

TD Power Systems

12 August 2026

Operator: Ladies and gentlemen, good day and welcome to TD Power Systems Limited Q1 FY27 earnings conference call. Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mithun Kumar, Managing Director of TD Power Systems Limited. Thank you, and over to you, Mr. Kumar.

Mithun Kumar – Managing Director: Good morning, and thank you for joining us on the call today to discuss the financial results of TD Power Systems Limited for the quarter ended June 30, 2026. I trust all of you would have received our results and investor presentation. I will now discuss with you the financial performance of TDPS for the quarter ended June 30.

On a standalone basis, total income for Q1 was 6.3 billion versus 3.63 billion for the same period in the previous year, an increase of 74%. EBITDA for the quarter was 19.34%, including other income and excluding exceptional treasury income, versus 18.7% over the same period in the previous year. Profit after tax and comprehensive income for the quarter was 856 million versus a profit of 471 million in the same period in the previous year, an increase of 81%.

The order book for the manufacturing segment is 22.08 billion, of which 19.29 billion is the generator motor manufacturing business, 2.11 billion is the railway business, aftermarket is 0.22 billion, and 0.46 billion is the Turkey business. Exports and deemed exports, excluding railway orders, for both domestic and export markets are 57%.

Order inflow in the quarter was INR 7.34 billion, an increase of 87% on a year-on-year basis. Order inflow from deemed and direct exports was 6.84 billion versus 2.57 billion. Of our quarterly order inflow, 93% was exports and 7% was domestic.

On a consolidated basis, our total Q1 performance was sales of 6.46 billion versus 3.76 billion, an increase of 71%, and profit after tax and other comprehensive income for the quarter was 860 million versus a profit of 500 million, an increase of 72%. The company continues to be in a strong cash position of 2.4 billion.

Coming to the order book, market situation, and guidance, in general, we see a very buoyant market for TDPS across all business segments. The basic factors driving growth continue to play out: AI data centers, global infrastructure spending, and the stabilization of electric power generation, along with the push toward renewables, are driving demand for geothermal, hydro, waste-to-energy, and other areas.

With all sectors operating at full force, we see the strong order inflow situation continuing, and the focus remains heavily on execution. Despite differing views in the media regarding the sustainability of this buoyancy, the ground reality is that there is a tremendous shortage of power generation equipment, specifically gas turbines, gas engines, transformers, and generators. The demand

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forecast at the moment is very strong, and TDPS is taking the position of maximizing order inflow.

On the capacity side, we are focusing on efficiency as well as debottlenecking to increase output for FY28. We will most likely undertake another round of capacity addition for generators below 100 megawatts this month. We will inform the market about these investments and plans in the next earnings call, since we are in the process of assessing which products and capacities need to be enhanced.

As mentioned above, at the moment, we have sufficient capacity for FY28 of around INR 32 billion, and we will undertake some debottlenecking with investments of around INR 500 million. Next, we are looking at what we should do for FY29 and FY30 to increase capacity to INR 40 billion and above.

Regarding opportunities in the large generator segment, we are close to signing agreements with relevant parties, and we will inform the market most probably in August about these new opportunities. These opportunities are over and above the company's current business, which comprises generators below 100 megawatts.

Moving through the segments one by one, the steam turbine market continues to grow at the rates we predicted, with no surprises on the upside or downside. The market is seeing growth of around 10% to 12% in captive power plants, biomass, and waste heat recovery.

In gas engines and gas turbines, growth continues to be massive and remains on top of everything else. As mentioned in the investor presentation, we are receiving large-volume orders, and forecasts for next year continue to show strong upward growth.

In hydro, we have a busy year ahead of us. This year will be one of the strongest years for TDPS in hydro. TDPS will be very active in the refurbishment business in India and abroad. This segment could result in some high-value orders for TDPS in this quarter.

In motors, we are witnessing continuous growth in this area of our business, and our teams are working on increasing our footprint.

In railways, we are not taking any fresh orders in this segment. We will review the sustainability of this segment at the end of this year, once the Indian Railway contract is completed and the production space and capacity that we have can be used for generator and motor products.

Regarding guidance, we revise our guidance for FY27 to 2,600 crores, with a small margin built in at around 16.5%. This brings me to the end of my initial remarks. I will now be happy to address any queries that you may have. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Mohit Surana with Monarch Networth Capital. Please go ahead.

