“CG Power and Industrial Solutions Limited

Q1 FY27 Earnings Conference Call”

July 24, 2026

MANAGEMENT: **MR. AMAR KAUL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED**
MR. SUSHEEL TODI – CHIEF FINANCIAL OFFICER – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
MR. MARAIS NEL – EXECUTIVE VICE PRESIDENT – DRIVES & AUTOMATION AND INTERNATIONAL MOTORS BUSINESS – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
MR. GAURAV MAKHIJA – VICE PRESIDENT, SWITCHGEAR AND EPD BUSINESS – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
MR. AJAY JAIN – VICE PRESIDENT – TRANSFORMER BUSINESS – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
MR. DHANANJAY BAPAT – VICE PRESIDENT – RAILWAYS BUSINESS – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
MR. JATINDER KAUL – EXECUTIVE VICE PRESIDENT – MOTORS BUSINESS INDIAN SUBCONTINENT – CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

MODERATOR: **MS. RENU BAID PUGALIA – IIFL CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to CG Power Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Renu Baid Pugalia from IIFL Capital. Thank you, and over to you, Ms. Pugalia.

Renu Baid Pugalia: Thank you. Good evening, everyone. On behalf of IIFL Capital, I'd like to welcome the team of CG Power Industrial Solutions for their 1xQ FY27 Earnings Call. From the management team today, we have with us Mr. Amar Kaul, Managing Director and CEO; Mr. Susheel Todi, Chief Financial Officer; Mr. Marais Nel, EVP, Drives & Automation and Industrial Motors Business; Mr. Gaurav Makhija, Vice President, Switchgear and EPD Business; Mr. Ajay Jain, Vice President, Transformer Business; Mr. Dhananjay Bapat, Vice President, Railway Business; And Mr. Jatinder Kaul, EVP Motors Business, India subcontinent.

I now hand the call to Mr. Amar Kaul for his opening comments. Thereafter, we can open for Q&A. Thank you, and over to you, sir.

Amar Kaul: Thanks, Renu and the team. Good afternoon, everyone, and welcome to CG Earnings Call. I'm happy to share with you all that CG had another strong set of results for the quarter ended 30th June 2026. Revenue and PBT exceptional -- excluding exceptional items, crossed new quarter 1 high as our operating momentum continues, reflecting a good start to this financial year.

Our Q1 financial year '27 sales grew by 16% year-over-year and PBT grew at 27% year-over-year with 140 bps margin expansion. Further order flow continued to be strong during the quarter. And with the order book rising to 45% year-over-year to INR17,333 crores and offering multi-quarter revenue visibility.

Now as I go deeper to the stand-alone performance, the aggregate sales for the quarter was at INR3,061 crores, recording a growth of 16% year-over-year. And profit after tax was at the growth of 27%, INR364 crores, which is 11.9% of sales as against INR286 crores, which was 10.8% of sales in Q1 FY '26.

Return on capital employed annualized for the quarter was at 23% and the order intake for the quarter was at INR4,692 crores. An unexecuted order backlog as of 30th June '26 was INR17,333 crores, which is 45% higher year-over-year. Now if we go deeper into the segments. The Industrial segment Q1 performance.

The aggregate sales was INR1,671 crores, which is 6% higher year-over-year with a strong double-digit growth in motors. PBIT was at INR148 crores as against INR172 crores in the previous year same quarter. And margin deviation is largely due to one-off provision of about INR20 crores approximately in the Railway Business. And other than that, it was comparable to -- or a shade better than the last year same quarter.

The order intake for the quarter was INR1,586 crores, and unexecuted order backlog at the end of 30th June '26, was at INR2,899 crores. Double-digit growth year-over-year in order in motor continues the momentum. If you move to Power Systems performance, the sales for the quarter was at INR1,402 crores, year-over-year increase of 31%, reflecting strong execution discipline.

PBIT was at INR324 crores versus INR225 crores versus the same quarter, which was an increase from 21% of sales in the previous quarter to 23% in the current quarter. Strong margin expansion of 209 bps, reflecting a disciplined execution and a strong operating leverage and order intake for the quarter was INR3,106 crores and unexecuted order backlog as of 30th June was INR14,434 crores, which is 59% higher year-over-year. And also gives us revenue visibility spanning several future quarters.

