



Triveni Turbine Limited

Q3 and Nine Months FY 16 Conference Call Transcript

January 20, 2016

Moderator Good day, ladies and gentlemen, and welcome to the Q3 and Nine Months FY 16 Earnings Conference Call for Triveni Turbines. As a reminder, all participants' lines will be in the listen only mode. 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 * then 0 on your Touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gavin Desa of CDR India. Thank you and over to you, sir.

Gavin Desa Thank you, Mallika. Good day and welcome to all of you on the Q3 and nine months FY 16 Triveni Turbines Earnings Call. We have with us on the call today Mr. Dhruv Sawhney - Chairman and Managing Director; along with senior members of the management team.

We would like to mention before we begin that some statements made in today's discussion may be forward-looking in nature and a statement of this effect has been included in the concall invite which has been e-mailed to you earlier. Again, we would like to emphasize that while this call is open to all invitees it may not be broadcasted or reproduced in any form or manner.

We would like to start this conference call with opening remarks from the management followed by a Q&A session where you can discuss your view points on key issues.

I would now like to handover to Mr. Dhruv Sawhney.

Dhruv Sawhney Thank you Gavin. Good morning to everybody. I like to bring a ray of sunshine in this general bearish sentiment. We have had a strong performance in Q3 and in the nine months. Revenue growth in Q3 has been substantial. PAT growth has also been there. I will be going into details in a few minutes. Our nine months result stood at around ₹ 5 billion of income and PAT of almost ₹700 million with 16% and 13% growth rate respectively. The future is now looking extremely good for us. Something that I had been a little hesitant about in the Q2, because there was a lack of clarity on orders when they were going to come.

Before I go into some details, I would like to just recap a little bit about our business. We are in the capital goods business and it varies from small turbines to large turbine orders with a variety of extra equipment. With the increase in export contracts these are really recognized when they are on the ship and it happens at times that they slip by a week or two weeks thus going to the next quarter. Now these can affect numbers very substantially when you start comparing with the previous quarter because of what might have happened then and what might have not happened now. So I would rather concentrate on what I might say on the nine

months as a whole and what I feel confident to say about the year that is going to end in March 2016.

I also want to give you some visibility on FY 17 through our order booking which has really been quite good. International orders, the first nine months have gone up by 70% so, this is a really substantial jump. We expect maybe not this rate of growth but substantial rate of growth of our export orders going in the future. This has come because of much targeted sales push overseas. Two of our offices have been opened in London and in Dubai in the Middle East. In the next three to four months we are opening two more offices in Southeast Asia and in Southern Africa. And going forward there may be three or four more offices opened in FY 16-FY 17. These are there because we see them as platforms for large growth both in product and services. Our whole service gamut overseas is much larger than what we have been offering domestically because we find a great space for it, a lot more AMCs, a lot more refurbishment, and a lot more of general upkeep and trouble shooting. We are also looking at servicing of other areas which are complementary to turbine once we started there.

I want to address some of the points which might have been in your mind. One is about the margin in this quarter. Now the margin has really come down because of three reasons. One is that we have taken all our CSR expenses into this quarter, we could have spread it out in the last two quarters but we have taken it into this quarter. The second is that the marketing expenses of these offices have been booked in this quarter and that raised the other expenses. Now about a ₹ 16 crore of after sales revenue has just got shifted. This export after sales revenue at very substantial margin got shifted by a few weeks and is going this month, some of it is already gone. Similarly, about ₹ 35 - ₹ 36 crore of product export revenue has also got shifted from December to early January. These are of fairly good margins and will be reflected in our Q4 results.

One of the reasons we have been able to tackle the new market successfully has been the success of our research and development efforts. Again this year we brought out seven or eight new models. We are able to keep up with competition in terms of efficiency and product robustness. We are extremely competitive on pricing even though we have much more difficult infrastructure for export compared to our competitors in Japan and Europe. And we have some substantial breakthrough in export orders in the last few weeks. After December our JV, GE Triveni Limited has received a substantial order from Argentina over ₹ 50 crore, this has just come in about a week ago and also one of the LOIs that we have said we had booked earlier has been converted into an order. We only recognize an order when we get the advance. So we still expect the other advances to come in January and February and we are looking very positive on the developments in GE Triveni. Now this Argentina order is quite exceptional because it is one we got after stiff competition and at a very good margin. Brazilian currency is also depreciated in fact even more than the rupee and including transportation and handling all the way to Argentina so, this is opening up a huge new market for us which is central and South America. This is very strong effort from the complete LATAM GE team that led to this breakthrough.

