tdps™ is relations

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August 11, 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 – QUARTER ENDED JUNE 30, 2025.

In furtherance of our letter dated July 25, 2025, regarding intimation of earnings conference call, the transcript of Q1 FY 2026 earning conference call held on August 07, 2025, is enclosed and same has been uploaded on the website of the Company at www.tdps.co.in.

Kindly take the above on record.

Yours faithfully,
For TD Power Systems Limited

BHARAT RAJWANI
Digitally signed by BHARAT RAJWANI
Date: 2025.08.11 17:42:30 +05'30'

Bharat Rajwani
Company Secretary & Compliance Officer

Encl: A/a

“TD Power Systems Limited
Q1 FY '26 Earnings Conference Call”
August 07, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchanges on 07th August 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 day, and welcome to the Q1 FY '26 Earnings Conference Call of TD Power Systems Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Before we begin, I would like to remind participants that this conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

With this, I now hand the conference over to Mr. Nikhil Kumar, Managing Director of TD Power Systems Limited. Thank you, and over to you, sir.

Nikhil Kumar: Thank you. Good morning, everybody. Thank you once again for joining us in our today's earnings call. I trust all of you would have received our results and investor presentation. Let me start now with the financial performance for the quarter ended 30th June, 2025.

Standalone first, our total income for Q1 on a standalone basis was INR 3.63 billion versus INR 2.66 billion over the same period previous year, an increase of 36%. EBITDA for the quarter is 18.7%, including other income, excluding exceptionals and treasury income versus 17.17% over the same period previous year.

Profit after tax and comprehensive income for the quarter was INR 471 million versus profit of INR 312 million over the same quarter last year, an increase of 51%. Order book for the manufacturing segment is INR 14.68 billion, out of which INR 10.8 billion is our generator and motor business, INR 3.48 billion is railways, spares and aftermarket business INR 0.11 billion, and INR 0.29 billion is the Turkey business.

Order inflow statistics. Order inflow during the quarter is INR 3.92 billion, an increase of 32% on a year-on-year basis. Order inflow from exports and deemed exports is INR 2.57 billion, compared to INR 2.14 billion previous year. 66% of our quarterly order inflow is from exports. 34% is domestic.

Consolidated; our total income on a consol basis for Q1 is INR 3.76 billion versus INR 2.77 billion, an increase of 36%. Profit after tax and comprehensive income for the quarter is INR 500 million versus INR 356 million, an increase of 40%. We continue to maintain a strong cash position of INR 2.3 billion.

Order book, market situation and guidance. Let me now go through this. The market conditions are fairly similar to the commentary given during the last earnings call. Of course, geopolitical situations have changed quite dramatically over the past one week, but I will be happy to discuss with you everything in the level of detail possible, to the extent possible given the information available at this point of time.

Let me now go through each segment and market in some level of detail. India, steam turbine market; India and steam turbine market export. This market continues to grow at the rate we predicted with no surprises both on the upside or the downside. The market is steady with around 10% to 12% growth taking place in the captive power plant business, biomass and waste heat recovery.

We have received a good number of orders for larger sized 4-pole machines in Q1 and there is a strong pipeline of similar orders in Q2. These orders are mainly domestic. In the export market, the pipeline is also strong. And overall, we expect the steam turbine business for us, domestic plus export to grow around 10% to 12%. We're getting steam turbine orders from all over the world and demand is strong and steady.

Now coming to the international markets, gas turbine and gas engine. At first, I'd like to talk about the tariffs and the impact of tariffs on our business. I have been saying all along for quite a while that TDPS will have to move its production to Turkey in the event that the tariffs from India to the US becomes uncomfortably high.

I think we have reached that situation yesterday after the announcement of the additional 25% tariffs. And we will have to move part of our production to Turkey and do value addition over there to have the made in Turkey nameplate, which will then attract 15% duty, which is what Turkey has.

Last earnings call, I had mentioned that around 15% to 20% of our sales will be to the US. This should be further divided into two parts. Around three quarters of that, around 75% of this goes to European OEMs who, in turn, package the generator along with their engine or the gas turbine and do a lot of further value addition on the generator like adding protection panels, control systems. And these will then be re-exported as a turbine generator set or gas engine set to the US market, and these will then attract 15% duty, which is the duty which the European Union has now negotiated with the US.

The remaining 25% direct exports, that will have to be diverted to Turkey. That's about 4% or 5% of our overall business. And we have already been discussing with our customers over a period of time about this possibility that in the event that we have high tariffs, we will have to move to the situation. So they are well aware of our Plan B.

