



“CG Power and Industrial Solutions Limited
Q3 FY'26 Earnings Conference Call”

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MODERATOR: **Ms. RENU BAID PUGALIA – IIFL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to CG Power Q3 FY '26 Earnings Conference Call hosted by IIFL Capital. 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.

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

Renu Baid Pugalia: Thank you, Shubham. Very good afternoon, everyone. On behalf of IIFL, I'd like to invite the management of CG Power and Industrial Solutions to discuss the Q3 FY '26 results. From the management team today, we have with us Mr. Amar Kaul, Managing Director & CEO; Mr. Susheel Todi, Chief Financial Officer; Mr. Marias Nel, EVP, Drives & Automation and International Motors business; Mr. Gaurav Makhija, Vice President, Switchgears and EPD business; Mr. Ajay Jain, Vice President, Transformer Business; Mr. Dhananjay Bapat, Vice President, Railway Business; Mr. Jatinder Kaul, EVP, Motors Business; and Mr. Sriram Rangarajan, EVP, Head Consumer Products business.

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

Amar Kaul: Thank you. Thanks, Renu and team. Good afternoon, everyone, and welcome to the CG earnings call. Starting with a summary of results, I'm very pleased to share with you all that we have delivered outstanding set of numbers for the quarter and the 9 months ended December 31, 2025, reflecting operating discipline and strategic focus using our CG edge as a tool. This is yet another quarterly performance with all-time high stand-alone revenue and PBT after accounting for exceptional items.

Our quarter 3 sales grew by 22% year-over-year and PBT before EI grew by 35% year-over-year, and we have achieved 148 basis points margin expansion in PBT during quarter 3 financial year '26. Further, the orders remain robust with backlog strengthening further to 66% year-over-year to INR 14,859 crore, reflecting sustained demand across all the businesses.

Now going deeper into Q3 stand-alone performance. Aggregate sales for the quarter were higher at INR 2,909 crores, recording a growth of 22% year-over-year. And PBT was higher with a growth of 35% at INR 454 crores, which is 15.6% of sales as against INR 338 crores in Q3 previous year. And exceptional items include incremental impact due to introduction of new labor code effective 21st of November '25.

Return on capital employed for the quarter was 23% and the order intake for the quarter was INR 4,096 crores, which is about 13% growth year-over-year. And unexecuted order backlog as of December 31 was INR 14,859 crores, which is 66% up

Now if we go deeper into the each of the segments, starting with Industrials. While we saw a steady sales growth with margin impact coming due to commodity cost headwinds, aggregate sales for the quarter was at INR 1,585 crores, which is 8% year-over-year and a healthy growth

across motors and railway business. PBIT was at INR 149 crores, which is 9.4% of sales as against INR 184 crores, which was 12.5% of the sales in quarter 3 last year.

Margin changes driven by lower price realization and product mix changes in the railway segment as well as lower gross margin in motors due to significant commodity inflation that could not be passed on entirely to the market. And this adverse movement was partially offset through the cost optimization, operational productivity and disciplined pricing. And the business will continue to focus on margin improvement through cost optimization initiatives, pricing and improving our product mix.

Order intake for the quarter was INR 2,050 crores, which is 9% increase year-on-year, and the unexecuted order backlog as of 31st December continues to be sequentially better at INR 3,569 crores, which is 20% higher year-over-year.

If we go deeper into the Power Systems, it has shown continued growth trajectory with further margin expansion supported by healthy underlying market and execution discipline. Aggregate sales for the quarter was at INR 1,326 crores with a sharp rise of 44% year-over-year, supported by robust execution discipline.

PBIT was at INR 283 crores, which is 21.4% of sales as against 17.6% of sales in the previous year same quarter. 378 basis points margin expansion driven by improved price realization, reflecting robust demand trend and enhanced operating leverage. And order intake for the quarter was INR 2,046 crores, which is 16% growth year-over-year, and unexecuted order backlog as of December 31 was INR 11,289 crores, which is 89% higher year-over-year, providing multi-quarter visibility.