All this leads one to really give confidence of what the results are going to look like at the end of the current financial year. I started the Q1 call by saying that we expected FY 16 to be similar to the growth rates we had experienced in FY 15 and though in Q2 I was not sure of achieving it. Now I am fairly confident that the Q4 numbers will give the whole year FY 16 a similar growth rate performance to what was achieved in FY 15 over FY 14 in terms of top-line and bottom-line on a consolidated basis. The real thing is that we consolidate our results only at the end of the year and that is why the effect of the profitable big dispatches of GETL which are to the export markets of Indonesia and Philippines are happening now in Q4.

The domestic market has been flat but there are some green shoots, our sugar industry has turned around. So we are expecting increased business from there and there are also some other process industries and IPP that are showing a little bit of feasibility especially in the renewable space. Unfortunately, I cannot say that for the core industries of cement and steel which you all know, that will take some more time to revive. However, we are happy that we have started this export push much earlier. So with the opening of the new offices and with our order booking now which standalone stands at ₹ 6.8 billion and ₹ 7.8 billion on a consolidated basis and what we are expecting to book and in Q4 we see our results of FY 17 being similar to what we are achieving in FY 16.

So that I think is a pretty good 15 months' visibility which we are happy about. Again our R&D team for the future has got some very good initiative which will broaden our product base both in the domestic market and in the export market and also allow us to preserve our margins. So expect margins to be what they have been in the past for the current year FY 16 and going forward in FY 17. I would like to just mention that the picture of the capital goods industry in India is not that encouraging but the reason we are so confident is because in our area of renewable all over the world people are spending money here. Whether it be in waste to energy, whether it be in biomass whether the economies may be growing at zero. These sectors are growing and you have seen the climate change talks, this is all very beneficial to us so, we are getting a lot more visibility in waste to energy in Europe. We are getting biomass visibility in Southeast Asia, in Africa and in parts of central and South America so, these are pretty hot orders and we expect them to continue in Q4 and Q1 FY 17.

With that I would like to open the floor to questions.

Moderator

Thank you very much, Sir. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on your touchtone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to only use handsets while asking a question. Anyone who has a question at this time please press * and 1 on your phone. We have the first question from the line of Kaushik Poddar from KB Capital. Please go ahead.

Kaushik Poddar

Is there any capacity constraint, I mean you talked about your growth in exports and the growth in order book. So will capacity come in the way somewhere?

Dhruv Sawhney

No, you see the new plant that we have, we are putting up with the fairly small capital expenditure which we are going to start in about three months - late in June-July, we by the way are at 60% level so, we have got huge upsides and there is very good subcontract facilities that we have got. And I can take a lot more, I hope I can get the orders that is all.

Kaushik Poddar

This 50% capacity you are speaking of is post this new plant commissioning or before this?

Dhruv Sawhney

No, with the old plant.

Kaushik Poddar

With the old plant so, new plant will give more capacity is it?

Dhruv Sawhney

The new plant will be doing a few other things it will also be catering to the large range of turbines. It will also bring in some productivity gains after all the old one was some time ago, it will allow us to have better testing facilities which is in line with the expectations of some of our export clients. So it will be just rounding off the

edges and it will have the possibility of adding sheds so it is virtually unlimited expansion from a capacity point of view at a fairly cheap cost.

Moderator The next question is from the line of N K Arora, he is an Individual Investor. Please go ahead.

N K Arora Sir, I want to know under 'Swachh Bharat Abhiyan' Government of India intends to collect solid municipal waste and incinerate and run steam turbines and generate electricity. So how do you see the demand of steam turbines under this Swachh Bharat Abhiyan in India?

Dhruv Sawhney Yes, very good question. We have got orders for this in England, we have got it in London, we have got it in North England, we have got it in the Korea, we are getting repair order for this in France so I cannot see how it would not happen. You see there are two - three things, it will happen for sure and once it happens we have not taken that into that account but it is the collection of waste that really has to be sorted out yet. The second is that at some point we have to start having waste in different types. There the real efficiency of this waste to energy comes when you are able to sort waste out. But it will happen believe me so, that is a very good line but I am not wanting to put exactly when it will happen but certainly we are well placed for it if we are able to export into Europe we can certainly do that here and we are extremely competitive.

Moderator The next question is from the line of Pawan Kumar from Unifi Capital. Please go ahead. I am sorry, Mr. Kumar may I request you to use the handset your voice is echoing.