With that, we conclude deep dive into the standalone performances and I'll now move to the consolidated performance and -- for information, consolidated results include the performance of the operating subsidiaries in Sweden, Germany and Netherlands, which we call Drives & Automation Europe.

It includes also the CG Adhesive Products, the CG Semi Private Limited, G.G. Tronics and also the Axiro Semiconductor Group. And so the Q1 '27 performance at consol level. The sales for the quarter for INR3,281 crores, which is a growth of 14% year-over-year. And profit after tax was 16%, which is INR308 crores versus INR267 crores in the previous year same quarter.

Margin gains driven by strong stand-alone performance was partially offset by the continued investment in our talent pool for semiconductor business, total semiconductor segment impact of about INR43 crores, which is 132 bps. Return on capital employed annualised for the quarter was 20% and order intake for the quarter was INR5,211 crores. And unexecuted order backlog as of 30th June '26 was 45% year-over-year at INR18,965 crores.

Now moving to some of the key events. CG, on 4th of June '26 announced the commissioning of its EHV switchgear manufacturing facility. S3 as we call it, it's a Unit-II of that in Nasik, Maharashtra. This is in addition to the S3 Unit-I manufacturing facility in Ambad in Nasik itself.

And which manufactures EHV circuit breakers in the range of 33 kV to 800 kV. The new facility will manufacture EHV circuit breakers from 33 kV to 245 kV range and expand CG's EHV circuit breaker manufacturing capacity by 80%. So incrementally 7,200 units will be there versus existing 9,000 units annually, which was already there.

Now equipped with advanced manufacturing and testing infrastructure, including 500 kV and 350 kV high-voltage testing laboratory. The facility has been designed to meet the growing demand for the reliable power transmission equipment across domestic and international markets.

CG Semi, which is a subsidiary of CG Power Industrial Solutions announced the commencement of commercial production at its G1 OSAT facility in Sanand. The launch was held on 4th July 2026 in the presence of Honorable Prime Minister of India, Shri Narendra Modi; Honorable Chief Minister of Gujarat, Shri Bhupendrabhai Patel; Honorable minister for Railways,

Information & Broadcasting, and Electronics & Information Technology, Shri Ashwini Vaishnaw, and other dignitaries.

Number three, S.R. Batliboi & Associates are the statutory auditors of Tube Investments of India Limited, TII, which is a holding company as of date, and they will demit office as auditors after completion of 10 years period, in terms of the provisions relating to the rotation of auditors with respect to Section 139 of the Companies Act, 2013. Upon conclusion of the ensuing AGM of TII proposed to be held on August 14, '26.

Consequent to the above, CG proposes to align its statutory auditors with those affiliated with the same network as appointed by its holding company (i.e. TII), consistent with the practices adopted by various groups to enable better coordination with the Holding Company's auditors and bring efficiency and synergy to the audit process, given the material size of the CG together with its subsidiaries more than 50% to the Holding Company's consolidated financial statements. In view of the foregoing, S R B C & CO LLP intend to resign as CG's statutory auditor with effect from close to business hours on 14th of August 2026. With this, I'll conclude my opening remarks. Unaudited financial statements with detailed notes are available as part of the stock exchange filing and on our company website. Thank you for listening in, and over to you, Renu, for Q&A.

Moderator: The first question comes from the line of Harshit Patel with Equirus Securities.

Harshit Patel: Sir, my first question is on the Power Systems. Could you give an update on the pricing environment currently, given that all major companies have expanded capacities over here and are expanding further as well. Have you seen prices, kind of, stabilizing or maybe moving a bit downward? Hello, am I audible?

Amar Kaul: Harshit, can you hear me?

Harshit Patel: Yes, sir. I can hear you.

Amar Kaul: Yes. So fair question. As you rightly said, everybody is trying to expand the capacities because the environment -- the demand is going pretty high. and everybody is trying to take their share out of it. Now is that capacity enough for the whole world? The answer is no. And that's why we don't see any such stresses that you're talking about. So I think the business continues to go. We keep seeing the pipeline is increasing as ever. So that's where we would be.

Harshit Patel: Understood, sir. Sir, secondly, my question is on the motors business. I think during January 2026, you had mentioned that you had taken about a 17% price hike 9-month period. Sir, what has been the situation in the past 5 to 6 months? What more price hikes we have taken? And are they sufficient to cover for the raw material inflation or we will do more price hikes as well going forward?