With this, we conclude deep-dive into our standalone performance, and I'll now move to consolidated performance. And the consolidated results includes the performance of our operating subsidiaries in Sweden, Germany, Netherlands, which is Drives & Automation as well as CG Adhesive Products, CG Semi Private Limited, G.G. Tronics and Axiro Semiconductor Group and the non-operating subsidiaries.

Aggregate sales for the quarter was INR 3,175 crores at a growth of 26% year-over-year. PBT before extraordinary income was 25% higher at INR 420 crores, which is 13.2% of sales for the quarter as against INR 335 crores in Q3 FY25, which is 13.3% of the sales. Margin gain is driven by strong stand-alone performance, were offset by continued investment in the talent pool for semiconductor business and deferred revenue in Axiro on account of holiday-related timing of customer activity. Total semiconductor segment impact was INR 41 crores, which is 130 basis points.

Return on capital employed for the quarter was 21% and the order intake for the quarter was INR 4,372 crores. And unexecuted order backlog as of 31st of December was 62%, up year-over-year at INR 15,753 crores.

Finally, I would like to share about the major order win achieved earlier this month. CG secured one large order of INR900 crores, which was about \$99 million of power transformer export

orders from Tallgrass in U.S. It's a large-scale data center project in the United States. And this order was received on 16th of January as the single largest order ever in the history of CG Power.

And this is a direct export to U.S. for supply of our transformers. Under this contract, CG will supply power transformers specifically engineered to meet the stringent reliability, efficiency and uptime requirements of hyperscale data center applications, and this order will be executed over a delivery period of 12 to 20 months.

With this, I will conclude my opening remarks. The unaudited financial statements with detailed notes are available as part of stock exchange filing and on our company website. Thank you for listening in, and back to you, Renu, for Q&A.

Renu Baid Pugalia: Shubham, could you start with the Q&A?

Moderator: Okay. Thank you very much. The first question comes from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

Ravi Swaminathan: Congrats on a good set of numbers. My first question is with respect to the order intake for the Power Systems segment. So it has seen 16% growth, it's a healthy number, but in the previous quarters, we had seen a significantly higher kind of growth in the order inflow momentum. So just wanted to check with you, are you seeing any signs of at-the-margin slowness in the ordering momentum in the Power Systems segment, especially related to the domestic renewable category?

Amar Kaul: Thanks, Ravi, for the question. See, a quarter-to-quarter variation will always happen. So we are not seeing any decline or slowdown in the pipeline of the orders that we have. So I think it continues to be as strong as it has been and growing as well.

Ravi Swaminathan: Understood, sir. Secondly, on the motors piece, if you could call out on what would have been the volume growth in the LT and HT motor? So we have seen a revenue growth of around 8%, 9%. How much would have been contributed by price increases and how much would have been contributed by LT and HT motor volume growth? And are you seeing a recovery in the demand for LT motors? And how is the price increase holding up?

Amar Kaul: So a couple of answers to your multiple questions that you asked. So on the market size, yes, there is definitely an improvement versus the last few quarters that I've been talking about. It was negative, if you look at the data. It has crossed the bridge of being flat or a little better than that. But I think the good news, as we shared, is if you are getting 8% up, which means you are either eating through the market share or putting across the value proposition in front of the customers.

So yes, it's a combination of the price increase that we did. The realization has been fairly good. We are satisfied with that. Of course, it could not completely cover the increase in the commodity prices. But we are still working on that. And second is also, if you look at, a little bit of stress on PBT also -- we are working aggressively on the I2V piece, which is Innovate to Value. So that activity is also happening in parallel. So both these should help us to come out of

these difficult situations. So to your question, answer is, yes, a combination of volume as well as the top line from the price increase.

Ravi Swaminathan: Understood. And with respect to the commodity price increase and currency depreciation, how much more price increases are required, say, from the fourth quarter onwards? And how is it likely to kind of pan out for both the Power and Industrial segments? So how does it work in the Power segment? Fresh orders are benchmarked to the current commodity prices and passed on to end customers. Is it the way of understanding? And with respect to the Industrial segment, also with respect to motors, how much more price increase is needed for both LT and HT Motors?