Pawan Kumar My first question would be regarding the EBITDA margins, I wanted to understand if the Indonesian order that was there in the JV you had to supply have you already commissioned that or is it in the stage of being transferred from standalone to JV and that is why EBITDA margins have got impacted or any such impact? And what can be the steady state margins as such?

Dhruv Sawhney Yes, so as I told you the nine months' results are standalone results and what I was giving a little bit of the future growth rates and profit is on a consolidated basis. So you will see these in Q4 not just the impact of Indonesia but also the impact of partial completion of the Philippines order. Some of which is going into FY 17 that is why we are confident of the growth rates in FY 17 as well and these were booked at good margins and we have had a good rupee realization also from when we book the order. So that is all adding to the viability and the EBITDA so, that will all come in Q4 when we consolidate that is where the JV comes in, these EBITDAs are without it.

Pawan Kumar So can we assume consolidated EBITDA margins to be in and around Q1-Q2 levels?

Dhruv Sawhney No, I am saying the margins for the year as a whole consolidated should be in the line of what we were getting last year.

Pawan Kumar Okay. And my second question would be regarding the LOIs that we were talking about can you now throw some light about what are the size of LOIs exactly and how many, we were given around five LOIs were there how many have been converted and how many more are expected to be converted going forward?

Dhruv Sawhney Yes, I mentioned that two have been converted in the last three weeks only. And as I mentioned we do that only when we get the advance. So one is a very

substantial export one, I talked about in Argentina, one is domestic one and two more are expected in the next six weeks to eight weeks. The fifth one may slip to Q1 FY17 but it is still hot.

Pawan Kumar Okay. So Argentina order you said it was around Rs.50 crore, do we assume that the other orders are also of around similar types?

Dhruv Sawhney No. Please, that this is an exceptionally big order it is a 60 megawatt, it is another path breaking thing for the JV to get a large order like that in the place it is very substantial once it gets commissioned . So these other ones are not in the same size, I do not want to go into such commercial details please.

Pawan Kumar What will be the margins in this particular order sir? Would that be higher than whatever result is presently booked in the standalone?

Dhruv Sawhney We expect whole year of 2016 to be similar to 2015 and then I am saying the same thing for 2017. Specifically, I would not like to go into each but I am giving you the company as a whole picture and a consolidate picture which is similar.

Pawan Kumar So can I ask you to comment on the future of both the companies relative to each other? We are getting the sense that the traction in the subsidiary is gaining more momentum and that will begin to grow faster. Is that a fair sense to take?

Dhruv Sawhney No, you see I think you can look at the growth rates that we are getting at the end of the year we are looking at preserving those in 2017, thus the growth rates we will get which is a combination of both again you know one quarter, one half year, one goes up, one goes down, it is difficult to know as you see this big order of 60 megawatt I mean if I would say it is going in one quarter you suddenly get a huge jump with by two goes into another quarter. So these things are there. On a macro basis with the spread of our geographical reach and with the superb marketing team of GE which as you know is global all over and we have extremely good cooperation from there that means the JV does from the local offices. It was a question of having track records. Now the commissioning of our export orders will also happen in FY 17. The deliveries are there but at the time they commission, they need the boiler and everything. So in the next six months to eight months we will have a substantial overseas reference which is allowing us to be prequalified everywhere, it is a big jump. But I want to talk about it when it has happened.

Pawan Kumar Okay. One last question, or maybe a suggestion or request, is it possible to do consolidated numbers every quarter?

Dhruv Sawhney At the moment we have not considered but let us see, there are new accounting norms coming out for the next year so, we will look at all of your suggestions.

Moderator The next question is from the line of Bobby Jairam from Frunze Investments. Please go ahead.

Bobby Jairam Do you directly compete with China globally and in India for your turbines? And related to that what is the advantage in India in general and you specifically have in turbine manufacturing, is it cost, is it technology, what is that?

Dhruv Sawhney In India we are not facing any competition from China at all. We are still preserving our market share around the 60% level. It goes to 62-63 come down to 58-59 so, we have no competition. Overseas we have not found competition from China except where they is a power project that is funded by China then all the supplies come from China. We are quoting to some EPC contractors in China for turbines in

competition to their local suppliers and they visited us in Bangalore. So, I can judge by that they appreciate the price to efficiency offering that we have. I think the customer looks at three things, he looks at robustness, he looks at price and he looks at efficiency because he looks at the life cycle cost as well as the life cycle return being a power plant. So that is there, again technology wise, we are with the best in the world in our range and with GE technology in the joint venture range so, we are at the forefront. I do not want to make comparisons with China but I think if I say that we are at the globally best levels you can make your summary from that.

