Triveni Turbine Limited

Q4 & FY 25 Earnings Conference Call Transcript
May 12, 2025

Moderator: Ladies and gentlemen, good day and welcome to Triveni Turbine Limited Q4 and FY 25 Earnings Conference Call.

I now hand the conference over to Mr. Rishab Barar from CDR India. Thank you, and over to you, Mr. Barar.

Rishab Barar: Good day, everyone, and a warm welcome to all of you participating in the Q4 and FY 25 earnings conference call of Triveni Turbine Limited. We have with us today on the call, Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. S.N. Prasad, Chief Executive Officer; Mr. Sachin Parab, Chief Operating Officer; Mr. Lalit Agarwal, Chief Financial Officer; and Ms. Surabhi Chandna, Investor Relations and Value Creation.

We will start this call with opening remarks from the management, following which we will have an interactive question-and-answer session. I now request Mr. Nikhil Sawhney to share some perspectives with you with regard to the operations and outlook for the business. Over to you, Mr. Sawhney.

Nikhil Sawhney: Thank you very much, Rishab and a very good afternoon, ladies and gentlemen. Thank you for joining the Q4 and FY 25 earnings call for Triveni Turbine Limited. At the outset, I'd like to welcome you to what has been another record quarter, the 17th quarter of growth for the Company. And this has been the highest ever annual Revenue, EBITDA, PAT and Order Booking along with a record Closing Order Book for the Company in FY 25. We had the highest ever revenue of ₹20.06 billion, an increase of 21%. We had the highest ever EBITDA of ₹5.18 billion, up 36% year-on-year with a margin of 25.8%, which is an increase of 280 basis points (bps) year-over-year (y-o-y).

We also had the highest ever Profit Before Tax (PBT) at ₹4.89 billion, up 37% year-over-year with a margin of 24.3%, which is an increase of 270 bps y-o-y, as well as the highest ever Profit After Tax (PAT) at ₹3.59 billion, an increase of 33% y-o-y.

All of this was done, of course, based on the order booking that we had, not only during the year, but in FY 24. And so again, we are very proud that we have had the highest ever annual order booking of ₹23.63 billion during FY 25, an increase of 26% y-o-y. And has this left us with a record outstanding carry-forward order book as of the 31st of March 2025 of ₹19.09 billion, an increase of 23% y-o-y. Investments, including cash stand at ₹9.87 billion, an increase of 12% from March

31, 2024. I will give you a little bit more of an indication as to where our cash stands given the balance sheet and the execution that we had during the month of March.

The Board has also recommended payment of final dividend of 200%, which is ₹2 per equity share for the financial year FY 24-25, which is subject to the approval of our shareholders. But this is in addition to the interim dividend of 200%, which is also ₹2 per equity share of ₹1 each.

Order booking for this current year has grown very well, as I've already said by 26%. The product order booking has grown by an impressive 38% to ₹17.41 billion in FY 25. The key drivers for growth in product order booking were the finalisation of orders in the renewable energy sector, industrial clients for industrial power generation and power producers and API turbines. Domestically, order booking was supported by the Company's strategic foray into the carbon-dioxide (CO_2) energy storage solutions, which I will give more indication about as we proceed.

In the API segment, the enquiry base has expanded geographically, resulting in order finalisations for both drive and power turbines across the Middle East, Southeast Asia, Central & South America and Europe. As a result, the Company has achieved its highest ever annual product order booking for the fourth consecutive year representing a key milestone in its pursuit of sustainable innovative solutions. This also gives an impression of how the Company is able to introduce new products and solutions to be able to withstand the volatility that exists in end fixed capital formation markets.

The Company continues to see good international demand, which is reflected in the export order booking, which has grown by 23% y-o-y to ₹12.59 billion during the year. This includes orders secured across broad power ranges from key regions, including the Middle East, Europe, North America, Southeast Asia and Africa.