Amar Kaul: See, price increase, the thumb rule for the industry is very clear. Any inflation has to be passed on to the customer. So that's the way it happens. So if commodity still doesn't behave well, obviously, there will be forthcoming price increases coming in the market. That's typical to the industrial business that we are in.

But if you go to power, most of the business, we have the PVC clauses, which is a price variation clause. So any change in the commodity that happens, we get the compensatory amount on that. So that is an amount to change in the pricing. But yes, that gets compensated, which is a typical industry factor.

Ravi Swaminathan: And the price variation clause...

Moderator: Sorry to interrupt Mr. Ravi. We request you to return to the question queue for the follow-up question. The next question comes from the line of Ankur Sharma from HDFC Life.

Ankur Sharma: Two questions on the Power segment. First, obviously, there have been some media reports saying that the government could potentially allow Chinese players to bid for PSU tenders. So just your thoughts on this, what are you hearing when you interact with the Ministry. And are you seeing anything in that direction, is my first question.

Amar Kaul: So a lot is going on in that direction. And as we interact with the ministries or with the utility companies and the customers, honestly, as CG, we are not really worried about that even if Chinese players come in. Important is level playing field.

I'm a big fan of saying that, with the level playing field, we have to be operationally efficient and then we can compete with anybody, whether it's the Chinese players or Japanese or Indian players. Yes, we have to be competitive. So that, we'll continue to do. But I think an important thing is having that level playing field, which I think as of today, what we see, I don't see a concern on that at all.

Ankur Sharma: Can you just elaborate a little more? When you say level playing field, you mean that they need to come and set up shop in India? Is that what you mean in terms of a blanket imports?

Amar Kaul: Setting a shop in India is not a problem, that's level playing field to me. I'm saying -- when I say level playing field it means that you don't get any special benefit or special privileges or special

incentives by the respective governments. Then it will be a problem for the industry, not for us only, which I don't get that feel or that advantage people will have.

Ankur Sharma: Okay. So you do expect that there could be some relaxation, but as long as it's level playing field is what you would expect to see. Is that how we should understand over the time?

Amar Kaul: See, that the government has to decide whether they allow Chinese companies or not. We don't control that. I'm saying even if it comes, basis our conversation with industries, that's the only thing we have to go across, let it be a level playing field. So we control our destiny by being operationally efficient. That's all I would say.

Ankur Sharma: Okay. Fair. And just a second one. On this large transformer order which you got for this data center in the U.S., if you can just talk about what more could be there in the pipeline, how much of an opportunity does it really open for a company like CG in terms of export orders for data centers?

Amar Kaul: See, data center -- all of this renewable data center is one of the key vertical for us. So it's not that this order has come by fluke or it just suddenly came up. We have been working on this for last 2 years religiously on these key account management, the vertical focus of the industry, and that has started giving us some of these results. So we are of a firm opinion that derisking strategy of being domestically strong as well as keep divesting a bit on the outside India as well so that there's a focus on both the sides. So you don't put all eggs in one basket.

Moderator: The next question comes from the line of Mahesh Bendre from LIC Mutual Fund.

Mahesh Bendre: I just wanted to understand, sir, the outlook for domestic power transmission business. If we talk about 3-5 years, do you see a sustained order pipeline because government has published recently a new NEP where there is a high amount of capex in power is going to take place. So do you think we are in a phase where growth could be extended well above 5 years?

Amar Kaul: Yes. See, I think if you would have noticed in the last couple of quarters, even in the earnings call, I have always been bullish about it. So last year, also I said next 5 years, up to '29, I don't see a concern that this sector will not grow. Unless something catastrophic happens, then obviously, that's out of control of everybody.

Otherwise, the way expansion plans are, the way government is expanding infrastructure, power generation, so I don't see anything slowing down up until 2029. And of course, it can go beyond that as well. But it's a combination of publicly available data as well as what we see in the market.