Moderator The next question is from the line of Devam Modi from Equirus Securities. Please go ahead.

Devam Modi Sir, so on the margin front when we actually look at the expenses break-up the raw material and inventory adjustment reflects a lower gross margin of around 39% to 40% versus what was 45% level in the earlier quarter. Probably so is this more a reason that your after sales revenue got deferred or is it also that there are some lower margin orders because of the entry orders that we are getting in some of the geographies?

Dhruv Sawhney No. I think it is a good question. But you see we do not have a standardized product sale. In many cases there is a lot of add-on equipment and in many cases there is less. So the raw material content can vary from product because the raw material has really taken as a turbine and in some cases we have a lot more valves more instrumentation which is completely bought out. It does not come into raw material. So it is difficult to compare and with such a diversified product offering I would not really go on that because there is no answer on that and there is no answer in the future. The basic thing we look at is are we getting our contribution margins in line with what our expectations are and basically we have to be internally both in the domestic and export margins, very strict on keeping to PBT target.

Devam Modi Okay, sir. And sir, are we following any rule that we will have some minimum business in the geography before opening an office because I think we are opening I mean after few offices finally in London and Dubai so, is there some decent traction you have seen in this market post which we have decided to open these offices?

Dhruv Sawhney Exactly, that is the driver but then they will still take some marketing expenses to open the office, that you saw coming in this quarter so, that you have to do for the future. But we look at traction before we open. We are little conservative in spending. The marketing expenses can initially go up a bit before the orders come in.

Devam Modi And sir, it is great to see that you have provided a break-up of the product in aftermarket on various things like order book and sales and all those part. What is the export and domestic breakup on this front of the components?

Dhruv Sawhney Of the order on hand?

Devam Modi Of the order booking and the sales component and the closing order book those three things. Basically product domestic, product exports and aftermarket domestic and aftermarket exports for order booking sales and closing order book.

Dhruv Sawhney I do not want to give too much but I would say that the order booking in the first nine months of the current year is 56% exports and 44% domestic.

- Devam Modi** And sir, how would this be split across so, how much of the exports would be related to products?
- C N Narayanan** That I do not have with me right now
- C N Narayanan** I can tell you the opening order book, 24% of the opening order book is exports and 64% of the order intake is exports and 25% of the total order sold is exports and the balance in the outstanding order book the exports contributes to 58%.
- Devam Modi** Okay. And sir, just so for one sort of understanding you have mentioned throughout that domestic sort of remain flat so, on the product side we can assume that domestic on a nine months' basis it is flat is that the correct assumption?
- Dhruv Sawhney** Yes.
- Devam Modi** Okay. And sir, finally one book keeping question, what is the cash and working capital position that we are having right now?
- Dhruv Sawhney** We are comfortable we are still debt free.
- Devam Modi** And on the working capital side? Are we seeing any stretch in the current situation or working capital remains probably there might be some inventory built up because of the revenue capital?
- Dhruv Sawhney** We are very-very marginal. We are quite careful in looking at orders even though we have advances, we do not start work till we are confident that they are going to really take off.
- Devam Modi** Yes, sir. Earlier in the call you did mention this, I just missed that out actually, what is the exact quantum of CSR expenses and marketing expenses that we incur this quarter?
- Dhruv Sawhney** I would not put it into exact numbers but I am saying substantial part of the extra in other expenses is part of these two.
- Devam Modi** Sure. And on the after sales export revenue which got deferred that number is ₹ 16 crore, right?
- Moderator** The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.
- Agastya Dave** Sir, two things, one of the questions that was asked about the gross margins and you kind of explained about how products are different and gross margins will obviously fluctuate because of those. My question was more to do with the way raw material prices are falling. I mean you must be using very high quality alloy, steels, but still the base metal prices are falling and in your commentary you have said that you will maintain similar growth trajectories over the next two years. I mean I am including 2016-2017 there. So my question was I mean it does not really tie up I mean what I cannot really understand is given the volatility in the base metals. How will things actually pan out? I can get the point that your contribution should be constant but how will you manage the volatility in these prices and what happens to your contracts? I mean you have entered contracts your order books never more than one year but given the volatility I am pretty sure even those will get impacted and a similar question on the FX volatility. Over last two years - three years I have gone through the commentary and you guys have been very-very

competent even when there has been huge volatility for FX. I was just wondering how do you see the environment today in terms of all these factors.