Now that we have a situation where Plan B might become the reality, we will still wait and see what happens till the end of August, whether this situation will actually continue or whether India will be able to come to a compromise deal with the US, we don't know. But at the moment, we are going full steam ahead with Plan B, and our customers are fully aware of that. Some negotiations, a lot of extra work is necessary for us to make this a reality, but no choice to protect our markets and our business, we will have to do what is required.

Now coming to the market itself, the demand forecast from the US and Europe are extremely high for both gas engine and gas turbine generators, and we are expecting a big uptick of orders currently. Even if the forecast are 80% correct, we expect to exceed the guidance made for this year and next year.

Currently, we have given a guidance of INR 15 billion consol for this year and INR 18 billion consol for next year. Looking at the way that the orders are flowing in and the forecast given by our OEMs, we will exceed these guidances. Order booking in Q2 continues to be very strong and we will end the quarter with extremely good order booking numbers.

During the next earnings call, we will provide a detailed upgrade on the guidance for FY '26, which is this financial year and give a tentative guidance for FY '27. By that time, we expect all tariff-related questions to be answered, and we also expect to know where exactly we stand and where the market stands with respect to tariffs.

Hydro, we have achieved excellent order inflow in this segment, and next year will be one of the highest in the history of the company in hydro. We have also received a big refurbishment job in the last quarter. We are also bidding for further refurbishment projects in India.

Even if we are successful in one or two, the order values and margins are very attractive, very large, and that will significantly give a big uptick to our domestic order inflow, as well as our overall order booking numbers. We are very optimistic about this particular segment. There are number of jobs in the market and TDPS is well placed to maybe get one or two large jobs.

Our motor business is growing at the rate that we mentioned earlier. This year, we'll be still on track to achieve the targets what we have mentioned, which should be something like INR 1.5 billion. And next year, we're going to do INR 2-plus billion in the motor business. There are number of orders in the pipeline mainly for synchronous motors, induction motors for export. And in particular, there are a large number of orders in the synchronous motor segment, which will be finalized very shortly.

Railways, we have orders now for the US market, for the European market and the Russian market. We'll be supplying to all these three markets next year. And of course, the Alstom order for India still continues. So next year, we'll be supplying to all the four markets and we'll see a significant uptick in our railway business in the next financial year.

General guidance, as mentioned earlier, I still stick to INR 1,500 crores for this financial year with a certain upside potential and which will be confirmed in the next quarter, and margins will be maintained at the current levels plus/minus 0.5%. This brings me to the end of my initial remarks. I'll be now happy to address questions that you may have. Thank you.

Moderator: Thank you very much. The first question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Yes. Good morning, sir, and thanks for the opportunity.

Nikhil Kumar: Good morning.

Mohit Kumar: And congratulations on a very good quarter, order inflow and profitability. My question is…

Nikhil Kumar: Thank you.

Mohit Kumar: Given, of course, the tariff -- 25% tariff is imposed in July is going up to 50%. My question is, do you see the risk of delay or postponement on the existing orders? And how do you mitigate that?

Nikhil Kumar: As I said, there are two segments. So one is that 75% of our exports to the US is actually routed through the OEMs, which will go to Europe and then there will be value addition done over there and then from there, it gets re-exported.

The second part is the 25% which is direct exports, which, and for all the pending orders also, we will start now trying to convert as much as possible to redirecting that through our Turkish operation. And our customers are committed towards still continuing with the order inflow from us, because is not easy for them or for us right now to backtrack from the commitments which already have been made.

Most of these orders are already signed with the end users. And our name is there on those contracts. So, we have to find a way to ensure that the cost that we deliver finally to the end users is within the range of what we discussed earlier, which we had all expected to have a 25% tariff range. So we have to make sure that even if we deliver through a third country because we manufacture in the third country, then the overall additional costs are not going to exceed that 25%, which is what we are planning to achieve.

So our turbine customers are fully aware of these calculations and fully aware of this, because we've been talking about this for quite a while. Ever since the first round of tariffs took place, say, about two weeks or three weeks ago, when the first 25% hit, I expected the worst, and we told our customers let's expect the worst. If things get better, it's great. But now the worst case situation has happened and people are fully aware and people are fully aligned with our plans.

So, yes, to answer your question, in a very, very long way, we don't expect any order delays or cancellations.

Mohit Kumar: My second question is, how much time…

Nikhil Kumar: Because people are fully aware of what we are doing.

Mohit Kumar: My second question is, how much time it will take to ramp up the Turkey production?