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Mohit Surana – Monarch Network Capital: First of all, congratulations on the great set of numbers. You continue to outperform street expectations. My first question is with respect to the peak revenue potential without incurring any new growth capex. Last time, you mentioned that we can reach somewhere around 3,000 crores of top line. At this point, do you think we can exceed that using our current base? That is my first question.

Mithun Kumar – Managing Director: I would rather look at it as how we are gearing up to meet the demand from the market and matching our capacity on a year-on-year basis with the expected demand from the market. As I mentioned in my initial speech a few minutes ago, we expect that we are building our capacity with some debottlenecking for 32 billion next year. That is the capacity we would like to have, plus or minus.

Then we certainly need to make another round of capacity addition for FY29 and FY30. That is where we would be looking at how we create capacity beyond 40 billion. We said that we would provide more details in the next earnings call. However, this is the direction in which we are going right now.

We need to be careful about which products and which capacities we select, what kind of capacity we develop, and how to make them fungible across the different businesses that we have. There is a lot of detail and analysis going on right now. We need another 3 months to finalize our plans.

As I said, this is the direction in which we are going, and at the top level, we are aligning our capacities with market demand.

Mohit Surana – Monarch Network Capital: Understood. Just one more question as a follow-up. Regarding larger-capacity generator manufacturing, can you give us some understanding of the total addressable market of this market, say, beyond 100 megawatts, compared to what we are currently doing below 100 megawatts? Just in case, how big is that compared to the current segment that we are in?

Mithun Kumar – Managing Director: It is a very large segment. I do not have the exact market size information in front of me, but it is a very large segment. It is dominated by very large players. I cannot give you any further information right now.

As I said in my initial speech, we will be announcing something in August. Once we make that announcement, I will be happy to answer all these questions. Once the details of these matters are available in the market, we could certainly provide more information.

Mohit Surana – Monarch Network Capital: Understood. Thank you so much. That is all from my end.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question comes from the line of Nishita with Safal Capital. Please go ahead.

Nishita – Safal Capital: Hello, am I audible?

Mithun Kumar – Managing Director: Yes, Nishita.

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Nishita – Safal Capital: My question is on the order book. We had very good year-on-year order book growth in Q1. I just wanted to understand what our closing order book will look like. What sort of growth can we expect in the order book for the full year?

Mithun Kumar – Managing Director: We are expecting around 700 crores per quarter.

Nishita – Safal Capital: Okay.

Mithun Kumar – Managing Director: We would be somewhere around 2,800 crores, plus or minus, for the full-year order inflow.

Nishita – Safal Capital: Understood. My next question is regarding your earlier comment that by undertaking debottlenecking, which would require capex of around 100 crores, we can reach the revenue potential of 32 billion in FY28.

Mithun Kumar – Managing Director: Yes.

Nishita – Safal Capital: When do we expect to incur this capex? Have you already started the capex?

Mithun Kumar – Managing Director: That is an ongoing process.

Nishita – Safal Capital: What total capex do we anticipate in FY27?

Mithun Kumar – Managing Director: 50 crores.

Nishita – Safal Capital: And with this, do we expect that FY28 will have around 32 billion of revenue, or can we see some upside potential to that as well?

Nikhil: It is not a hard-and-fast number. If there is upside potential, we will have to find ways to make it happen, and we will make it happen. It is not written in stone that it is 3,200 and ends there. If it goes to 3,300, then we do 3,300. If it goes to 3,400, we do 3,400, but it is around that number.

Nishita – Safal Capital: Understood. My last question would be regarding the fresh capacity expansion we mentioned for FY29, which will take our capacities to around 40 billion. When can we reach that 40 billion number?

Nikhil: I will start by trying to make this as simple and clear as possible. I have said that we are going to invest 50 crores to have capacity of around 32 billion for FY28. I have also said that in 3 months, when we have the next earnings call, we will give an indication of what kind of investment we need in order to meet the demand for FY29 and FY30. We would be looking at taking the number to around 40 billion and above.

Specifically, which year this is going to happen in, I cannot say right now. However, that is the direction in which we are going. You cannot write anything in stone because it is a dynamic situation. We are looking at things that are going to happen 2–3 years from now, so we have to have flexibility in the plan.

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We have to be open to seeing how the market develops, which kinds of products are going to dominate the demand situation, aligning ourselves with that, and remaining flexible. Nothing can be written in stone about what is going to happen in FY29 and FY30. That is simply not how it works.

Nishita – Safal Capital: Understood. Thank you so much.

Nikhil: Thank you.

