, but U.S. approximately going by the past con calls about 10% -- 8% of our revenue. Over the next 2 years, given the trend in data center, given the demand, would we expect U.S. business to go about 25% of our business because U.S. is a big deal, right, compared to Europe or are both similar market sizes. So those are the 2 sub-questions. U.S. will it go to 25% of our revenues
- Nikhil Kumar:** So 20%, 25% of the market of our total business coming from U.S. is definitely a very realistic possibility. We expect that to happen. And yes, the U.S. right now is a very big market, continues to be so. New stabilization units and everything from Europe is also a big market, but it's not going to move as fast because it's government investment driven, whereas in the U.S. market, it is completely private sector tech company-driven business. So it's a different thing. It's moving much faster. It's already moving. It's already an existing market.
- Kiran:** Super. Got it. And the second question that I have, Nikhil, is two sub-questions. One is this entry into two coal generator replacement market. I mean, going by your investor presentation, looks like a very, very huge market size. Is this opportunity restricted for us in India? Or is this a huge opportunity for us in the world? Or do we have to test it in India and two success and only then can it go to the world?
- Vinay Hegde:** So there is nothing to be tested as a prototype. So we have developed our own machines below 60-megawatt range for the replacement market. We don't have to restrict this only to India. We have the complete market open. And this is the first order we have received. There are many installations in India with the old Russian and Chinese machines as well as BHEL machines. So we are going after that. There is huge potential, not only in India, outside India as well.
- Kiran:** Got it. Sorry, my question was more what is our right to win because everything that we are targeting is a huge market, right? Geothermal is huge and everything else is huge. So is there a right to win for us after this installation or even before installation because of all other

installations in the world, we have a right to win to install these two full generator replacement market?

Vinay Hegde:

Yes, I got it. So basically, this will be the reference with our own design where we'll be replacing a competitor's machine. But we don't have to wait for the installation and go out of the market. There are three, four jobs we are already quoting and in the advanced stage of finalization. So we have the capabilities. We don't have to prove to the world that do the first installation and this is the reference.

So it is not like that before the installation of the machine itself, we are already in the market. Only thing is the customer should have the machine, which has multiple failures and then he should make up his mind to go for a new one. So that is when we enter that and we give them the complete drop-in solution.

Kiran:

Got it. Nikhil, other question that I had was you had any commentary around motors and how it's progressing other than saying it's according to plan. Any concrete commentary around any particular geographies we are targeting, any particular industries we are targeting to get to?

Nikhil Kumar:

I mentioned we are targeting Middle East, we're targeting India. So it's going as per plan. I don't have to talk about it in great detail, but it's going as per plan. So I have nothing exceptional to report.

Kiran:

Just industrial and synchronous.

Nikhil Kumar:

Yes. I have nothing exceptional to report.

Moderator:

We take the last question from the line of Akshay from Xponent Tribe.

Akshay:

On the geothermal front, can you help us understand sort of for, say, 100-megawatt kind of a project, what is the size of work that we would do? Basically, if one had to try to size the opportunity for us, how should one think about it?

Nikhil Kumar:

This is a very difficult question because it all depends on the geology of that particular site. It depends on how many wells they would need to dig for 100 megawatt. It depends on the size of the wells. It depends on the environmental conditions, whether there is a lot of H₂S gas over there, which needs equipment protection or not and what are the environmental regulations in that particular zone. It's almost impossible for me to answer your question.

Akshay:

Sure. So maybe I can kind of put it in a different way while I hear you. Just for the projects that we have done in the U.S.,

Nikhil Kumar:

I don't have the data for what is the total outlay for the investment. I'm sorry, I really can't help with that because the market is about whatever, 2, 3 gigawatts per year worldwide, 1 gigawatt or sometimes 2 gigawatts per year. It depends.

Moderator:

Ladies and gentlemen, due to time constraints, that was the last question, and we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.



Nikhil Kumar:

Thank you, everybody, for this extremely thoughtful, insightful earnings call. We will be in touch with all of you. I hope to see some of you in some investor conference or face-to-face meetings in the next course of time. Otherwise, we will connect with you at the end of the next quarter once again. Thank you very much, everybody, for your time today. Bye-bye.

Moderator:

Thank you. On behalf of TD Power Systems Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.