Moderator: The next question comes from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question is on the Power Systems. Is it fair to say that the price variation clause is present in almost the entire order book?

Amar Kaul: Yes, almost.

Mohit Kumar: Understood. My second question on -- of course, you have won a very large order of export from U.S. Can you please confirm whether this order was not part of the order inflow announced for Q3? Is that right?

Amar Kaul: No. This has come -- I think you see the date as 16th of January. So this is not added in last year results. This is for the current quarter.

Moderator: The next question comes from the line of Atul Tiwari from JP Morgan.

Atul Tiwari: And sir, on the Power Systems margins, which have obviously expanded quite a bit this quarter again, my question is, for the new orders that you are getting, for the Power Systems in the domestic market, are the margins similar? Or they are even higher than what you're reporting today?

Amar Kaul: I would say with the backlog that we have, future is bright.

Atul Tiwari: Okay. So roughly similar margins that you are reporting today. I mean, we should be able to hold on to these margins. Is that a fair conclusion?

Amar Kaul: See, I'll not be able to tell you exactly what my backlog margins are, but there's a very disciplined process of order intake to the backlog margin, how dividend stands. So each of the business leaders for each of the businesses are on top of it, the quality of incoming orders, at what quality we are getting in. So I think there's a very disciplined process in place. So I think we are very much in control of that.

Atul Tiwari: Okay. And sir, the second question is on the OSAT business. So I mean, could you give some update on what is the kind of ramp up we are seeing in the facility that we commissioned a few months ago? And when is the next bigger facility likely to come online? Any updated color on that.

Amar Kaul: You mean for transformer or...

Atul Tiwari: No, no, for the OSAT business, the semiconductor business.

Amar Kaul: So OSAT, as you would have heard last time, the mini plant, which we call M1, has already started, commenced its activity. I think next 2 quarters, we should start sales out of that on a small scale, and then it will keep graduating. I would say, next 2 to 3 quarters, you'll start seeing a decent amount of sales coming. But it's a small plant, in any case.

And the new plant, which is the bigger plant, M2, as we call it, that should be ready by end of December 2026. And so I would say Q4 of next financial year is when we start some activity. The lead time for customer approval and validation of the chips doesn't take as much time as the mini plant takes. So yes, there will be some time. I would say, another 1 year or so, it should be operational.

- Atul Tiwari:** And sir, in terms of yields, et cetera, that you are getting in the mini plant, will you be able to comment on that, what kind of deals, et cetera, we are getting? Is it in line with whatever you have anticipated?
- Amar Kaul:** It's much better than what we anticipated because the business case was much lower. But I think today, we are operating at about 98%, 99% kind of yield, which is a good situation.
- Moderator:** The next question comes from the line of S. Kapur from Jefferies.
- S. Kapur:** Just wanted to ask you again on the potential re-entry of Chinese players. So assuming, as you said, there is a level playing field, but they do come back into the market, do you see potential pressure coming back on pricing and, as a result, any pressure on your margins going forward, in case they do come back and it is a level playing field?
- Amar Kaul:** We have not seen anything like that until now, for sure.
- S. Kapur:** No, I mean, in case they do start coming back in a year from now, could there be certain pressure on pricing, just directionally, if you could comment on that going forward?
- Amar Kaul:** See, that's why I said, the answer is very simple. Nobody can predict what will happen after 1 year. Important is how do we flex our muscles in the gym to be prepared for the worst case scenario after a year. I think that's what we are focusing on. To me, that's a leading indicator. How do we become more operationally efficient and how do we keep expanding not only in India, outside India as well. So with that focus, I think that's the only way -- to me, that's a leading indicator. So that's where we're focusing on.
- S. Kapur:** Sure. And just to carry on with this, are there any segments where the Chinese players are more likely to come in, maybe in the extra high voltage or high voltage? Do you have any visibility or clarity on that as to which segments they're more likely to enter and where we might potentially see more participation from them?
- Amar Kaul:** See, even if -- I think your worry is on the Chinese players. So now what are we talking about? I mean you can count on tips. It's probably 1 company that will be in India, and they are sold out for next 2 years. So where is the worry? So even if they start expanding today, to get transformer manufacturing up and running is 24 to 36 months.
- So you're talking about 2 years plus another 2 years, so 4 years, and we'll talk after 4 years. But that doesn't stop us from being -- should not make us complacent. I think important for us is, how do we keep flexing our muscles to be prepared for the worst, whatever happens.
- Moderator:** The next question comes from the line of Aditya Mongia from Kotak Institutional Equities.
- Aditya Mongia:** My first question was more on the OSAT business. I wanted to check basis our discussions with customers, how much of our full capacity already would have a customer -- obviously, pending clearances, already would be having a customer today?