Amar Kaul: It's a continuous journey. And even after I talked last time 17.5% after that, we have again increased about 5% and the market is absorbing it pretty well. Is that sufficient? No, because commodities are so inflationary. We have to keep an eye on it and make sure that we have the -

- as much as possible realization of those price increases in the market. So it's a constant journey that we are in.

Moderator: Next question comes from the line of Atul Tiwari with JPMorgan.

Atul Tiwari: Sir, my first question is on Industrial segment margin. You did mention that there was a INR20 crores one-off in the stand-alone number. Was there any additional one-off in consol segmental industrial business because the margins in 7-handle have been quite weak at consol level?

Amar Kaul: Can you repeat your question?

Atul Tiwari: Sir, my question is on the Industrial segment margin at the consol level, right? So the consol industrial margins have been quite weak, 7.6% in this quarter versus 10.2% in the year ago quarter. So there's quite a bit of a dip in the consol numbers for the industrial segment margins. What is the reason for that?

Amar Kaul: No, that's fine. I think the consolidated, of course, I think that overshadows a lot of realities of that. As I touched a brief on in the beginning itself is -- so like GGT, for example, G.G. Tronics, which I think in consolidated gets rolled up under the same umbrella, which has not even started the operations of Kavach, which should happen very soon now, hoping in the next few weeks, we should be able to almost -- we are almost there.

And so that is a big dent into that when you see the big delta there. So the moment it starts, all that will be taken care of. And number two is, as I mentioned, so there was a one-timer of about INR20 crores for railways. I think that was a bigger dent. But the good news is the largest portion of it, which is the motors, as I said, is consistently going up and up on the double-digit margins and consistently improving on that.

Atul Tiwari: Okay, sir. And sir, on the Power Systems margins, obviously, margins at 23% have been doing very well over the past 2 quarters. So should these levels be sustained over the next few quarters? And is there some possibility of increase beyond these levels?

Amar Kaul: See, one, we don't give any forward-looking statements, but I always keep saying future is always bright. So we'll keep doing our hard work and the way we are looking at it. But as I mentioned, we don't see the depletion of the pipeline. We don't see any depletion of the -- of course, competition is good always in the market. That will continue to be there with more and more players coming in. But yes, we are continuing with our operating rhythm and the discipline with which we are executing things.

Atul Tiwari: Okay. And sir, finally, sir, on your transformer capacity expansion, where we are right now? How much is the operational capacity right now? And what will be the breakup of high-voltage transformers in that?

Amar Kaul: So the power transformer is already about 75,000 MVA and distribution is about close to 10,000 MVA. And with the new plant starting up in the next few months, I think we will add about 45,000 MVA more into that.

Moderator: Next question comes from the line of Sumit Kishore with Axis Capital.

Sumit Kishore: My first question is on Industrial Systems. In FY '26 and first quarter of this fiscal year mentioned that motors is not double-digit growth, but the overall outcome is still a single-digit growth in the segment. How is the railway segment within industrial performing? What are the -- what is the status of approvals for the Kavach order from RDSO? And so if you could give us some color around the balance business beyond motors and margins have also been depressed there. So what is the road ahead for this particular piece?

Amar Kaul: Yes. Thanks, Sumit. So good question. So you have to break it down into motors, of course, as I said, I'm very comfortable with all the work done. It's not only last 2 quarters. It has consistently been moving up for the last four quarters now after the initial lull that is there. So which means something is consistently working there.

Coming back to railways, as you would have -- you would remember in the last few quarters -- last quarter only, I mentioned that I would look at railways because there's a lot of work which we are doing to clean up the groundwork, build on the technology innovation piece of it. So for railways, I would be either flat or a little bit of growth in that area, okay?

But to my surprise, by the way, even though we don't give the numbers for each of the business lines, but railways did much better than what was anticipated. The only downside was this INR20 crores provision that we had to take for one of the development that was happening for the last couple of years and because the innovation keeps changing very, very fast.

So again, we might still be able to use that material. We don't know that at this point of time. But as per the good accounting practices, we have still provided for it. And the last question of yours on G.G. Tronics. As I mentioned in the beginning, we have completed all the trials. In fact, the trial, I personally attended, spent 3, 4 hours in the locomotive on the sector that we are in Hyderabad.