The total consolidated outstanding order book stood at a record ₹19.1 billion, which was higher by 23% compared to the previous year. The domestic outstanding order book stood at ₹8.2 billion, which grew by 9% as compared to the previous year, and the export outstanding order book stood at a record ₹10.9 billion, which is up 36% y-o-y and contributes to 57% of the closing order book.

The enquiry pipeline for both products and aftermarket segments remains very robust and is globally diversified. In FY 25, the international enquiry book has grown by over 30%, while the domestic enquiry book has grown by an even more impressive 120%, providing a strong visibility to the coming year. By diversifying across geographies, product market and aftermarket segments, we also aim to mitigate the risk associated with market volatility.

While the enquiry book is extremely robust, the market in India has declined as we calculated for FY 25 by 10%. While we were anticipating Q4 to be more robust in terms of domestic order finalisations, the robust level of enquiries gives us good confidence that sectors will come back into our order book within the coming quarters.

A lot of our growth is also driven by Research & Development (R&D), which is a key focus area for the Company. We continue to develop new turbines for our historic ranges of smaller turbines as well as for medium and larger range turbines which are required for a variety of different applications, including for API as well as for geothermal and other niche sectors. But at the same time, the higher megawatt (MW) categories also provide us with greater visibility into a broader market that we can cater our products towards.

We also continue to develop new and innovative solutions, utilising carbon-dioxide as a means for fluid transmission, which includes an order, which we have received along with our Italian partner Energy Dome, with NTPC, which is a ₹290 crore (₹2.90 billion) order for 160-MW hour long-duration energy storage project at NTPC's Kudgi Supercritical Thermal Power Plant.

We are extremely proud of this order as it not only allows a validation of our technology. We will, of course, need to work with our partner here as well as with the client to ensure a seamless and smooth installation, which will then allow us to validate this in the Indian market so that we could operationalise this as a product segment going forward. The Company, as I spoke about in our previous conference call, will be investing into expansion of certain international subsidiaries and further investments into Research & Development (R&D) and testing infrastructure as well as adding a new bay in its Sompura facility.

The total capex forecast for this current year, FY 26 is about ₹1.65 billion, which includes a carry-forward of about ₹0.44 billion from the previous financial year which is FY 25. The capex will not only allow us to augment certain capacity in terms of our assembly as well as manufacturing expertise but will significantly expand our Research & Development (R&D) and testing infrastructure which is required. Apart from the routine capex, which is required for maintenance, there will be a further capex in our international subsidiaries to cater to what we foresee to be growth in those markets.

People continue to remain the cornerstone of our organisational excellence and through a focused approach to internal talent development, external hiring as well as continuous learning diversity as well as industry collaboration. We are building a future-ready workforce aligned with our customer-first mindset and innovation-driven agenda. In FY 24-25, Triveni Turbine successfully integrated its talent strategy with business priorities, strengthening capability, ensuring leadership continuity and setting a strong foundation for sustainable future growth.

As a globally trusted energy innovator, Triveni Turbines is well positioned to sustain healthy performance in the near term after delivering a strong performance yet again in FY 25. This outlook is supported by a robust order booking in API as well as the industrial power generation turbine segments as well as the market expansion in high-potential regions such as the United States. A robust domestic supply chain further enhances competitiveness and ensures business continuity.

The aftermarket business also shows promising growth prospects bolstered by an expanding range of offerings, including spare parts, services and refurbishments, designed to cater to a broader customer base of rotating equipment encompassing steam turbines, gas turbines, utility turbines as well as geothermal turbines.

The Company's expanding presence in the global market, along with the increasing demand for renewable energy, energy efficiency, waste-to-energy and decentralised power generation solutions continues to present a significant and substantial growth opportunities for the Company, and we are confident in leveraging these opportunities, both domestically and internationally, which will enable us to maintain the growth and profitability in the coming years.