Amar Kaul: As a percentage, I think about 1/3 of the capacity is our collaboration with Renesas, so that's part of the agreement. So they will pick it up, and there's a lot of discussion going on with multiple agencies. And I think longest lead time we see is auto industry because it's not easy to get those approvals. So that takes a bit of time. So it's a combination of multiple type of customers that we have right now going on.

Aditya Mongia: And just a clarification over here. When you book a segmental loss -- when the company books a segmental loss in the semiconductor segment, is it all linked to the design business? Or are some costs linked to OSAT also getting expensed out? If you can provide a breakup would be useful for us to understand the underlying design business better.

Amar Kaul: No, I think both are separate because design is the Axiro, which I think the Board meeting already happened. So I'm not worried about Axiro because that's already -- we committed about \$64 million we'll do for the year. How much? \$55 million, \$56 million, I think should do that.

And I'm very sure with that, we should be able to breakeven, so we don't have to really fund that. CG Semi, it's like a start-up. So I think it's going to take some time until you see that it starts making money. So it's investment for the future. So you cannot expect that from day 1, it will start making money. And we are prepared for that.

Aditya Mongia: Understood. Sir, the second question I had and my final one was on the Power business as in I recall your comment of a fairly large part of the incremental capacity that you add up being focused on exports. Could you give us a sense of what all milestones should one be tracking for gauging the progress over here on the exports side essentially? Countries that one will be focusing on, the kind of clearances that are required, whether they're already there or not. Just trying to get a sense of how fast can be the scale-up in exports on the power side? And that's my final question.

Amar Kaul: You mean exports for power sector, right?

Aditya Mongia: Yes, exports to power sector?

Amar Kaul: No, I think exports for power has already started picking up. If I look at my -- I'll not go through the numbers right now, but I can give you some reference of the order pipeline. For exports, has gone up by more than 50% in the last 9 months. So April until December last year, to April until December this year, we have more than 50% growth on the exports bookings, which is orders. So that itself shows you that the wheel has started moving in the direction.

Moderator: The next question comes from the line of Saif Gujar from ICICI Prudential AMC.

Saif Gujar: My first question is on the Kavach part. So on the order with G.G. Tronics from CLW, which got canceled due to end of the 12-month delivery period, can you highlight where are you on the product development part? And how do you expect future orders from these because we saw some other players receive fresh orders in the recent tenders. Your thoughts on that.

Amar Kaul: Can you repeat your question exactly, on Kavach?