And I think everything has been cleaned up, cleared by the railways. Our accuracy percentage is much higher than anybody else in the competition today. Now there's only ISA audit has already happened. So we are waiting for that approval and then RDSO approval, which hopefully should happen in, I would say, 4 to 6 weeks from now approximately. So the moment it happens -- and in the parallel, we are gearing up for our manufacturing setup so that every day we are producing in the sets as required by the railways and start commissioning it.

Sumit Kishore: Okay. While we can't complain on Power Systems and it's going quite well. But the momentum of top line growth that we have been seeing for some time sort of moderated in this quarter. Is there anything to lead into the quarterly numbers given the order inflows, order backlog is up quite nicely?

Amar Kaul: No, no, I think it's -- I don't think that's really an issue. I think there can be a lull here and there in a quarter here and there. I think because the size of business that you see, even if you look at transformers, each of the shipments are INR100 crores, INR150 crores. So -- and again, as I said, in terms of good accounting practices, even if it is ex works or it is FOB incoterms.

So we have to make sure that what happens to the number. So I think it's to start with a quarter of 16% growth, I think it's good to start with. Of course, the momentum, it's going to catch. And that's a way typically first, second, third and fourth quarter happens. It keeps inching upwards.

Sumit Kishore: Got it. Finally, the cadence of losses on CG Semi Axiro, now, we've seen this go up and this is to be expected. But could you give us some sense of how we should be sort of modelling in losses in the ramp-up phase for the CG Semi Axiro through this fiscal? That's my last question?

Amar Kaul: Yes. See it's the same thing, what I have been saying. Semiconductor business, our entry has been for a long term. We never expected -- to us, it's an investment. As I mentioned in my speech as well, it's a lot of it is employee cost. Of course, capital has started now, the production has started there. So we'll continue to invest into this area. It won't slow down. The good news is that, of course, Axiro is already revenue generating.

But will it suddenly start making 20% EBITDA? The answer is no. It may make, but we'll keep reinvesting money, that money back into it. So my input has been always very clear. Axiro is the design company we have. We'll keep investing. We didn't buy that company or start to stay at $60 million, $70 million, $80 million.

` It's going to go big over the next few years. So we will keep investing into the technology and different segments. So we'll not stay with only radio frequency or SATCOM that we are currently doing. So just stay with us, stay tuned. You'll keep hearing more and more on that as we progress.

Moderator: Next question comes from the line of Sameer Thakur with AMBIT Capital.

Sameer Thakur: I just wanted to check on -- if you have any end market commentary, which markets are doing well for low-voltage motors? Is it metals and mining or cement or something of that sort? That would be helpful?

Amar Kaul: Jatinder, you are there on the call? Would you like to take it?

Jatinder Kaul: Yes, sure, Amar. Thank you for the question. I hope you are able to hear me. We are seeing good traction. The end market, cement is doing very well. Metal and mining is also doing well. Overall OEM piece of the business is also doing well. We are seeing these 3 industrial verticals doing extremely good.

Sameer Thakur: Okay. And just wanted to check on this transformer plant of 45 GVA. So that would be operational by end of this year, if I'm not wrong?

Amar Kaul: We have not declared that as yet. Just wait for a minute, but I think it should be happening, although our original plan was 2027 financial -- '27, '28 financial year, but I think we should do it at least 1 year before. So just stay tuned with that. We should be declaring that very soon.

Sameer Thakur: And that would be like with all the capacity like 45 GVA or it would slowly ramp up over 2, 3 years?

Amar Kaul: It will -- no, no, not 2, 3 years, those days are gone. In 2, 3 years, the whole world will change. So as I said, we plan for -- this kind of plant typically takes about 24 to 36 months. We are doing -- I think we should do hopefully in 12 to 14 months. Let's see how quickly we are getting ready and start the commercial production.

We'll keep you informed on that. But the ramp-up typically happens. The first phase in the first quarter will be at least 10,000 GVA , going to 30,000 MVA in second quarter and third quarter will be peak at 45 GVA. And again, we are looking at 45 GVA only. We are -- right now, Ajay and team are busy working on how do we take it to the next level. So we'll further have plans to expand it.

Sameer Thakur: Okay. That's helpful. And just last question, if I can squeeze in. Any material export orders you had this quarter?