To give you an idea of some of the ratios that the Company achieved in the current year, the Company achieved an EBITDA to sales of 21.8% (ex-other income). PAT to sales was at 17.9%. And our Return On Equity (ROE) annualised on book equity was 33%. And without investments & bank balance, ROE was 235%. While the Return On Capital Employed (ROCE) annualised was at 45%. And ROCE without investment & bank balance was a very impressive 307%. Asset turnover continued to be maintained at about 5.9x and a current ratio of about 2.2x. The balance sheet of the Company remains robust.

In the quarter ending Q4 FY 25, we had certain back ending of orders, which happened in the month of March, which you'll see from a balance sheet where we have higher receivables as well as certain other current assets. Both of these are short term in nature and would have already been reversed to a significant extent in the month of April to return to a low receivable metric.

The Company has grown very rapidly in the last three years between FY 22 and FY 25, the revenue of the Company has grown to 2.36x with a CAGR of 33%. And in the same period, between FY 22 and FY 25, the PBT has grown to 2.82x with a CAGR of 41%.

Given our growth of order booking of 26% in FY 25 as well as our ending order book, which is 23% higher, we are confident of growth in the coming year. As what happens with order booking, and as well as turnover, some of this growth will be lumpy. But having said that, our order book gives good visibility of growth for the coming year, and our enquiry book gives a good visibility of growth for the coming future.

This, coupled with our innovations in new product introductions, the new technology introductions, which will happen in subsequent quarters and subsequent years gives a good visibility of the Company to sustain its remarkable growth in the coming years. Of course, maintaining these high growth rates will be difficult, but we have full faith in the management who have performed exceedingly well.

And we are happy to take your questions now.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Ravi Swaminathan with Avendus Spark. Please go ahead.

Ravi Swaminathan: Good afternoon. Congrats on a good set of numbers. My first question is with respect to the API turbine market. So essentially, if you can talk about what is the size of the business right now, what is the size of the industry? And what kind of scale-up in terms of business can happen over the next two to three years and how and why it can happen?

Nikhil Sawhney: Okay. Before I ask Prasad, our CEO to comment on this, we don't give specific market numbers, Ravi, as you're aware. But having said that, as we've talked about over the last several quarters, there are very distinct avenues for growth for the business, which is firstly, to maintain its market share in the smaller turbine market, which is below 30 MW at the same time increased market share in the higher megawatt space, which is above 30 MW.

While the traditional growth segment of the business has been energy efficiency and renewable energy-based power generation, which continues to be the mainstay of the business, API as a market segment has increasingly become key growth driver to the business, not only in FY 25, but also it showed a little bit in FY 24.

Going forward, we aim to increase our focus on this market segment because not only is it focused on customers who demand exceedingly high quality, high efficiency, high technology turbines. But also, it is a market segment that provides a certain degree of reliable and routine investment. This is also reinforced by the fact that we've seen while oil prices may have come down, the long-term investment goes into oil diversification as well as into gas and methanol and other forms of downstream production for the oil integrated majors continues at a robust pace. And so, the enquiry book also reflects that in terms of the growth, both domestically as well as internationally.

If we look at it from a perspective of what segments will continue to exhibit the most amount of growth. As far as the growth in our order book goes, yes, you're very right, API will be a market segment, which will drive, in our opinion, more than energy efficiency and renewable energy. But renewable energy will continue to maintain the largest segment of demand for the Company's products.

Prasad, would you like to comment on Ravi's question.

S. N. Prasad: Yes. Good afternoon, Ravi. So, in continuation to what VCMD shared, yes, API enquiry pipeline is quite robust, and we are quite bullish. As we communicated in earlier conferences also, so we have been in the approved vendor list of major refineries, the petrochemical complexes across the globe. And even last financial year, some more positive results we were able to gain in terms of getting into the approved vendor list, which has given a strong enquiry pipeline. We are quite bullish, because we are there in the drive turbines as well as into the power application of the API machines. With that, it's going to be a strong growth driver for us going forward.