- Saif Gujar:** Sorry. Am I audible? On the Kavach part, so with the order -- with the first order from CLW which got canceled, I think, because it's a 12-month period getting over, where are we on the product development part? And do we expect future orders to replace this existing order because you have seen some other players get orders from CLW as a replacement after the tenders got lapsed for them?
- Amar Kaul:** I think the team is progressing. Of course, there was a delay in initial approval because we are also doing it for the first time. But I think approval process has almost reached the end. The passenger trials are about to start now, which should take another 4 to 5 weeks. So I'm expecting that in this quarter, we should be done with the approvals and commence the supplies as well. And there's already a bigger order, which we have shortlisted, so final order should be coming very soon.
- Saif Gujar:** Sure. And the second question on the data center, \$99 million order on the Power Systems side, the exchange filing had mentioned 12 to 20 months of execution period. So just to understand, because this is beyond 12 months of delivery, is it more to do with the capacity, which we have available? Or there is a product development phase involved because this is for U.S., maybe a different type of products which will be involved? And these are what, kV class transformers?
- Amar Kaul:** See, these are -- none of these transformers are standard transformers. They're customized to the customer. So design is a critical piece of each of these power transformers. And that's also what we discussed and negotiated basis the customer pull as well. So that's the range that we have. And Ajay, you can talk about the capacity or power, what kV these are.
- Ajay Jain:** Yes, sir. These are 330 kV transformers.
- Saif Gujar:** Okay. And so beyond 12 months, execution is more to do with the product development also because they are customized transaction.
- Amar Kaul:** Yes, it's a combination. Each of these power transformers are a combination of all.
- Moderator:** The next question comes from the line of Anupam Goswami from SUD Life.
- Anupam Goswami:** Sir, my first question on the competition, we see that the transformer industry grew as well as some other players or your peers are putting their capacities, and most of them are coming in the next 1 or 2 years. How do we see the competition going forward vis-a-vis the demand? And do we see any pricing pressure or any signs, which is coming right now are you seeing? That is my first.
- Amar Kaul:** So I think, Anupam, if you look at the forecasted data, up to '29, '30 also, the capacity being put in by all the players in this industry including CG and the demand, even if you compare only with India-India, in 2029, this still will be a shortfall. So that answers the question that you're asking for. And this doesn't even add to the capacity gap that we have outside India as well. So I don't see any concern on that in spite of all the companies putting in there. There's enough room for everybody to be playing in.

- Anupam Goswami:** Okay. Sir, what is the capacity utilization? And how do you see the ramp-up of the new setup going forward?
- Amar Kaul:** So ramp-up is going on. Your question is specific transformer, right?
- Anupam Goswami:** Yes.
- Amar Kaul:** Yes. So I think capacity is going on pretty well. I think just 3 quarters back, we were at 20,000 MVA. We are already 40,000 MVA. And in the next 1 quarter or so, we'll be 65,000 MVA. I think that's the kind of jump we are making. And hopefully, next 2 to 3 quarters, we'll be adding another 10,000 to 20,000 MVA more into that from that facility. So once we get better visibility of that, we'll, of course, announce that.
- Anupam Goswami:** So as a result, given the order book, capacity utilization could also be pretty high on ramp up soon after the capacities are in place?
- Amar Kaul:** Yes.
- Moderator:** The next question comes from the line of Subhadip Mitra from Nuvama. As there is no response from the current participant, we will move towards the next question. Next question comes from the line of Sumit Kishore from Axis Capital.
- Sumit Kishore:** I have two questions. The first question is, in the Industrial Systems business, the 310 basis point odd year-on-year drop in PBIT margin, how much of this is sticky or how much of this is rather temporary factors? You have identified two reasons. One is the lower price realization and product mix changes in the railway segment.
- If you could speak about that separately as well as the impact due to the commodity inflation in Industrial Systems. So like you said, Power Systems, everything has the price variation clause. If you could also explain how the impact in Industrial Systems on commodity would play out. That's my first question.
- Amar Kaul:** Sure. I think for power, it's fairly simple with the PVC clause which is there. But in industrial, it's a race against the commodity inflation that you have. But I think we are strengthening our speed of response. If you would look at last 3 quarters, 9 months, we have increased our price by almost 17%, including this month, which will show us the impact in the forthcoming months for the realization.
- So we have been pretty aggressive on that. And the good news is that the market has been absorbing that price fairly well, much better than our expectation. So we don't have to really drop the prices. So yes, it's a catch-up game right now. But yes, we will find a way to stay ahead of the curve to make sure we are compensating for this gap.
- Sumit Kishore:** And on Railways, sir?

Amar Kaul: Railways, I think there was a -- I would say it will take a few more months to come back on track because there were a couple of issues in between. If you remember, last quarter, the supplies were stopped for some time and then it started, and there was some service issue which got resolved. So there were a bit of leakage on that.