Nikhil Kumar: No. We are already producing in Turkey. It's not that the plant is idle. We have production in Q2 and Q3, both put together between something like – EUR 4 million to EUR 5 million in Turkey in Q2 and Q3. So the plant is running right now. Now we have to beef up a little bit on the manpower. And we'll be doing mainly assembly and testing operations over there, so it's not a lot of manufacturing. And we'll be able to meet the requirements.

So as I said, it's only something like 4% to 5% of our overall sales, which is going to go through Turkey. And that kind of capacity is already available for the US market. And as I said, hopefully, highly likely that we don't have to do all these things by the end of the month. But in the worst case, if we have to expand the operations over there, we will.

Moderator: Our next question is from the line of Amit Anwani from PL Capital.

Amit Anwani: Sir, question on the very strong commentary for exports and you have delivered good orders in export market also this quarter as well. Just wanted to understand a couple of things. Which key markets will drive the exports? Is it the same markets are getting better response or the demand scenario has changed?

And what has led to the demand scenario changing? Or is it the tariff which is kind of favorable to us versus other competition? So some sense on why the export market is growing for us? Is it product competitiveness or the market itself, if you could give some highlights and the key markets also?

Nikhil Kumar: Yes. Markets is the same. I mean, we have been working to develop these markets, Europe and US, for I would say, a decade. So this is not something that switches overnight. We have been working on developing these markets and penetrating these markets for a long period of time.

And as I have been saying for many quarters right now, the environment or the macro situation for power generation in both the US market and the European market, in general, is very favorable for us. One is because of the move towards renewables, then the move towards grid stabilization in the European market. Also data center market and AI is starting to pick up in the European market, too. US is driven mainly by data center and AI, which is a big boom, which is going to continue for some more time. And there is an overall shortage of power equipment in the world.

So as a part of this overall landscape, TDPS is very much a large participant in this market, and we have a big capacity, which is coming on stream. Our customers are fully aware of it and are banking on this capacity to meet the demand. We have to find a way to deliver the machines to them at a reasonable cost, and we have the flexibility of manufacturing in another country. So we will make sure that we protect our markets and deliver the numbers that we have committed.

Amit Anwani: Second question on the domestic market where we have given a marginal growth guidance for FY '26, barring that, if we get a large order from hydro refurbishment, this would be kind of lumpy order. But having said that, ex of that, what are the underlying reasons for marginal growth for domestic?

And is the market is kind of tepid in India or are particular sectors not growing, particular sectors growing? So if you could give some sense why we are factoring the marginal growth for domestic market?

Nikhil Kumar: No. I think again, I've been saying this for a few quarters. This is not something new I've been saying. I have been saying that the domestic market on the captive steam turbine side is growing steadily. I mean, I said if we have 10% to 12% steady growth year-on-year, it's much better way for the market to grow, a steady growth on a long-term basis rather than having a boom cycle of 25%-30% growth for one year or two years and then crashing to 0 after that. So, I'm happy with this, that it’s growing steadily. We can depend on this growth. It's a steady growth. And it's a broad-based growth.

So I would say this is a very positive situation from the domestic market. We can expect a steady growth taking place this year and next year, and I'm happy with it. But whether it satisfies the overall demand of growth for the company as a whole, it does not. That's why we have multiple products, multiple geographies.

And you can see that we have a very, very broad-based line of products, which overall delivers a much higher growth for the company in the region of 20% plus. That's been our strategy. I would say, we have been talking about this for years right now, and now we're delivering on that strategy.

Amit Anwani: Sir, lastly, on the data center, we have been supplying to US directly to data centers, and you have been highlighting a strong growth there. Any sense on Indian market? Have we worked on the data center side? Or is there any pipeline for data centers, especially in the domestic market?

Nikhil Kumar: Data center market in India is also there. I mean, it's quite a big market at the moment. But you have to look at it from different segments. It's a data center market where you have storage of data. That's what the Indian market is right now where it's a big business. It's a huge business actually, but those are limited to smaller size backup power where you have 10-megawatt or 5-megawatt, maybe larger ones, the 15 megawatt, which is mainly met through diesel engines, which are supplied by Cummins or Caterpillar, those kind of machines, with TDPS is not in this market.

If India gets into putting in large AI server farms and things like that, then the power demand will go to 50-60 megawatts, even 100 megawatt per server farm. That's when our business will then kick in for the Indian market. It's going to happen. At some point of time, India also is going to make investments in AI, having the servers located in our country.