Amar Kaul: Material means as per the statutory requirement that we had already reported. But yes, the order pipeline has been pretty strong after that also.

Moderator: Next question comes from the line of Girish Achhipalia with Morgan Stanley.

Girish Achhipalia: Exports contributed how much in this? And if you can share the year-on-year growth? And secondly, on transformer pipeline, particularly export side, how big is this pipeline currently that we are discussing? And finally, on semiconductor side, I believe Renesas has offtake agreement with you for 40%, if I'm not wrong. Is there -- are there more customers who have signed up? If you can help us with those details?

Amar Kaul: Yes. See, exports, as I mentioned before, the pipeline is very strong. Order inflow is also very strong. Instead of giving exact numbers, I would say it's practically between last year to this year, we already doubled. It's more than that. And the journey continues. So our go-to-market strategy is working reasonably well on that.

And coming back to your question on capacity with Renesas, yes, I think not to be exact on 40%, it's close to 50% that they will pick up. And our business development activity with the rest of the customers is ongoing. And of course, that's -- I mean, in this business, typically, we don't name the details of the customers that we sign up for, so which cannot be shared. But yes, that work is happening in parallel.

Moderator: Mr. Girish, are you done with the question?

Girish Achhipalia: Yes. Just exports growth number, sir, if you can have that for the quarter, the growth for exports?

Amar Kaul: We are not declaring clear numbers there, as I mentioned. Orders have gone up into that. And order intake, if you look at our -- this thing was about 84% growth, close as I mentioned, it's doubling. So it's about 84% growth per year.

Moderator: Next question comes from the line of Kartik Kohli with Kotak Institutional Equities.

Kartik Kohli: I had two, on Semcon. First of all, can please talk about how the top line is shaping up for the Axiro business? It seems like it's a Q-on-Q decline. And secondly, on the CG Semi business, you said 50% offtake is being promised there and that is for the combined G1 and G2 plants? And that will be my first question?

Amar Kaul: Yes. Thanks, Kartik. So the growth Axiro, honestly, I think it's -- I think they're doing fairly well. It may not show in the P&L because we are reinvesting a lot of money into that. But yes, if you look at the top line growth, it definitely will have a double-digit growth. But what is more exciting for me is the kind of orders and the size of orders that we are getting.

So hoping if the momentum continues with last two, three orders that I have seen, we should be at almost crossing -- going almost double of what we had. So if that continues, then obviously, it is the execution issue or how quickly we can execute and fulfil the requirements of the customer?

Kartik Kohli: Got it, sir. And just one last question on the industrial side. Last call, we were talking about how the competitive intensity is increasing and you're seeing pockets of competitive players coming up. Can you talk more how has that changed in the last quarter or so? What kinds of new players are coming into the market?

Amar Kaul: Yes. So industrial, I think, it's a pretty wider area and that's happening in every area, right? So there are a lot of new suppliers coming in. There's so many opportunities happening in. So I think it's a very normal process. As I mentioned in the beginning as well is we have to see how do we put our acts together. How are we efficient? How are we productive? How are we getting the solutions that are required by the customer? I think that's what we are honing our skills on.

Moderator: Next question comes from the line of Rahul Gajare with Macquarie.

Rahul Gajare: Hi, good evening.

Moderator: Mr. Gajare, sorry for interrupting. We cannot hear you. Can you speak a little louder?

Rahul Gajare: Yes. Is it any better?

Moderator: No, still not clear. Can you come a little closer to the mic and speak a little louder?

Rahul Gajare: Yes, I'm trying. Are you able to hear me any better now?

Moderator: Yes, please go ahead. Better now. Please go ahead.

Rahul Gajare: Now after 2 years, we have seen the revenue growing at mid-teens. Any specific reason that you want to call out over here, if there is any delays or deferrals? Okay. So that's the first part. And what's your thought on the Chinese players being allowed to participate in the government T&D projects that's on the power side?

Amar Kaul: So is your question specific to power business or overall?

Rahul Gajare: Okay. So revenue, we've broadly seen mid-teen growth in the revenue. And I can see that there is a specific growth challenge in the industrial business. What is your thought on that? And the second question was on the power and China angle?

Amar Kaul: Yes. So the first one, I think I already covered in the previous questions. Motors is doing fairly well. It is high teens, even though we don't give more details, but I think that should give you an idea. Railway, I told you, I'll be happy with even the similar flat or the EBITDA growth, but railways in the Q1, they have performed much better, which is good.