Operator: Thank you. A reminder to all participants that they can press star and one to ask a question. The next question comes from the line of Saumya Jain with 52 Capital. Please go ahead.

Saumya Jain – 52 Capital: Thank you for the opportunity, and congratulations on the very strong performance. I wanted to understand the pricing increase you spoke about last quarter. Have those increases already been put in place this quarter?

Nikhil: We have contracts with our customers containing price variation clauses. Wherever we have price variation clauses, they have been implemented.

Saumya Jain – 52 Capital: If we see an improvement in last quarter's gross margin, is that reflective of the pricing increase or the price clauses that you are referring to?

Nikhil: I cannot tell you that. We gave guidance in the last call that we would maintain our contribution margin for the company at approximately plus or minus 1%. Part of it will come from price increases, part of it will come from cost reductions, part of it will come from product mix, and part of it will come from exchange-rate gains.

I cannot give you the exact breakdown of how much each of these factors contributes. However, overall, as a company, we will be able to maintain the gross contribution margin that we guided the market on within a certain tolerable range.

Saumya Jain – 52 Capital: Understood. Regarding the revenue guidance for the full year, does that include any revenue from large turbine generators?

Nikhil: No.

Saumya Jain – 52 Capital: Okay.

Nikhil: For your information, it takes between 18 and 20 months to make a large turbine generator like that. Therefore, there was no way it was going to happen within 6 months from now.

Saumya Jain – 52 Capital: Got it. Those are all the questions I have for now. Thank you so much.

Operator: Thank you. The next question comes from the line of Gagan Gupta with Arthur Wealth Advisors. Please go ahead.

Gagan Gupta – Arthur Wealth Advisors: Hi, Nikhil and team. Thank you for taking my question. First, congratulations on a good set of numbers. I have one question on the margins front.

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You have always guided for an 18% to 19% EBITDA margin. Even in such a global situation, I wanted to understand how we are able to manage and maintain our margins. As I understand it, there would be some impact from the increase in logistics costs and other factors, which is probably being offset by higher-margin export orders. What would be the quantum of these two factors? I wanted to understand whether, if the situation improves, we can expect any uptick on the margin front.

Nikhil: I cannot commit to that. As I said, we aim to maintain margins within this range, and we will stick to this range. How we get there, as I answered in the last question, depends on a number of factors that drive margins.

One is pricing, one is cost reduction, one is product mix, one is exchange rates, and another is raw material prices. EBITDA margin is also dependent on factory loading and capacity utilization. Therefore, there are a number of factors that drive this.

As management, we need to have certain levers that we can work on to achieve the numbers that we commit to the market. I am not in a position to identify how much each of these factors will contribute.

Gagan Gupta – Arthur Wealth Advisors: Sure, Nikhil. That was all from my side. Thank you.

Nikhil: Thank you.

Operator: Thank you. The next question comes from the line of Alisha Mahabaleshwar with Trust Mutual Fund. Please go ahead.

Alisha Mahabaleshwar – Trust Mutual Fund: Hi, Nikhil. Good morning, and congratulations on a great set of numbers. I wanted to refer to something you mentioned in the opening commentary. While demand is exceedingly buoyant, there is a shortage of power equipment on the ground and there are some delays. Also, considering the current geopolitical issues, there is some supply chain disruption.

Are we seeing the impact of that in any segment or market, and what steps are you taking to ensure that it does not derail our plan? You sound very confident about achieving the guidance. It would be helpful to get some qualitative color as well.

Nikhil: We do not see any disruption in our order inflow from the market side. We see no let-up in the demand situation. The forecast from our customers is still extraordinarily strong and continues to be so.

We are always in very close contact with all our customers because there is a huge amount of interdependence between us. It is very important that we stay deeply connected with them. Delivery and capacity are always the first and second topics on the agenda when we meet these customers.

At the moment, the guidance I have provided for the market is guidance that we will be able to achieve. Upside potential will be announced when we see it actually materializing.

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I have not yet given guidance for next year, FY28. I am only talking about building our capacity for that. I have also not yet given guidance for FY29 and FY30. I have only said that we are building capacity in that direction.

When we take certain decisions on capacity and prepare ourselves for certain capacity numbers, it provides an indication of the direction in which we are going. I do not think I can say more than that.

Alisha Mahabaleshwar – Trust Mutual Fund: Is any segment or order facing any kind of slowdown because of this shortage or because of shipping-related delays?