So at that point of time, of course, the demand will go up. Those kind of 50-60 megawatts or 100 megawatts cannot be met by diesel engines, people will have to go for larger sized gas engines or gas turbines. And that's where we will then come in. But at the moment, the hottest market is the US market, I would say, followed by Europe and India is right now still in the talking stage.

Moderator: Our next question is from the line of Ganeshram from Unifi Capital.

Ganeshram: Congratulations for the results. And I must say you keep your introductory remarks concise and to the point, which is very helpful. So I would just like to follow up on some of this, right? The tariff situation is volatile and quite frankly, a bit frustrating to watch because it keeps changing every now and then. I'm asking this question from a customer point of view, are you seeing any fatigue from their end? And are they saying, okay, let's wait and watch what happens. Are you seeing any scaling back in demand? And compared to other geographies where the tariffs also keep changing, are we still maintaining that arbitrage versus the other geographies?

Nikhil Kumar: I was recently in the US. I was there the whole of last week. My feeling is that the customers are prepared to pay between, let's say, 15% to 25% more for power generation products. I think they already baked those into the numbers. So I think the threshold is something like 25% to 30% additional cost on tariffs.

For power generation equipment, very little is manufactured in the US. Most of it is manufactured in Europe and to a smaller extent, manufactured in Japan. We are, I would say, an outlier supplying generators from India. We are probably the only non-European or non-Japanese company, which is supplying to the US market in a big way.

So you already have 15% on European imports to the US. And I think the customers have reconciled themselves to that number. These investments are going to go on regardless, because the power plant as a percentage of the overall investment rate in the AI server farm is something like 3% to 4%. So even if it's up at 25%, it's going to be something like 1% to 1.5% overall increase in cost, which is not significant from a point of view of someone like a large tech company putting up these kind of investments, someone like Microsoft or Meta or Google or whatever it is.

So we don't see any let up of demand. But we have to make sure, from TDPS point of view, we have to make sure that we are in that range where our products when delivered to the customers don't cross that threshold of pain. And that's why I'm saying again and again that for direct exports to the US, if this 50% tariff continues beyond August, we will have to manufacture our generators in another country to avail of the lower tariffs from that third country.

And for us, we have an existing plant in Turkey. So the fastest way for us to do this is to go to our existing plant in Turkey. So that's what probably we will do as a first step. And then if this thing continues to get dragged on for a longer time, we may look at another more efficient options in some other place. All those things are right now very fluid.

But at the moment, what we can respond to immediately is that we have always been talking about in this event we will go to Turkey. And that's what we have on hand right now, and the situation has now come to the point where we have to take that call, provided by end of August, we don't see any change in the current situation.

Ganeshram: And in Turkey, right, this geography tends to be a bit difficult to navigate for businesses. Last I saw on some other call, there were about 500 companies being bankrupt every month or so, right? What's going to be the challenges in scaling this up?

I know you have staff and you're already manufacturing some of it, but are there any other operational risks because this is a geography we once considered exiting, right? And what would be the financial impact on us because we have to read out production through Turkey now compared to just shipping out directly from India?

Nikhil Kumar: So we have been there for seven years already in Turkey, and we have good experience in managing and operating our plant in that region. So if we are doing dollar or euro-based sales, the situation is quite stable. But the moment you start doing Turkish lira kind of a business, then it becomes from a currency point of view, unstable.

I don't expect any problems in manufacturing the smaller number of machines, which are now required, which are direct sales to the US. And as I said, the threshold is that we have to make sure that the additional cost to our customers doesn't cross that threshold of pain what I earlier mentioned.

It is going to cost something more to move the products to Turkey and to ship them there, ship the components over there, do the further manufacturing over there, reassemble them there, again ship it from there to the US. It's going to cost something more. But based on the calculation, what we have done, we can manage the cost to be within that threshold of pain so that our customers are not going to get turned off by those numbers.

Ganeshram: No. That makes a lot of sense, especially from the currency point of view. If I could just ask for one clarification. I'm sure you mentioned this before, but just to remind us or clarify. Status quo, what is our cost advantage versus Europe and Japan? And with the tariffs and rerouting through Turkey, what will be the situation? If you could just give us a sense.

Nikhil Kumar: So, let's say, our product is 100. European or other products will be something like 125 or something like that, i.e., 25% more before tariffs. And then you have a 15% tariff on European products, it goes to something like 150. Our 100 should be somewhere in the region of 125 or 130, at the maximum. So, we still maintain an arbitrage of around 20.

Ganeshram: Got it, sir. Got it, sir.

Nikhil Kumar: So, it comes down. And then definitely on an absolute number, the gap gets reduced to some extent, but not to an extent where it jeopardizes our cost advantage. There's still a significant gap.