If I look at the console numbers, G.G. Tronics, I think not -- definitely in this quarter, they should commence their production. In a quarter or so, it will be bouncing back on that. That adds to the consol number for industrial. Yes, I think consumer business is already doing well, but the size is very small.

So it doesn't show up too much in the front of it. So that's where I would stay with in terms of industrial question that you had. And for Chinese players coming in, obviously, as I said, I don't comment on what competitors will be doing. Important is how do we do -- get ourselves better and be there. And the journey is everybody has to go through the approval process, and let's see how much time it takes.

Rahul Gajare: Sure. Now on the railway side, is there any development as far as Vande Bharat is concerned? Because I remember you were talking to a lot of tech partners. Any progress on that front? And now that the Semiconductor Mission 2 is announced, while I understand that you first build to find customers for the existing plant. But at some point in time, would you look at ramping up the semiconductor project?

Amar Kaul: I think these are two different questions.

Rahul Gajare: Yes. So on the first one was on the railway side. On the Vande Bharat side, is there any tech partner that you kind of signed up or are you talking to somebody on the tech side for Vande Bharat project? Because I would imagine that after 2 years, we can see some traction coming in the Vande Bharat business?

Amar Kaul: No. See, on the Vande Bharat, the project that we have with our customer, so that work is going on right now, the testing so that initial development that's happening, and I think we declared with Kinet as our internal customer. So that work is going on. Even the new shed has come up, testing facilities are under commissioning. So that is the usual work that is already going on. Second, as I said, I think this first and second year, I would say, is more development of in-house versus any collaboration or something that could happen is what we are busy on for the technology development.

Rahul Gajare: And the semiconductor mission, the one that government announced recently -- are you looking at scaling up your capacity?

Amar Kaul: No. I think the team is evaluating what is in it for us, if it makes sense or not, that work is still going on in parallel. But right now, the existing team is busy with ramping up what we have on

the plate, get the new plant, the second plant in action and current plant, we are ramping up our -- to the capacity that we had installed for.

Moderator: Next question comes from the line of Amit Mahawar with UBS.

Amit Mahawar: I have two quick questions. First is on industrial motors, et cetera. We've seen in the last 6, 8 months, pricing has been holding up very well. And there's a very clear trend of higher-grade motors, IE4 motors or even IE3 and IE4 motors. So do you think in FY '27 for CG Power, which is the largest motor company in the country, a 20% revenue growth or 25% revenue growth is possible because the pricing is shifting very, very drastically or that's not practical for this year? That's first question?

Amar Kaul: See, as I kind of hinted towards that, we are going at high teens in the motors piece. Market is absorbing what we are passing on with the right logic that is happening. And third thing, I would have mentioned it last time in terms of the R&D acceleration for the new product development that we have initiated. And those are the things that are actually going to take us to the next level. So it's not only the pricing game that is going to play, but it's also the R&D. In fact, the first range across IE3, IE4 and IE5, all this full range will be complete in the next 12 months.

Amit Mahawar: Sure, sure. And the second and quick question on switchgears and power transformer exports particularly. As you target more customers in U.S., particularly the utility grade, and we understand that there is a very strict time line and qualification time line that is taken, which is slower than the data center customers. So do you think FY '27 is a year where you can see significant utility customers order from U.S. or that's too early for us? That's it.

Amar Kaul: Yes. So it's -- we don't target one. So it's a combination of utility, renewable, data center, oil and gas. So each of these booming markets, we have the teams dedicated to each of these verticals. So that's what we're working on.

Moderator: Next question comes from the line of Shirom Kapur with Jefferies.

Shirom Kapur: Just wanted to start off with one bookkeeping question. The difference between your consolidated order book and your stand-alone order book, is that primarily on the industrial side? Does that reflect basically your rising automation in Europe and your G.G. Tronics business? Or is there anything else in that?

Management: So you're asking at consolidated level, right?

Shirom Kapur: Yes, the difference between the stand-alone and consolidated order book, like what is including that? And if you could give that breakup between G.G. Tronics and..,

Management: Majorly, this includes GGT and the Axiro.

Shirom Kapur: Would you able to quantify what is that size?

Management: No, I think GGT, we know about the INR1,000 crores order book is there. Rest is all coming out from Axiro.