Nikhil: No, I do not see any slowdown. Some shipping delays will cause disruptions in the demand situation, so—

Alisha Mahabaleshwar – Trust Mutual Fund: No, the question is that while the demand is there, and I think you spoke extensively about it, on-ground projects are being delayed, which is what I am trying to understand. Are we seeing a slowdown from an execution perspective in any of our segments or markets?

Nikhil: All our customers are taking delivery. All our products are going straight from our factory gate onto ships and are being moved into the US. They may not be commissioned immediately, and there could be execution delays on site, but all customers are taking the products as ordered.

Alisha Mahabaleshwar – Trust Mutual Fund: Understood. Thank you.

Nikhil: It is not that all the generators, turbines, or engines are going to one single customer or one single project that is unable to absorb them and then starts holding us back and asking us to hold back shipments because it is not ready.

These products are going to multiple sites, multiple data centers, and multiple customers. Everyone is taking delivery. I do not see a problem with that. Let us move on to the next question.

Operator: Ms. Mahabaleshwar, are you done with your question?

Alisha Mahabaleshwar – Trust Mutual Fund: Yes, thank you.

Operator: Thank you. The next question comes from the line of Kunal with 361 Capital. Please go ahead.

Kunal – 361 Capital: Thank you for the opportunity. My first question is whether you would be able to share how much of the current order book is contributed by data centers for both gas engines and gas turbines.

Nikhil: We do not provide the split of applications in our order inflow.

Kunal – 361 Capital: Understood. My second question is regarding data centers moving to higher, 50–100 megawatt configurations. Are we seeing customers increasingly discussing combined cycle? If yes, does that meaningfully increase the total addressable market for TD Power?

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Nikhil: There are certainly discussions about combined cycle. I think there will come a point when all these open-cycle gas turbines eventually move toward combined cycle.

However, as Alisha pointed out a little earlier, there are execution delays on the data center side. By the time these projects are actually underway and first operating with open cycle, then start planning combined cycle, and then have it installed, it could be years from now.

It will happen, but in my opinion, it is not going to happen immediately. It is going to take some time. However, it is going to happen.

Kunal – 361 Capital: When that happens, is our understanding correct that it will improve the opportunity size for TD Power?

Nikhil: Yes, definitely. We work with all the major steam turbine companies in the world. We are well connected with them, and we will receive a certain proportion of that business for sure.

Kunal – 361 Capital: Thank you. Understood.

Operator: Thank you. The next question comes from the line of Maitreyi Balakrishnan with Alchemy Capital Management Private Limited. Please go ahead.

Maitreyi Balakrishnan – Alchemy Capital Management: Thank you for the opportunity. I wanted to get a sense of the market share that we now command in the export market. How much have we increased our wallet share with our OEM customers? Also, is there any client addition or anything else that you would like to point out in that direction?

Nikhil: Naturally, we do not have a number that would allow us to pinpoint any particular market share. We do not have that number.

Maitreyi Balakrishnan – Alchemy Capital Management: In terms of client additions?

Nikhil: We do not have any major client additions at the moment. We have a couple of smaller client additions in the pipeline, which we are hopeful of closing this quarter.

All the major clients, major engine makers, and major turbine makers are already working with us very closely. We do not see a major opportunity to increase client additions in a way that would dramatically change the business outlook.

It is more about going deeper with them, and more about the market itself having grown. That is where our biggest opportunity is going to be.

Maitreyi Balakrishnan – Alchemy Capital Management: Got it. Regarding the Turkey facility, after that, could you indicate what the current thought process is and what we are going to do about it next—

Nikhil: We have about {? 3–3.5 million euros ?} worth of orders for execution this year, and we will execute those {? 3–3.5 million euros ?} this year. We do not see a significant business pipeline for next year at the moment.

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However, the Turkey facility should continue to serve as an insurance facility in case we have to go in—

Management: Regarding the source and insurance aspect, we maintain a certain amount of capital to keep it alive, and that will probably still play a role next year.

Maitreyi Balakrishnan – Alchemy Capital Management: Got it. Thanks. That is all from my side.

Operator: Thank you. The next question comes from the line of Salil Desai with Marcellus Investment Managers. Please go ahead.

Salil Desai – Marcellus Investment Managers: Hi, Nikhil. About 6 months ago, on one of the calls, you mentioned that you were looking at the refurbishment opportunity in India. Has there been any progress on that? Could you provide an update?

Nikhil: We have won a few hydro refurbishment orders. They are already in the order book from Q1, and there are a few more jobs in the pipeline for Q2 and Q3. We are very active in the hydro refurbishment market in India.