Dhruv Sawhney

Good questions. Let me take them slowly one by one. We normally take our contracts most of them with letter of credit. So the payment schedule does not really affect us because it is a bank letter of credit and on the international front as well. Secondly, our markets are not core power, they are renewable power or they are process power. So in these areas whether the commodity price going up or down does not really affect that much because the buyer needs that power to run at all maybe as other one was too old or for whatever reason, in both these cases that is there. Our growth if you ask us where it is coming from these increased geographies because we have not touched a lot of places which was by setting these offices up we are hoping that each office will cover 7 to 10 countries because we cannot afford to go everywhere we are still a small company compared to MNC competition. We will use those as a base to touch the smaller ones and when our product offering in terms of price efficiency is so good. You have a little extra margin now because of the rupee going where it is but then the competition is with Brazil where Real has also gone down. So we try and cut cost as much as possible and get market share by better service and better product.

Agastya Dave

Perfect. And another question was on the JV, you said that the visibility for your company and the JV Company is increasing and hence your confidence. My question was that till now we have seen less than one-year order book coverage? Do you think next year you will be in a situation where orders will start getting piled up and you will have a much bigger order book to revenue coverage I mean will that ratio increase or will you keep on executing because you have the spare capacity, right?

Dhruv Sawhney

Yes, but see we will never go too much because the delivery is that people are never going to be, internationally they give you a bit more time. So you make to 15 months but basically would not go too much more than that. So the order book growth will reflect very quickly in the dispatches. Its not like a super critical power plant which takes 36 months and you want to look at two years so that the order book gives you two-year delivery that is not how the customer works on. So he does not work on that, he does not place it before. So you must take that into account that while we are not in a commodity product business we are also not something that has very long gestation period.

Agastya Dave

Correct. And sir, final question sir, given the growth trajectory of which you have given visibility today when do you run out of your capacities in your own mind? I mean when does the next CAPEX?

Dhruv Sawhney

With your all good wishes I do not think before 2020, we are well set.

Moderator

The next question is from the line of Nirav Shah from GeeCee Investments. Please go ahead.

Nirav Shah

Sir, few questions. Firstly, on the traction that we are seeing on the international orders front is it more to do with the market growing and we growing more because of the team set-up or the market is stagnating or declining and we are able to penetrate better with help from the marketing teams from GE?

Dhruv Sawhney

Both. One of course is I would say very much is the market globally is not growing so it maybe in some places shrinking, you are right. Coverage is much more deeper and broader, GE is able to take these things into further places. I think we are getting more and more recognized as a player. Globally we are very much with the Prime Minister in his 'Make in India' program but it takes us a while to convince

customers of the origin of the manufacture on a key capital goods like steam turbine island and that is where they try and look for where is it running . So we are seeing the benefits of that coming, now you may say how that is happening slowly but that is not too much in our hand because we may deliver a turbine and the customer may really commission it nine months later because of boiler taking time or civil works taking time. As long as we are going in the right direction, we see our market expanding and we have a long way to go in the international market before we come to any constraints in marketing terms. I think the market shares are still there to be exploited.

Nirav Shah Absolutely. And sir, just on the order that you just disclosed in Argentina, seems that the per megawatt cost comes to somewhere around ₹ 83 lakhs - ₹ 84 lakhs a megawatt which is far higher than what we get in India at the same time it is comparable to what it is quoting in some of the developed countries. So is it the case with all the LATAM countries somewhere around ₹ 85 lakh of megawatt addressable size or this is a specialized?

Dhruv Sawhney Yes, it depends on the industry you cater to, it depends on the complexity of the turbine to an Oil and Gas or fertilizers industry it is different to a Sugar industry so I would not generalize. All I can say is, it is decent. We are very happy with the order in terms of where it has got us and the margin.

Nirav Shah And sir, on the domestic front two questions. One is what is the kind of size that you see for FY 16 compared to what it was for FY 15 for the above zero megawatt to 30 megawatt range?

Dhruv Sawhney Flat.

Nirav Shah Flat. And so how much in terms of megawatts?

Dhruv Sawhney Around 700.

Nirav Shah And lastly, on the Sugar, I mean are you seeing any interest from these industries, you expect this industry to contribute in your inflows because they are just starting towards the end of bleeding of cash flows so you met the order a year from now.