Ganeshram: So you're saying after rerouting, you'll still be at 125, 130, which is -- although the gap is smaller, the gap exists and customers will take…

Nikhil Kumar: Europe is on 150 because they have the 15% duty. I mean that 20 gap is still there. This is a rough numbers, of course, plus/minus. But in general, arbitrage still remains.

Ganeshram: And last question, and I'll give chance to the others after that is, the increase in employee cost this quarter, I assume, is coming with the new sheds being commissioned. So are we on track with that?

Nikhil Kumar: We are on track with that. There are some small delays, but we will start commissioning the third plant progressively from Q2 and it will go on in Q3. There are some small delays.

Moderator: Our next question is from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP.

Garvit Goyal: Congrats for decent numbers. Most of my questions are answered. Just one clarification. Like we are going to scale up our production in Turkey that we spoke about. Do you think like looking at the recent things happened between India and Turkey during the war season, do you believe like is it going to be a permanent solution for TD Power in longer term?

Nikhil Kumar: No. As I said, I just mentioned a little bit earlier that for the moment this is our fastest way to do this, and that's what we're going to do, because we have the plant running and this is 100% subsidiary of TDPS. So this is the fastest way for us to do it, we'll do it.

We need to breathe little bit right now, right? So we need to have something and start breathing. So once we have the flow of products going in through our Turkish operation and the situation stabilizes, of course, we're going to look at a more efficient solution and look at whether a more efficient, a more stable solution somewhere else.

We will look at it. We'll examine it and then we will take a call. But right now, I'm keeping this option open. I'm not committing myself that I'm going to go somewhere else. But like you are just saying, one has to evaluate the risks and we have to take a call and do what's best.

In general, I don't think that political differences between two governments really trickles down to business. I don't think that happens. At least it's not happening between India and Turkey.

Moderator: The next question is from the line of Jainam Jain from ICICI Securities.

Jainam Jain: Congratulations on a great set of numbers. Sir, my question is on the pricing side for motors and generators. Sir, what is the average realization of motors and generators we have, maybe some broad range?

Nikhil Kumar: I can't give that number. Every motor is different, every generator is different. Sorry, I can't really give that number to you.

Moderator: Our next question is from the line of Vinit Thakur from Plus91 AMC.

Vinit Thakur: Congratulations on amazing results. I had just one quick question regarding the promoter holding decline has been...

Moderator: Vinit, sir. Sorry to interrupt, Vinit, sir, your voice is breaking a lot.

Vinit Thakur: Yes. I saw basic clarification.

Moderator: No, sir. Your voice is still breaking.

Vinit Thakur: Okay.

Moderator: I request you to rejoin the queue. Thank you. Our next question is from the line of Himanshu from BugleRock Asia.

Himanshu: Good set of numbers, but I had some confusion, okay, on the statement what you gave about US business, okay? So if I look at our Annual Report of this year, INR 145 crores of sales was through US subsidiary and INR 216 crores is through German subsidiary, okay? So you are saying that out of this INR 216 crores, 3/4th goes to US when we repackage and that is what we will like to build in or bring it back to Turkey for manufacturing. Is that the way? Or how should we understand it?

Nikhil Kumar: No. It's far more complicated than that, Himanshu. I can't give you an explanation on the way that the European sales and US sales takes place in relation to whatever I have been talking to you. It can't be tied up one-to-one like that. So because there are so many other products that are sold through our US subsidiary, so many other products sold through our European subsidiary.

We do hydro, we do steam turbine, we do other products. We do geothermal. We do so many products through our other subsidiaries, so it's not possible to say that only data center business is being done, and therefore, you can do a one-to-one explanation in just a few sentences. I can't answer this question to you in a very simplified way, I'm sorry.

Himanshu: But would it be right to say that INR 150-type crores of sales is to US and a portion of that goes through Europe and that is what…

Nikhil Kumar: I said to you that about 15% to 20% of our overall sales is to the US market. So if we are going to do INR 1,500 crores, 20% of that will be INR 300 crores.

Himanshu: And so nearly what the question comes that 3/4th can we -- so can the Turkey subsidiary scale up so quickly in next one year?

Nikhil Kumar: Yes. We have done in the past INR 120 crores of sales in one year, complete manufacturing in the Turkish unit. So here, we're not doing complete manufacturing. We're going to be doing a partial manufacturing. So, yes, it can take place.

Himanshu: And one last question, bookkeeping. What was the trade receivable at the end of the quarter, if Varalakshmi can give that number?

Nikhil Kumar: Varalakshmi, please.