For our U.S. exports, we are going a bit slow, although the number is not very substantial there. But with the duty structure, we have kind of slowed down on these areas. So that also is a bit of impact versus what we had considered for our profitability as well. But I would say, each one of these are momentary to compensate for.

And now we have the new leader. Also, whatever leadership changes were required, we have incorporated. So Dhananjay is our new leader for Railways and he's really looking at this business from the fresh pair of eyes. So more to come.

Sumit Kishore: Got it. My second question is on exports. So basically, in the 9-month period so far this fiscal, how much have exports been as a percentage of your sales? How have exports grown on a year-on-year basis versus your overall sales growth? And like you mentioned, your Power Systems prospect pipeline is up almost 50% year-on-year. What is the situation on the Industrial Systems and Railways side then?

Amar Kaul: No. The number that I gave you is the overall number. It's not with respect to Power or Industrial, so it's the overall number. So the action is across the segment. So that's why I gave you the overall number.

Sumit Kishore: Sure. And export revenue is how much for the year so far?

Amar Kaul: Revenue, we'll start to get, first you have to get the orders. So that's coming. So that depends on execution. So as we keep going forward, you'll see the improvement in the revenue as well.

Moderator: The next question comes from the line of Sameer Thakur from AMBIT Capital.

Sameer Thakur: So the order for the data centers, I just wanted to check whether we have enough bandwidth to deliver from the existing facilities or will there be a combination of existing and new facilities?

Amar Kaul: This can be done in the existing facilities.

Sameer Thakur: Okay. Fine. Just on the price variation clauses as well, so on the commodities, as you said, we can pass on the prices. Is there any cap on that or you can pass on the entire inflation for commodities?

Amar Kaul: I don't think there is; not that I am aware of -- if there's any cap on that, but I think it's the actual -- yes, it's on actual. I don't think there's any cap on that.

Moderator: The next question comes from the line of Umesh Raut from Nomura.

Umesh Raut: My first question is on Power Systems side. If I look at revenues on a stand-alone basis, those are up by about 66% on quarter-on-quarter despite, I think, commencement of additional 17,000 MVA capacity fully in third quarter. So is it fair to assume that order backlog conversion into execution is slightly slower because of longer time lines of orders with respect to transformers?

Amar Kaul: Not really. I think if you look at the capacity expansion, the speed we are doing it, I don't think I have heard about anybody else doing it. As I said, just 1 year back, you got 17,000 MVA capacity. Today, we are already at 40,000, 45,000 MVA, and in a quarter's time we will be 65,000 MVA. So we are progressing much faster. But that's a good pressure to have because the order pipeline is stronger, and that puts more pressure on us, which is a good, nice pressure. So it's working in parallel, both order inflow versus the capacity expansion.

Umesh Raut: Got it. And one clarification. I think during last call, I think you had mentioned about 85,000 MVA kind of capacity by about FY '28 end. Now you are saying, I think within the next couple of quarters, we are anticipating 65,000 MVA. So are there any plans of preponement of capex with respect to transformers?

Amar Kaul: Yes. That's why I said, as we get more clarity. But yes, I'm looking at a minimum of 1 year ahead of the time. What we planned for, what the Board had approved for up to 2028, I'm sure that our team should be able to do it at least 1 year before. But yes, the moment we have more clarity, we'll keep sharing with you as well as with the stock market.

Umesh Raut: Understood. Second question is on the export market. If you can help us with the competition that you observed in case of the orders, especially the one which you won in case of a data center market in the U.S. So how was competition like? And is it one-off order or it is more of a collaboration with the prospective customer? And similarly, I think what all other geographies you're targeting within exports?

Amar Kaul: So I'll only share what I'm allowed to share. This INR 900 crore order that you have, and I gave a statement that our export orders are more than 50% up across all the segments, and that does not include this INR 900 crore. That's over and above because that's for current quarter, right? So it's not one odd case or a fluke that has happened.