Dhruv Sawhney No, I think you know there is a lot of incentive. See the Sugar industry really needs to be an integrated complex with power, ethanol and the financial sector like integrated complexes so funding is not a problem and PPAs are not a problem. The question is of putting in the equity so, it makes sense.

Nirav Shah So basically any inquiry have started from this sector?

Dhruv Sawhney Yes. And in any case you see you have a 12 months - 14 months' deliveries of people they may miss the both if they do not order also.

Moderator Thank you. Next question is from the line of Manish Goyal from Enam Holdings. Please go ahead.

Manish Goyal Sir, I have a question on municipal solid waste so, does it qualify under our renewable energy program because I was just wondering government has so much focus on renewable energy and why is it that this particular segment has been not talked about? One is that on power generation itself and other to take care of the pollution itself.

- Dhruv Sawhney** Very good question. Frankly I have on some other platforms been talking about it not just for us but for the two reasons that you have mentioned that it has twin effect. They have said no, it is part of it so I am pushing it, it will come but I think it will come from pressure from the public. They have to do something with this municipal waste. They cannot have everything dumped in a land fill. People who are on the land fill have a real problem in terms of pollution and the only way is to incinerate it and if you incinerate it that you might as well generate power.
- Manish Goyal** And sir, it is not only municipal solid waste that is so much agri based also.
- Dhruv Sawhney** But that we do, we are very much in the agri based waste that is our core. Agri waste is very core business for Triveni. The municipal waste is something that has come up, it is a little more sophisticated plant but we are well in it as I said because North West Power in London has our turbine they are very happy about. And it will come but we are not putting it in our marketing plan till the projects are cleared. There has to be projects, they have to decide how they are going to collect it. They have to decide how they are going to tender the turnkey plant or individual plant. Technology is there, it is not very difficult thing to do. It is a question of just collecting the waste and separating it and deciding give some push to it.
- Manish Goyal** Okay, quite interesting, sir. And on the international side you did mention that waste to energy projects in Europe are seeing and equally biomass in Southeast Asia and in South America also we are seeing demand from biomass based projects?
- Dhruv Sawhney** Yes, a lot of demand from biomass.
- Manish Goyal** And is funding not an issue for such projects?
- Dhruv Sawhney** No, we really have not come across funding. In the joint venture GE has offered that we will help the funding and they still have a fairly substantial help they can bring. We offered it but it has not been the marketing edge because in these renewable projects you get clearance pretty quickly. Once the person has the raw material available people are ready to fund it.
- Manish Goyal** Sure. And sir, one more question on the aftermarket sir while we are opening offices in overseas we were probably also contemplating to have some kind of aftermarket services shop in overseas market so how the plans are progressing on that sir?
- Dhruv Sawhney** Well we are starting with one in South Africa in the next three months. But our idea is to move in that direction, that is the whole question of having a complex there that we are able to offer the customer quick repair on the spot?
- Manish Goyal** So it will be like a full-fledged facility what we have in India
- Dhruv Sawhney** No, it is just a small depot it won't be very capital intensive.
- Manish Goyal** Okay. But would you probably look to replicate similar infrastructure in any of these markets?
- Dhruv Sawhney** No, we are very competitive, we had a repair order from France refurbishing, where we were very competitive air freighting the rotors to Bangalore. Okay, it is minor repair where you don't find it, it is not cost really, it is quickness of turnaround.

Manish Goyal Sure. And sir, sorry repeating again but if Narayanan, can help me on the order intake number for domestic and international for nine months there is a lot of confusion on the number

C N Narayanan It is already given in the investor brief.

Manish Goyal No, the break-up of order intake, I wanted domestic and international. Break-up of ₹ 457 crore what you have said I would like to have a break up of domestic and international.

C N Narayanan It is 28 and 72.

Manish Goyal 72% is international?

C N Narayanan Yes.

Manish Goyal And what was it in the previous year the international?

C N Narayanan Plus 50-50.

Moderator The next question is from the line of Kamlesh Kotak from Asian Markets Securities. Please go ahead.

Kamlesh Kotak Sir, just wanted to check could you give some color on the five Lols which you have mentioned at least which sectors they are from, one in Argentina, one in India and three more in the pipeline?

Dhruv Sawhney They are in the biomass and in the combined cycle area.

Kamlesh Kotak Okay. The one in India?

Dhruv Sawhney No, I just do not want say but these are the sectors that they are in.

Kamlesh Kotak And the ones which are in the pipeline also the same?