Shirom Kapur: Okay. Understood, sir. And just secondly, on your Industrial Systems business, I just want to clarify, you mentioned that your motors business, the margins are -- have now improved to double digits. Is that correct? Is that just for this quarter? Or you had mentioned the business ramping up for the last four quarters. Are we seeing consistently double-digit margins? And is it that the railways business is what's actually dragging down the margin to single digit at a consol level?

Amar Kaul: So I think I gave that commentary already. I think your full question was answered before. So double digit definitely in motors is consistently, it's going upwards. Railways is not really a drag. Of course, I think it's not as good as what motors is, but it's not bad also. But I think the bigger impact was because of that INR20 crores provision that we have taken. So I think that's kind of a drag on the overall performance.

Shirom Kapur: Right. Because sir, even if we exclude the -- adjusting for the INR20 crores provision, you're still see the margin dip from 10% in the same quarter this year.

Amar Kaul: Obviously, as I said, motors are double digit. Railways has always been single digits. So delta will always be there.

Shirom Kapur: So would you looking to share how much is railways now contributing to?

Amar Kaul: We don't give a breakup of that. give you industrial. But I already -- I'm not allowed to share so much. But in my enthusiasm, I keep sharing a lot.

Management: No, only thing what you have to consider is that industrial also includes consumers. That's -- so that is actually at a breakeven today.

Moderator: Next question comes from the line of Ravi Swaminathan, Avendus Spark.

Ravi Swaminathan: A couple of questions. One is in terms of lead time of delivery for transformers, how is it now vis-a-vis how it was last year? And my second question is for transformers, the bid pipeline, how it would have grown for us? How much we would have bid this year vis-a-vis how much we would have bid last year?

Amar Kaul: Yes. So I think capacity, the way we have increased it in the last, what, 4 quarters from 22,000 MVA to almost 75,000 MVA. So honestly, that's not a concern at all today. I'm not saying that the transformers are available off the shelf because that's not the kind of product we make. Each transformer has to be customized. But yes, it is -- I think the lead times are much better than depending on what kV range you are asking for, it is what it should be. So no customer will get delayed, and then we are adding the capacities into that as well.

Ravi Swaminathan: Okay. And in terms of the bid pipeline, sir, so essentially, how much we would have bid this year vis-a-vis how much -- how we would have grown year-on-year?

Amar Kaul: We are talking about the orders. We don't give the details like bid pipeline and then bid rate and loss rate, that is all company confidential.

Ravi Swaminathan: Okay. And order inflow had declined this quarter compared to last quarter in the Power segment. And last quarter, there was this PGCIL large order of around INR650 crores. Was that the only reason why the inflows had declined during this quarter? Or is there -- was there any deferment that can be booked next quarter in Power segment order inflow?

Amar Kaul: No, absolutely. I think you answered it very well, Ravi. So that is the real thing. If you just take it out apples-to-apples, then there's a fairly good growth.

Moderator: Next question comes from the line of Kartik Kohli Kotak Institutional Equities.

Aditya: This is Aditya. I hope I'm audible to you. The question that I had was more on the overseas opportunity. As we can see, there are 3 big markets in the U.S., Europe and maybe the MENA region. As you see through your mix of exports over the next 3 years, which could -- what could be the order of relevance of these 3 geographies? Would eventually U.S. become the biggest as you think through data centers, renewables, everything put together? Or would Europe or MENA region be more relevant for you?

Amar Kaul: See, we are not giving breakup of that. But yes, we don't put all the eggs in one basket. Export market, as you mentioned, definitely, these are important markets for us. Our GTM is based on that. But will that become the primary? Answer is no because we will have it spread out fairly evenly to make sure that even if something happens in one market, something is there to survive. So yes, each one of these -- so India will continue to be our primary growth market because that's where we originate from, but we'll keep expanding into Americas and Europe and MENA, as you mentioned.

Aditya: Sure. That clarifies. And the second question that I had was on the semiconductor part of it. Obviously, this is more on the design aspect of things. Part of the question, does ISM 2.0 make a difference to your growth strategy, whether you will be using that as a platform? Part B, just intrigued to kind of see good order inflows coming in, maybe a sizable backlog is already there. Could you give us some more color of what is actually happening on ground? And how do you go beyond the RF space here?