M. N. Varalakshmi: Yes. It is INR 425 crores.

Himanshu: The whole quarter's sales number nearly is in that. Okay.

Moderator: Our next question is from the line of Aditya Trivedi from Nepean Capital.

Aditya Trivedi: So given TD Power's entry into long-duration energy storage, and this is, as I've seen on the investor presentation through the commissioning of a generator for energy dome in Italy, what is the potential market size for CO_2 battery storage plant globally? And what growth outlook do you foresee for similar projects for TD?

Nikhil Kumar: I don't have an answer for that in terms of what is the growth potential in terms of numbers. One of our major customers in India has also tied up with this company, and they are also going in a big way into the CO_2 market with the same company. And this Italian company is also licensing the technology to other companies all over the world.

I don't know, it could enter into hundreds of megawatts after some time, but it's very, very hard for us to say today with just the pilot plants being commissioned, whether how quickly this technology is going to be absorbed and rolled out across the world.

Normally, these things take a little bit of time, but it's really a very exciting technology, and it takes CO_2 from the air, from the atmosphere. So it's very, very environmentally friendly. I can expect this to be a very large business in the future. And as I said, one of our major Indian customers has also getting into this in a big way, and we are working with them very closely on this. And I think that they will do very well in this segment.

Moderator: Our next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha:: Sir, what is the current size of the order book? And how much of it is executable in FY '26?

Nikhil Kumar: Vinay, you are on this call, can you answer this? I think that we have INR 1,400 crores order book.

Vinay Hegde: Yes. We have executable order for this year, INR 1,450 crores. And as Nikhil said, there is an upward revenue possible, but we have given an indication of INR 1,500 crores. So, book and bill looks to be only INR 50 crores. So already, we are in a very, very comfortable situation for INR 1,500 crores.

Amit Agicha: And sir, second question was like out of the INR 40-45 crore capex plan for FY '26, how much is growth versus maintenance versus automation?

Nikhil Kumar: Varalakshmi, you can take this question, please.

M. N. Varalakshmi: Yes. See, replacement is around INR 20 crores, which is equal to the depreciation amount and the other is for the growth.

Moderator: Our next question is from the line of Akshay J. from Xponent Tribe.

Akshay J.: Sir, in the earlier questions, you spoke about the fact that when data centers become larger, the diesel genset backups are not useful and one needs to sort of put gas engines or gas turbines. Two questions here. One is that why is it that diesel gensets are not sort of usable? Is it that they cannot give high power requirement? And are gas engines and gas turbines interchangeable? Or are they part of the same product that we would do?

Nikhil Kumar: The largest diesel engines go up to maybe, I think, 2-3 megawatts based on the large manufacturers, whose names I mentioned a little bit earlier, 2-megawatt to 2.5 megawatts. So if you have 100 megawatts requirement, you can't have 50 engines running in parallel. It's very, very complicated and no one invests like that. You would prefer to have three or four machines of 25-megawatt size or 20-megawatt size. So that's how power plants are built. Nobody puts 50 engines or 100 engines running in parallel to meet a requirement of 100 megawatts.

Gas engines go up to 10 megawatts to 12 megawatts. So depending on the overall size, you have flexibility of which type of engine to use. And in general, it's not possible to burn diesel to meet environmental requirements in the Western countries. You have to use gas. So gas is the only solution for this kind of power generation in the Western countries.

Akshay J.: But when you're speaking about that in terms of an India capex build out, our expectation is that when we have much larger data centers sort of running in India that they would run on gas as backup and not on diesel. That's a fair assumption, right?

Nikhil Kumar: India is at the talking stage right now, okay? So I think let's see how it evolves. India need to first figure out how it's going to get power for basic infrastructure. And then we can talk about power for AI. For India, I mean, it's just a conversation that we can have. It's not done in reality right now. So I think it's not on my radar screen right now.

Akshay J.: The second is the center that we are developing in the UK for larger-sized products that you spoke about in the last call and in the Annual Report. Just can you help us understand maybe a little bit more detail what kind of products that we are not taking right now that we will end up sort of developing there? What is the opportunity we are seeing there? And when does it sort of start fructifying in terms of orders?

Nikhil Kumar: So, we are developing our own range of products for larger machines, say, 50 megawatt to 150 megawatt, our own design. And we need the design talent required to develop these products. The talent we have located in the UK and with UK nationals would like to work out of the UK. And that's the reason why we have selected these people and created the infrastructure for them to work for us out of the UK.