Dhruv Sawhney Broadly in the same areas combined cycle, oil and gas. Combined cycle is a very efficient small energy project, you see so, people more and more globally are going for combined cycle. Combined cycle means where you are having gas and steam. We have advantage of having GE who are very strong on the gas turbine side.

Kamlesh Kotak Okay. And sir, secondly just one more data point as they already mentioned, can you give the break-up of revenue you already mentioned for the nine months. Can you segment the domestic and international revenue for the current quarter?

C N Narayanan No, Kamlesh it may not be available. We can subtract it because we have given you the nine months and we have given you the half yearly. It is not readily available.

Kamlesh Kotak And could you repeat the order book break-up again for my reference domestic and international, you said ₹ 497 crore order intake break-up, right, so order book.

C N Narayanan Outstanding order book the mix is 42 and 58, 42 domestic, 58 International.

Moderator Next question is from the line of Shrinath from Motilal Oswal. Please go ahead.

- Shrinath M** Just wanted to confirm this in the calculation, our press release says exports for the first nine months is ₹ 127 crore, can you confirm that?
- Dhruv Sawhney** Yes, it is right.
- Shrinath M** Yes. So if I deduct the first-half exports then the exports for this quarter actually comes to only ₹ 23 crore, can you confirm that?
- C N Narayanan** No, the exports ₹ 127 crore is all together it is including aftermarket everything put together.
- Shrinath M** Yes, I am talking of total exports only. Total exports for the current quarter works out to ₹ 23 crore.
- Dhruv Sawhney** Yes, correct, may be because as I said 33 crores of product was deferred.
- Shrinath M** But ₹ 23 crore is the current quarter sales. So that leaves a residue of ₹ 175 crore domestic sales out of ₹ 198 crore total sales.
- Dhruv Sawhney** Yes.
- Shrinath M** Now this is a substantial jump so even in the flat domestic market how do you think they will manage this kind of domestic sales growth?
- Dhruv Sawhney** If you remember this is based on order bookings about a year ago again, this was segmental and happened to come in these two quarters. I cannot see that happening again. But what happens is that if you have some substantial exports being deferred by one quarter and all the domestic ones being taken in this quarter. Export order it is not just producing it. We have to get the ship and it has to be put on it, so there is a little time I think that takes you from one quarter to another. I also see what you are getting at. The domestic market as we have always said is flat but in these nine months it has contributed better from an execution point of view.
- Shrinath M** Absolutely. And that being also the question whether there is significant amount of GETL orders also here which also would have contributed to the domestic.
- Dhruv Sawhney** No, I think you will see that in the Q4 and end of the year.
- Shrinath M** Okay. So there is no substantial GETL orders in the first nine months?
- Dhruv Sawhney** Not really. That actually is a thrust what I said about the end of the year that is the real reason of Q4.
- Shrinath M** Okay. And the second one was you have given standalone order book at ₹ 685 crore and consolidated order book at ₹ 780 crore. Can you also separately give GETL's outstanding order book as of December 2015?
- C N Narayanan** The GETL standalone will be around ₹.140 crore as on 31st December. That's the new orders what Mr. Sawhney talked about.
- Shrinath M** Right. And any revenue booked in GETL in the nine months?
- C N Narayanan** Yes, we will discuss it only on Q4 because when we have the consolidated numbers.

Shrinath M	Not interim.
C N Narayanan	No.
Moderator	Next question is from the line of Deepak Agarwala from Elara Capital. Please go ahead.
Deepak Agarwala	This is to ask one question in the investor brief you have mentioned somewhere that the inflows in the domestic market is down like 15% and in the commentary you are mentioning that inflows are flat. So can you reconcile the two?
C N Narayanan	No, we said the inflow is 15% lower and the market is flat.
Dhruv Sawhney	Okay. The market is separate so, for you it is 15% lower.
Deepak Agarwala	Okay. And second question is can you comment on how has been the performance on the working capital side versus Q2 because like in Q2 we are seeing a fair bit of reduction versus March quarter in receivables and all so, how has been this quarter.
Suresh Taneja	I think the working capital is very healthy as of now. If you look at the surplus cash position that is also much better as compare to Q2 but in view of the fact that the total dispatches in Q4 would be very high obviously, the inventories are very high but otherwise receivables are very much under control.
Deepak Agarwala	Okay. So cycle by in large it remains the flat on a Q-on-Q basis, in terms of receivables?
Dhruv Sawhney	The inventory built up is there otherwise we would not get the dispatch in Q4.
Deepak Agarwala	Okay. And my last question is how do you see the domestic market which you mentioned is about 700 megawatt pan out in FY 17?
Dhruv Sawhney	I mentioned that we see some traction in select sectors but otherwise in general we have signed that the revival will probably be another six months to eight months but in certain sectors such as sugar and some process co-generation and biomass there is good scope.
Deepak Agarwala	But otherwise the status quo continues in the other sectors of the economy and you do not see further downside to this right?
Dhruv Sawhney	Not for Triveni because of the reasons I just mentioned.
Deepak Agarwala	Or even for the market do you think there is more downside
Dhruv Sawhney	Not in the Triveni Turbines market.
Deepak Agarwala	Okay. My last question is on this joint venture can you share some kind of performance how it has been in the nine months?
Dhruv Sawhney	As I said we actually give it on a consolidated basis but they are on target to meet their budgets of dispatches for the financial year mainly almost all export and their performance in terms of commissioning of old plants and delivery has been extremely good. All over the world things have been delivered and erected so the commissioning of these are going to be taking place probably in the first-half of FY