Salil Desai – Marcellus Investment Managers: Are there any plans regarding when you will be looking to take it global?

Nikhil: At the moment, we are not looking at taking it global.

Salil Desai – Marcellus Investment Managers: Understood. Going back to some questions on demand, based on your experience, could you give us some perspective on how elastic demand is to price or cost, given that commodity prices are increasing, freight costs are up, there is a shortage of equipment in the power value chain, and prices of these products are also increasing?

When you talk to your customers, do you sense that there could be a point at which they start rethinking the scale or timing of projects, or something similar?

Nikhil: Power plants form a very small percentage of the overall project cost. It is somewhere around {? 5%, 10% ?}. Therefore, demand elasticity is very high. They need electricity, and there is no choice. They have to buy the equipment, they need to have the engine and motor power generation equipment, and they will pay for it if commodity prices increase.

There is no choice in this market. They need electricity to run their data centers. It is not only about data centers; it is also about grid stabilization. You need to have equipment for grid stabilization.

There is a push toward renewables. There is a certain amount of renewable capacity that all utilities have to have. These are all factors driving compulsory buying. They have to do it.

Salil Desai – Marcellus Investment Managers: Understood. Great. Very helpful. Thank you so much.

Operator: Thank you. The next question comes from the line of Amit Anwani with PL Capital. Please go ahead.

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Amit Anwani – PL Capital: Hi, Nikhil. Thank you, and congratulations on the very strong set of numbers. My first question is again on the service business. Since installations are growing so rapidly for you, what is the service revenue contribution and how will it scale up over the next 2–3 years? Could that aid the EBITDA margin? Why are we still guiding for 18% to 19% if installations have increased and we potentially have better service revenue in addition to product demand?

Nikhil: Electric generators do not require service for the first 10 years, or ideally should not require service for the first 10 years of their operation, if they are well-manufactured, high-quality machines and are reasonably well maintained. There is almost zero service revenue potential from them during the first 10 years. That is why you have not seen it.

Amit Anwani – PL Capital: Understood. What is the proportion now?

Nikhil: Earlier, the proportion used to be around 5% to 6%, and now it still remains around 5% to 6% of our overall sales. Since sales are also growing at around 30% to 40% per year, our service business would also grow at that rate, with the 5% to 6% proportion remaining the same in our overall business.

Amit Anwani – PL Capital: My second question is on Turkey. Last financial year, because of tariff uncertainties and the advantage we were receiving, we decided to utilize the Turkish factory for exports. Now we are hearing that there could be an additional 100% tariff on oil and imports. What are your thoughts, and how are we thinking about utilizing the Turkish factory in this environment?

Nikhil: I have not heard about this 100% tariff.

Amit Anwani – PL Capital: It is in the media, but in general, what is your sense of the factory now?

Nikhil: I do not have an answer for that right now, since I am not aware of this 100% duty. None of our customers have discussed this with me so far, including as recently as 2 days ago. Therefore, I do not think anybody takes that threat very seriously at the moment.

Amit Anwani – PL Capital: Understood. Regarding Turkey, have you started selling again? We were reducing operations there. How are you utilizing that factory now?

Nikhil: I just said that I will export about {? 3.5 3.5 million euros ?} of sales this year. We do not have a significant outlook for next year.

That factory will still be used as a service backend, and it will have a certain cost to keep it operating. It will not be a significant cost, but it will be there as insurance for our service business in the European market, where we have a large population of machines. That is the strategy at the moment.

Amit Anwani – PL Capital: Lastly, regarding your capex, you highlighted a 50 crore investment, which will probably take you close to 3,200 crores by FY28. You are also adding capacity beyond that. Will this also be driven by the demand side? Will it be driven by more customer additions or other verticals, or is it purely demand that is coming in and leading to the expansion? Are there other considerations for capacity expansion over the next 3–4 years?

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Nikhil: It will be partly new customers, partly new products, and partly existing products and existing customers. I cannot give you the mix, but it would be driven by all of these factors.

Amit Anwani – PL Capital: Understood. Thank you so much.

Operator: Thank you. The next question comes from the line of Aman Agarwal with Nuvama AMC. Please go ahead.

Aman Agarwal – Nuvama AMC: Thank you. Many congratulations to Nikhil and the team for this strong performance. I wanted a small clarification regarding larger generators. You said that it takes 18–20 months to make a large generator. In addition to that, how much time does it take to get the plant up and ready? When should revenue begin to be impacted by the larger generators, and when should we start thinking about additions from that business?