The products I've already mentioned and this business above 50 megawatt is a very large business worldwide. So far, we have worked with as a license partner to a large company, which has a lot of restrictions. And now we have come to the end of that contract and developing our own products and which can address a much, much larger market.

So this is something for our growth, which we are looking at '28 onwards, but we're building the foundation right now. We have to build in the design capability, manufacturing capability and then go out in the market in a big way with our own products. But all these things take time. And so we are looking at this to be a big area of our business '28 onwards.

Akshay J.: So even if you look at your history and how you kind of went from being a domestic focused company to a global -- much larger global business, it took us a while to build credibility and be able to sell to different markets, right? I mean, if I kind of take a few steps back and look at a 10-year kind of a period, right? Now for the newer larger products, would this journey be as long -- because you're saying '28, we see really short compared to at least what it may have taken in the past. So is this something that we think because of the delivery we've generated so far that the speed to market for larger product will be, say, in three years of such time?

Nikhil Kumar: Yes. Yes. Of course. We're not an unknown entity in the market right now as we were 10 years ago. So we are a known entity, and therefore, it will take less time.

Moderator: Our next question is from the line of Soham Dhingra from Phillip Capital.

Soham Dhingra: So my question was with respect to the recent talks that the government -- that there have been rumors about private sector participation in the nuclear sector in India. So what kind of tailwinds do you see specifically for the company in case this actually happens and private sector is allowed to participate in the nuclear sector?

Nikhil Kumar: Yes. We will certainly see a lot of increase in motor business.

Soham Dhingra: Sorry, sir? A lot of?

Nikhil Kumar: We see a lot of increase in the motor business.

Soham Dhingra: And on the generator side?

Nikhil Kumar: No. Those will be way beyond our sizes still. So we are not going to be participating in the generative side. We are not going to be making 300-400-megawatt machines. So that's not going to be our target and even for the smaller nuclear power plant, which will be in the private sector. But there will be a lot required in each and every plant, and that's what we are targeting.

Moderator: Our next question is from the line of Karthik from Suyash Advisors.

Karthik: I just wanted to clarify the example you gave earlier of the cost differential between India and European manufacturers. So you said 100 going to say, 125 to 130. I'm assuming that the 100 already embeds the 10% tariff being imposed by the US. So would be -- so can you split the remaining 30% into, say, 15% of incremental duty and 15%? How that would be paid? What I'm trying to really understand is how different would be the cost structure for doing stuff in Turkey versus India?

Nikhil Kumar: Yes. So these are ballpark numbers. So 100 cost goes to 115 and 115 will then have a duty on top of that. So we go to 130, somewhere around 130. That's approximately where it's going to be.

Karthi: So what I wanted to understand is, is the cost of doing things, how is it different in Turkey versus India? So like-to-like, would Turkey be more…

Nikhil Kumar: Cost of 100 which was earlier of cost of 100 from India would become 115 in Turkey, approximately.

Karthi: Sir, how much of that would be freight? I know you answered it, but…

Nikhil Kumar: I can't give you all the numbers. I'm sorry, I can't give you all those numbers.

Moderator: Our next question is from the line of Naman Parmar from Niveshaay Investments.

Naman Parmar: Firstly, I wanted to understand with the current facility, how much revenue potential can you do? And the third plant will be commissioning by?

Nikhil Kumar: The third plant will be progressively commissioned, as I said, in Q2 and Q3. Initially, we will have an additional capacity to take us to around INR 2,000 crores, but we are already working on optimization and better manufacturing, lean manufacturing and other things like that. So, we easily see a potential to take this to INR 2,300-2,400 crores. So we will not be making further investment, large investment at least for the next two years, and we want to utilize our assets in a much better way.

Naman Parmar: And secondly, on the order book side, can you just give the breakup of how much is from the generator and the motors?

Nikhil Kumar: Yes. I don't have the number with me, but we can give it to you offline.

Naman Parmar: And lastly, on the labor sourcing side, as you mentioned earlier that the manufacturing -- major manufacturing is not happening in the Turkey. But don't you think the sourcing of the labor is a very key challenge in the Turkey region? So how you will manage that risk, sir?

Nikhil Kumar: We need some 5or 10 people. It's not a big deal. We don't need 500 people. We need maybe 10 people.

Naman Parmar: And lastly, on the tariff side, so current situation, what is perceiving in the US, like you are getting a major order and all the impact of the tariff has been borne by the customer only, right? You are not bearing any impact on the tariff. And as you mentioned that the other competitor in the Europe and Japanese are mostly costly, above around INR 20 if your product cost around INR 100.