It's a hard work that our leaders, along with their teams, have been doing over the past 2 years and now reaching that stage of reaping the benefits of it. And I think what we have seen at high level, and it's not that only that we are dependent on U.S., so it's across different geographies. It's a very clear laid out go-to-market strategy with very few markets.

It's not all over the place. We are not getting to all over the place. Which countries? That, obviously, I am not able to share with you at this point of time. But yes, what we have seen is we are selling basically our speed, the technology and the reliability of the product that we have. I think these are the three things that we have seen that customers are willing to partner with us.

Umesh Raut: Got it. And last question, if you can help us with profitability of these export orders? I mean, tentatively, how much higher margin whether these orders can give you? And in terms of price escalation clause as well, I think if that is incorporated in export pay orders or not?

- Amar Kaul:** On the second question, yes, I think we have secured CG's interest for any of these export orders. It's part of the contract. And to your first question, I would say we just started the game here. So as we keep executing and this will come in, you will see the margins and the profitability in the P&L.
- Moderator:** The next question comes from the line of Harshit Patel from Equirus Securities.
- Harshit Patel:** Sir, could you give us an update on the EV motor development and safety? Is our product now approved with the three-wheeler OEM, where it was in the testing phase? Also status of the motor and controller for the trucks that we are developing?
- Amar Kaul:** You mean EV motors, right?
- Harshit Patel:** Yes, sir.
- Amar Kaul:** Yes. So EV motors and controller, so it's almost done. That is still in progress. And for the trucks, that discussion is still going on because there's some transfer of technologies that we are working on. And as we get close to that, we'll, of course, be announcing it.
- Harshit Patel:** Understood. Secondly, you had announced a capex of about INR 750 crore towards the switchgear business in the previous quarter. What would be the potential revenues from this expansion at the full utilization? Also, when do we plan to complete this particular capex?
- Amar Kaul:** Your question was on the switchgear expansion, right?
- Harshit Patel:** Yes, sir, in last quarter that you have announced about INR 750 crore.
- Amar Kaul:** That's right. So I think we have taken a step in between. I think after today's Board meeting, we also took the approval for brownfield in between because the new plant will take more than a year to come up. And we can see very strong demand, not only in India but outside India as well. So I think in the next couple of months, we'll be ready with our brownfield, which is close to our existing facility. That will come up, and I think that itself should give us close to INR 400 crores incremental revenue or sales.
- Moderator:** The last question for the day comes from the line of Subramaniam Yadav from SBI Life Insurance.
- Subramaniam Yadav:** Sir, what would be our current tariffs on our product to EU? And how do we benefit out of this FTA?
- Amar Kaul:** Can you please repeat your question, sir?
- Subramaniam Yadav:** Sir, just wanted to understand what is our current tariff on our products, maybe motor, or switchgears?
- Susheel Todi:** There is no actually tariff yet. No export is there on Mumbai port.

- Subramaniam Yadav:** Sorry, sir?
- Susheel Todi:** No tariff on our product as of now. So whatever we export to U.S., that is based on the FOB prior to the Mumbai port, and the tariff is borne by the company.
- Subramaniam Yadav:** Sir, I'm talking about EU, not U.S.
- Susheel Todi:** EU, the free trade agreement is signed today only right? We'll see that we'll come back to you on this.
- Subramaniam Yadav:** Currently, we pay some tariff on our products?
- Susheel Todi:** Not any tariff, no.
- Subramaniam Yadav:** Okay. So not much benefit out of this deal?
- Susheel Todi:** Yes.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Ms. Renu Baid Pugalia for closing comments. Thank you, and over to you, ma'am.
- Renu Baid Pugalia:** Thank you. On behalf of IIFL Capital, I'd like to thank all participants and the management for participating. Amar, any closing comments that you would like to make?
- Amar Kaul:** Thank you. Thanks, Renu. And thanks, everybody, for joining us. I appreciate all the good questions. So stay tuned with us for the exciting times ahead. I love this interaction every quarter. Thank you.
- Renu Baid Pugalia:** Thank you.
- Moderator:** Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.