Nikhil: I have no comments. I cannot answer any of these questions. Unless I announce the exact details to the market, including exactly what we are going to do, I cannot answer this question. I am really sorry. You will have to wait until we announce it sometime in August.

At that point, we will give you the answers to all these questions. It is a legitimate question, but it cannot be answered today.

Aman Agarwal – Nuvama AMC: No problem. Regarding capex for the existing capacity expansion, if I remember correctly, you are planning to undertake 50 crore of capex in both FY27 and FY28. Is there scope for debottlenecking beyond 3,200 crores as well that you can undertake sometime in FY28?

Nikhil: It is a dynamic situation that keeps changing. Nothing is written in stone here that cannot be changed. We have to adapt to different kinds of demand for different kinds of products, and we have to adapt our capacity to be ready to manufacture what the market wants.

If I had said earlier that we needed 50 plus 50, I am now saying that we need 50 for FY28, and for FY29 and FY30 we are looking at a larger requirement. What do we need to meet the demand and push capacity to {? 240 }? I am saying the same thing again and again. We will get back to you about it in 3 months.

Aman Agarwal – Nuvama AMC: Noted. Thank you.

Operator: Thank you. The next question comes from the line of Ganesh Ram with Unifi Capital. Please go ahead.

Ganesh Ram – Unifi Capital: Thank you for taking my question, and congratulations to Nikhil and the team.

Nikhil: Hello, Ganesh.

Ganesh Ram – Unifi Capital: Hi. My question is more strategic and high-level. I have been looking at the commentary from some of the global OEMs, and recently there has been a lot of discussion around the return on investment that these data centers are actually generating on their capex.

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With the 4-5-year backlog visibility that they have, a large proportion appears to be slot reservations, which do not seem as secure as orders, although there is definitely a tie-in. As we start thinking about FY29 and FY30 from here, how confident are you that this capex will continue and that there will be sufficient demand to absorb the capacity?

Nikhil: Our OEM customers have taken significant non-refundable advances from people who want to buy their equipment. That is why we have confidence, and they have confidence, that demand will be present in the coming years.

Ganesh Ram – Unifi Capital: That makes sense. Thank you, and good luck.

Nikhil: Thank you.

Operator: Thank you. The next question comes from the line of Suraj Malu with Katsaran Investment. Please go ahead.

Suraj Malu – Katsaran Investment: Hello, sir. Thank you for this opportunity. In the last quarter, you mentioned that we had largely employed the people we wanted to. Now we see a 20% quarter-on-quarter increase in employee expenses. Can you help us understand this?

Nikhil: The number of employees has increased because the business is also increasing. We have almost 75% growth over last quarter. There could be some additional employee additions because we are scaling up from 1,750 to 2,600. It is therefore natural that expenses will increase significantly.

Suraj Malu – Katsaran Investment: Can you tell me roughly how many employees we added this quarter?

Nikhil: We do not share that kind of information. Sorry.

Suraj Malu – Katsaran Investment: Does this include the wage hike for this year, or is that yet to come?

Nikhil: No, that has already been taken.

Suraj Malu – Katsaran Investment: Thank you very much.

Operator: Thank you. The next question comes from the line of Vinsy with PhillipCapital. Please go ahead.

Vinsy – PhillipCapital: Thank you for the opportunity. I have a question regarding the total addressable market, Nikhil. In your annual report, you mentioned that the global generator market is 52 billion dollars. What would be the relevant total addressable market for us specifically in the sub-200-megawatt and 0-50-megawatt ranges? How large is the total addressable market for that particular range?

Nikhil: I do not have the latest number with me, but some time ago it was something like {? 5 or 10 billion ?}.

Vinsy – PhillipCapital: What about the 50-100-megawatt market? How large is that market?

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Nikhil: I do not have that number with me, and there is no place where you can obtain this kind of data. No one is tracking this, so we do not have that number.

Vinsy – PhillipCapital: That is all from my side. Thank you for the opportunity.

Operator: Thank you. The next question comes from the line of Sambit Patel with TTI Partners. Please go ahead.

Sambit Patel – TTI Partners: Thank you for taking my question, Nikhil. You mentioned that our customer OEMs receive advances from their customers. Do we also receive advances from our customers when we book orders, or how does our working capital work?

Nikhil: We receive advances from certain customers, with the percentage varying by customer.

Sambit Patel – TTI Partners: If possible, can you quantify how much that would be as a proportion of the overall value of the generator?