Amar Kaul: So as I mentioned, I think there was a similar question before. We started off with radio frequency, SATCOM area. We are also venturing into the adjacencies around that power because that's our own business. So we are looking at power electronics as a business from Axiro point of view, what can we do there. So these are some of the areas. And as I said, just stay tuned with us. As we get closer to our footprint into those areas and additions to Axiro, we'll keep you informed on that.

Moderator: Next question comes from the line of Prathmesh Salunkhe with Nippon Life.

Prathmesh Salunkhe: So my question was on the Power Systems. Sir, you mentioned that the prospect pipeline or the bid pipeline has doubled year-over-year. So just wanted to understand what are the key end

industries that is except for the -- apart from the T&D space, we know how T&D is doing, right? So maybe some commentary on how the data centers are doing for you? Any traction on that front?

Amar Kaul: So the bid pipeline, we didn't mention that. The order pipeline that we talked about, orders have gone up by 84%. So as I mentioned in the previous question also on the other question, we don't give too many details on how the order pipeline is doing. So that's company confidential. But yes, pipeline is pretty strong.

Prathmesh Salunkhe: But sir, have you seen any contribution from data center?

Amar Kaul: Of course.

Prathmesh Salunkhe: Okay. And how would you put it in terms of growth driver in next 2 to 3 years compared to maybe T&D and industrial business?

Amar Kaul: No, no, they're not breaking it down because everybody has to win the bread to survive. As I said, renewable to -- because AI will keep booming, of course, there can be news in the industry differently. But -- so data center will continue to be important. Renewables is important. Green energy is important. Oil and gas is important. Even the grid modernization, that's a vertical. So as I said, we'll not get too skewed towards one side only. It will be a fairly even distribution. Of course, depending on the size of opportunity, something may be big and something may be small. But we'll not forecast that we'll go all about one particular segment.

Prathmesh Salunkhe: All right. And sir, my second question was on semiconductors. So you mentioned that for Axiro, you're currently looking at the RF first and some of the power equipment. With ISM 2.0, I understand that the fine print is still awaited. But ISM 2.0, would it be possible for you to get some subsidiary for RF equipment and power equipment in ISM 2.0?

Amar Kaul: So Prathmesh, I mentioned -- answered that a few minutes before. There was a similar question. So the team is evaluating what is it for us and should we do something. That's a separate work happening in parallel. So we have no clue right now whether we use or not. Whatever I talked about on the Axiro side is purely what will continue. With government, without government, the work will continue in different segments.

Moderator: Next question comes from the line of Sameer Thakur with AMBIT Capital.

Sameer Thakur: I just wanted to get back to the Vande Bharat order, which you had taken, I think, in Q4 '25. That is still under execution, if I'm not wrong. So any problems with the execution because of that, the margins are not doing well or are there any other issues? And what is the time line for this execution of this order? And do you expect any further orders or from Kinet this year?

Amar Kaul: Sameer, I think I answered that a few minutes before is that Kinet order, that initial order that we have that -- in fact, I was there on Monday, Tuesday, Wednesday, I was in Bhopal. I saw the facility is already set up. The building has come up, test lab is getting set up and the order is

under execution. So that's where it is. So basis the performance. And of course, we are bidding for more and more on that. So that's the current status of it.

Sameer Thakur: Okay. So currently, there are no deliveries happening at the moment. So it is yet to happen-- yet to start?

Amar Kaul: The work is already going as per the project. The project team is working the weekly meetings, Dhananjay, who is our business leader for this business, he himself is on top of these weekly meetings to ensure that it is delivered on time with the right quality.

Moderator: Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I now hand the conference over to Ms. Renu Baid Pugalia for closing comments.

Renu Baid Pugalia: Sure. Thank you, everyone, for your time and participating in the call. I would now request the management to give any closing comments and also thank the management on behalf of IIFL Capital for giving us the opportunity to host this call. Amar, any closing comments from your side, please?

Amar Kaul: No. Thanks, Renu, and thanks, everybody, for joining and all the questions. Pretty excited to see how we can go forward in the future. So stay invested, keep investing more and more, and we'll grow together. Thank you so much. Have a good rest of the day.

Renu Baid Pugalia: Thank you.

Moderator: Thank you. On behalf of CG Power, that concludes this conference. Thank you for joining us. You may now disconnect your lines.