Nikhil Kumar: Yes. I have already given the numbers on all this. Please excuse me, I don't want to repeat it the third time.

Moderator: Our next question is from the line of Balasubramanian from Arihant Capital Markets Limited.

Balasubramanian: Sir, that UK design center is majorly focused on develop larger generators like 40 to 100 megawatt. So what is the capex for this initiative? And what is the expected timeline for commissioning this 100-megawatt generators? Is there any requirement JV with OEM for this initiative?

Nikhil Kumar: We have already made the manufacturing investment a long time ago, and we don't have to make major investments to do this.

Balasubramanian: When we can expect commercialization, sir?

Nikhil Kumar: We have just started the design center. We will update you on the progress in the upcoming quarters. We just started to design and it will take time. We will get back to you.

Moderator: Our next follow-up question is from the line of Ganeshram from Unifi Capital.

Ganeshram: Just some book-keeping questions. If you could just clarify the situation on working capital, such as receivables, payables and inventory? And on other income, what's the extent of forwards you've booked? And how should we see this pan out? What's the sensitivity to forex here?

Nikhil Kumar: Varalakshmi, can you take this question?

M. N. Varalakshmi: Yes. Working capital, actually, it is running around 120 days, and this is what it will be because the revenues are also towards the end of the quarter, there is very high billings and all, so it comes into the data. So 120 days is what you can estimate. And the forward booking of euros we have done for this year, and we are quite well placed on those numbers.

Ganeshram: I'm just trying to get a sense of where this other income number is going to land up and if there's anything that we should know from the forex point of view because it was quite elevated last year? That's the reason.

M. N. Varalakshmi: It will have to be taken on a quarter-on-quarter basis, depending on the movement of euros between the quarter and what we have booked. It will have to be reviewed on a quarter-on-quarter basis only. It's difficult to make any commitment for the full year right now.

Ganeshram: And currently, how many people do we have employed in Turkey for manufacturing staff?

Nikhil Kumar: About five to six.

Ganeshram: Right. Okay. 10 more people from here. Understood. Okay.

Nikhil Kumar: Let's not make a big deal about this.

Ganeshram: Understood. Understood.

Nikhil Kumar: I mean.

Ganeshram: Understood

Nikhil Kumar: I'm talking about it really.

Moderator: Our next question is from the line of Kiran from Table Tree Capital.

Kiran: Sir, my question is more on the promoter selling that's happened. So in terms of further selling or is it -- I mean, because we have been -- promoter shareholding is lower as it is, so there's been further selling that has happened over the past, what, three months back or two months back. So in terms of any -- is there any assurances that there's not going to be any more promoter selling or there's nothing of that sort? If you could just give some clarity on that, that would be great.

Nikhil Kumar: There is nothing of that sort planned at least for the next two to three years. At this point of time, I can say that we are not at all looking at that for the next 24 months at least.

Moderator: Our next question is from the line of Amit Anwani from PL Capital.

Amit Anwani: Yes. Just one follow-up, sir, on the aftermarket and spares. If you could give some sense for aftermarket and spares business growth from here for us? Will it be at company rate? And second, are we doing this -- is there any possibility of market expansion? Are we doing aftermarkets? And there also, are we seeing the opportunity in export market? Some color on the aftermarket and spares business for next two years?

Nikhil Kumar: Vinay, can you answer this?

Vinay Hegde: Yes. Aftermarket business, as we told in the last quarter also, we are focusing more on that. And as a result of that, we have got a very big orders in the last quarter for the refurbishment job, mainly in the hydro. So this aftermarket business is mainly coming from the hydro market.

Also, we are looking for aftermarket business outside India, and we also participated in one big exhibition in the US last to last week. And yes, it is going to grow. And there are good number of orders. We are participating in the tenders. And if they get converted into orders, those are are going to be big numbers.

Amit Anwani: Yes. So what is the current contribution? And will it grow faster than the products business?

Vinay Hegde: It will not grow faster than the product business. New product is the main growing business for us. Because in generators, our own generator fleets are quite young, and we are not targeting our own fleet of generators. We are targeting all our competitors' machines as well. One is the replacements business and other one is the refurbishment business.

Nikhil Kumar: So we said that our aftermarket business will be something like 6%, 7% of sales, and we'll stick to that.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Nikhil Kumar, Managing Director of TD Power Systems Limited, for closing comments. Thank you, and over to you, sir.

Nikhil Kumar: Thank you, everybody, for joining our call. If you have any further questions, please feel free to get in touch with us. We look forward to interacting with you or seeing you personally at some upcoming investor conference in August and September. Thank you.

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.