17. The spread of the JV is also increasing and the production and the staff in Bangalore are doing well.

- Deepak Agarwala** Okay. How many employees are there as on date and how many would be in this joint venture?
- Dhruv Sawhney** They are limited. They are not too many.
- Moderator** The next question is from the line of Pawan Kumar from Unifi Capital. Please go ahead.
- Pawan Kumar** Can you please explain how the revenues are booked in domestic orders and also in the export orders sales wise in the sense how much of it has booked while we take in the orders commissioning, how much part is left? I mean I just wanted to understand the flow of revenue booking?
- Dhruv Sawhney** No, our revenue is purely on the revenue recognition norms that are internationally accepted.
- Suresh Taneja** You know our revenue recognition is based on AS-9 and we book it on complying with the Incoterms.
- Pawan Kumar** Okay. So is it like most of the revenue is booked after the shipping is done?
- Suresh Taneja** That is right.
- Moderator** Thank you. The next question is from the line of Rabindranath Nayak from Dolat Capital. Please go ahead.
- Rabindranath Nayak** Sir, I want to know this you have mentioned that there are three reasons for the lower margin in the quarter, some of the marketing expenses you have spent and it is for the sales the effect of it will come in the next quarter, is it right?
- Dhruv Sawhney** Yes, well I am saying that these are expenses in opening our overseas offices and in the preparatory opening the new offices that are coming up in the next three months, that is right, that is partially the reason.
- Rabindranath Nayak** So can you quantify that
- Dhruv Sawhney** These are three things, the bottom-line is that we are preserving our PBT margins.
- Rabindranath Nayak** Okay. And sir, regarding that you mentioned that the market remains flat and your sales has gone down by 15%.
- Dhruv Sawhney** No, the order enquiries, not the sales has gone down.
- Rabindranath Nayak** So who has gained in the market share or traction in the market?
- Dhruv Sawhney** No, see as I said our market share is always around 60% so if it goes it may go 1% and 2% lower or 1% and 2% higher depending on which quarter it is. When we say the market is flat we do not really do an analysis so accurately to know that it may gone down by 5% but these markets are on enquiries they are really not on lost orders only.

- Rabindranath Nayak** Okay. And sir, regarding again this the order book, order book and order inflow, if I calculate the order inflow and order book domestically in exports you mentioned that 44% of the order inflow has come from the domestic market and 46% is from the exports, is it right?
- C N Narayanan** No, we mentioned about the 36% from domestic and 64% from the international.
- Rabindranath Nayak** Okay. Can please give the absolute number sir in terms
- C N Narayanan** I have only the percentages, you can work out.
- Rabindranath Nayak** For 36, how will it?
- Dhruv Sawhney** Why don't you get it offline.
- Moderator** I now hand the conference over to the management for your closing comments.
- Dhruv Sawhney** Thank you everybody for coming to the Q3 Nine Months' Investor Call. We are happy that we have had a strong set of numbers in Q3 which is both nine months results very different to what prevalent in the Indian market today. But I think the major takeaway for us is that we see even better end of the year closing similar to what we achieved in FY 15 and the visibility of FY 17 is strong with our order position on hand and what we are foreseeing in the future mainly led through our international reach and the contribution of joint venture with GE Triveni Limited and going into new markets and with new products backed by the strong R&D team. So thank you very much and look forward to speaking with you after the end of the year results.
- Moderator** Thank you very much members of the management. Ladies and gentlemen, on behalf of Triveni Turbines that concludes this conference call. Thank you for joining us and you may now disconnect your lines.