Nikhil: We cannot do that. Sorry, we cannot do that.

Sambit Patel – TTI Partners: No worries. Thank you.

Operator: Thank you. The next question comes from the line of Deepen Shah with Tikcents. Please go ahead.

Deepen Shah – Tikcents: Thank you for the opportunity, and first of all, many congratulations on the great execution. I had one question on the domestic business. You mentioned that the domestic order book was only 5% to 6% of what we received during the quarter. Could you provide some more insight into which sectors are holding it back and whether the data center business in India does—

Deepen Shah – Tikcents: —provide some scope for further ordering in the next few quarters? Something on that would be helpful for us.

Management: In India, demand is very subdued, in the region of 10% to 12% per year. I have highlighted this and have been saying it not just now, but for the past 5–6 quarters. That is the situation today, and we should not expect anything more. What I am saying is correct. Demand is being supported by metals and across the board, but there is no explosive growth that we see in the economy, so there is no explosive demand for power generation.

India is currently adding a lot of capacity in large coal-fired power plants, with 600- and 800-megawatt sets. There is huge demand in these larger sizes, so all the players in that segment are completely booked for the next 3–4 years, including BHEL, L&T, and Mitsubishi.

Massive power generation capacity is being added in the larger sizes, but that will still not be enough for India. Therefore, this power shortage is going to continue for the next 24 months and possibly for some more time.

Regarding the second part of the question, relating to AI, we do not see any meaningful AI-related activity in terms of hyperscalers and similar facilities being set up in India. We continue to firmly

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believe that unless gas and large quantities of water are available, it is difficult to establish hyperscaler-type capacity in India.

People are talking about renewables and everything else, but we need a base source and base power for data centers, and that has to come from gas. Diesel engines are not the solution for large-scale hyperscalers of 500 megawatts or 1 gigawatt. Therefore, I do not think there will be widespread demand for this in India at the moment.

Deepen Shah – Tikcents: Understood. Thank you very much, and all the very best to you and your team. Thank you.

Operator: Thank you. The next question comes from the line of Prathamesh Sawant with PhillipCapital. Please go ahead.

Prathamesh Sawant – PhillipCapital: Congratulations on a stellar quarter. My question is regarding gross margins, which are stable year-on-year. Is this because of the mix, or are you able to pass on commodity price increases?

Management: I have answered this question a number of times, and I will answer it once again. When we provide guidance on gross contribution and gross margins, we have certain levers. These levers are cost reduction, price increases, capacity utilization, especially the utilization that affects gross contribution, and exchange rates.

As a company, we have these levers. Sometimes one factor goes up and sometimes another goes down, but overall we try to stay balanced and maintain the numbers that we promised to the market. I have answered this question many times, and I am saying the same thing again and again.

Prathamesh Sawant – PhillipCapital: Understood. Thank you.

Operator: Thank you. The next question comes from the line of Vivek Gautam with P.S. Investment. Please go ahead.

Vivek Gautam – P.S. Investment: Congratulations once again on the great set of numbers that the company has consistently delivered every year under your leadership. There was recently a kind of meltdown in the Korean AI market, with India benefiting from it, along with China trade and IT services.

Is this a temporary blip leading to some key issues with Oracle and OpenAI data center plans in the US, or is there any impact on our services? My second question is regarding when you expect to complete the QIP and deploy the funds. Thank you.

Management: Regarding the first question, I have absolutely no idea. I am not in that market and therefore cannot provide an informed answer to that question. Regarding the second part of the question, I am also not in a position to answer any questions about it right now.

Vivek Gautam – P.S. Investment: However, the overall opportunity size remains quite large and will remain so for at least the next few years. That is certain.

Management: Yes, yes, that is certain.

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Vivek Gautam – P.S. Investment: Thank you very much.

Operator: Thank you. The next question comes from the line of Julie Pawisker with Ashika Institutional Equities. Please go ahead.

Julie Pawisker – Ashika Institutional Equities: Hello. Can you hear me?

Management: Yes, we can hear you.

Julie Pawisker – Ashika Institutional Equities: Congratulations on the great numbers. My question is regarding the number of generators. With the 320 additional generators this quarter, should we see growth going forward through continued expansion in unit count, or will the larger driver be an increase in value per megawatt? Is this a volume story or a realization-per-unit story from here?

Management: It will be both: units as well as realization.

Julie Pawisker – Ashika Institutional Equities: Can we see around 14,000 to 15,000 total generators in FY30 or FY31?

Management: FY30 is quite a distant date for us to provide an answer on today. We will take it year-on-year.

Julie Pawisker – Ashika Institutional Equities: Can the run rate be similar to this quarter?

Management: Yes. As revenue grows, it would definitely be a payoff of that growth.

Julie Pawisker – Ashika Institutional Equities: With larger generator sizes, the megawatts per generator will also increase.

Management: Yes, that is obvious.

Julie Pawisker – Ashika Institutional Equities: Thank you.

Operator: Thank you. The next question comes from the line of Arpit Chapariya with IGE India. Please go ahead.

Arpit Chapariya – IGE India: Thank you for the opportunity, and congratulations on a great set of numbers. Since we have announced a capacity increase to around 32 billion in 2028, should that be treated as a ceiling for that year, or is there any scope for debottlenecking within that to increase it further?

Management: I have already answered that question earlier in the call.

Arpit Chapariya – IGE India: Sorry, I did not hear the answer. Could you answer it once again?

Management: I am saying that I do not know the answer once again, but I already answered that question. We have said that 3,200 is the approximate number that we can achieve as of now. The opportunity is there in the market, and I am not going to turn away from any business.

Arpit Chapariya – IGE India: Thank you.

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Operator: Thank you. The next question comes from the line of Abhishek Kamdar with ValueQuest Advisors LLP. Please go ahead.

Abhishek Kamdar – ValueQuest Advisors LLP: Thank you for the opportunity, and congratulations on a great set of numbers. My question is about working capital. Do we expect this to remain in line with the current level? Second, other current liabilities have increased significantly this quarter. Is this predominantly customer advances?

Management: Working capital will continue to remain at the same level because we do not see a significant change from last year to this year. Regarding current liabilities, yes, there are customer advances and also a provision for taxation because of the increased volume of business.

Abhishek Kamdar – ValueQuest Advisors LLP: Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Kushal Goenka with Mangal Keshav Financial Services. Please go ahead.

Kushal Goenka – Mangal Keshav Financial Services: Hi, Nikhil. I hope you are doing well. My question is again on trade receivables, which are around {? 270, 285 crores ?}. I understand that we have been growing at a very high rate. However, we also have around 240 crores of cash on the balance sheet, and despite that, we are raising funds.

What efforts are we making to improve our working capital, particularly the receivables component, so that we can generate more internal accruals and would not need significant external funds to grow at a higher rate?

Management: We have fixed payment terms with our customers, and we will not be able to alter them dramatically in order to do what you are suggesting. Ensuring that our business continues with our customers is the number one priority.

Commercial terms in isolation can be changed a little here and there, but they cannot be altered significantly because otherwise we will lose business. We have to keep in perspective that we need to retain the business, keep our customers, and grow the business with them.

Working capital requirements may increase, and funding requirements may increase. In that case, we will have to look at ways to fund the entire company. Everything is a balance of a little bit of this and a little bit of that, but in the end, we have to ensure that the number one priority is that our customers are happy and continue to buy generators from us.

Theoretically, what you are saying is possible, but practically, it is not possible.

Kushal Goenka – Mangal Keshav Financial Services: My second question is a clarification on the fund raise. I hope we would also consider debt as compared with equity, because we are debt-free and the cost of equity is always higher than the cost of debt. I wanted your thoughts on that.

Management: I will not be able to talk about any fund-raising issues. We have issued a notification to the exchange that we are having a board meeting on Friday, and I cannot discuss anything before the board meeting takes place on Friday.

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After Friday, once we finish the board meeting, management will have to disclose the plan to the market. After it has been disclosed to the market, I will be happy to answer any questions you may have about our plans.

Kushal Goenka – Mangal Keshav Financial Services: Thank you so much.

Operator: Thank you. The next question comes from the line of Mohit Surana with Monarch Network Capital. Please go ahead.

Mohit Surana – Monarch Network Capital: Thank you for the opportunity again. I have one question on tariff refunds. Some Indian companies have started receiving refunds of tariffs paid to the US. Are we seeing similar inflows?

Management: No, because we do not have our own setup outside India, so we are not the importer of record.

Mohit Surana – Monarch Network Capital: Understood. Thank you, sir. That is all from my end.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I now hand the conference over to management for closing remarks.

Management: Thank you, everyone, for joining us on this call today. I will be at an investor conference next week, where I will meet many of you, and I look forward to further interaction with you all. Thank you. Bye-bye.

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

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

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