Ravi Swaminathan: Understood. My second question with respect to the CO_2-based energy storage system. So essentially, FY 25, we had got a single order from NTPC Kudgi. How replicable are such kind of orders? What is the visibility in terms of scale-up of this business? Can this be replicated in more power plants, both NTPC and non-

NTPC related business? And if you could talk more in terms of the profitability angle also, because how much component value add that we can do in that project and how much will be sourced from other or external parties. So, because of how the profitability is likely to pan out, is it likely be in line with the overall company level profitability if you can talk about that.

Nikhil Sawhney: Yes, to address it firstly on the margin front, this is a new sort of project for us in a sense. It's a little bit more than just the product being sold. But the margin expectations are in line with our domestic margins. Having said that, this is a developmental project, which we are working closely with our international partner along with the client. And we would not be entering into this, if we didn't see the potential for this to scale as a business. The opportunity here is very solution-oriented, to provide a solution for long-duration energy storage based on subcritical cycle of carbon dioxide. As you know, Ravi, we've been also developing transcritical as well as supercritical cycles, so the way as to what is replicable going forward, we'll have to see based on the economics and the reliability to customer.

And so, before I comment as to how scalable this would be from a revenue perspective for Triveni Turbines, we'll have to just wait and see a little bit. We'll have to see certain factors in terms of how the economics work out, how the reliability works out with the customer.

We're obviously very hopeful that this would be a great solution for our customers. But more than that because you see the current form of providing either chemical-based battery storage through lithium-ion or kinetic-based flow pump storage hydro as energy storage options. Thermal storage is also extremely important. And so, the cost parameters already makes sense. We just have to see if the rest of it can also work out. Principally, there's no reason why there should not be an alternative in our basket for energy storage for the country as well as globally. But at the current point in time, when we are giving a forecast for our enquiry growth, etc., it does not include this as a market segment.

Having said that, when you look at the ₹290 crore (₹2.90 billion) order in this Q4 and if you say how much of it was in the historic Turbine segment versus the CO_2, you also should keep in mind that we did take out some orders, because of the high order booking in this quarter, we've cleaned up our order booking by taking out approximately ₹140 crore (₹1.40 billion) from our order book of slow moving orders, which we have advances of. And we're confident because we have advances that these will come back in the medium term. But from the near-term visibility, we've taken it out of our order bookings. So, this, again, gives you an idea about the quality of our order book in terms of what can be executed. That, coupled by our book and bill gives us good visibility for the year.

In terms of what you said in CO_2 value addition, the Company's scope is again in excess of 50% directly. And so, we have good control on costs. Ultimately, we are also viewing this from a perspective of putting our best foot forward, so it's a little premature for us to be able to tell you how scalable this will be as a business. I would imagine by Q3-Q4 of this year, we should be able to give you a little bit better idea as to where it stands. But needless to say, this has come quicker than we thought it would in terms of a market segment for Triveni Turbines. And we are quite optimistic that it will become a distinct market segment for growth in the very near future.

Ravi Swaminathan: Understood. And my third question is with respect to the U.S. foray. Given the tariff-related ups and downs, which are being seen from that country, how do you think about the scaling up of our business there? Say, over the next two to three years, is it likely to be largely after sales related work there, and then we can think about the product exports, how to think about that?

Nikhil Sawhney: So, Ravi, you have dug up many different questions within that one question of yours. Let me say, as we currently stand, firstly, I don't think you have detailed consolidated balance sheet with you just as yet. But we had in excess of about ₹20-₹25 crore (₹ 200-250 million) loss in that subsidiary. And so, the results that you are seeing are post that loss, which has been an investment into that enterprise. And we believe that that enterprise will show good performance, and this is backed by our belief of what we're seeing from an enquiry generation.

Initially, we've thought that we would use the U.S. subsidiary to cater to our growth in the Americas, which is both North and South America. Given the current uncertainties, given the customer preferences, we are actually booking Canadian and other orders directly from India, but the marketing efforts are still done from the U.S. subsidiary. So, looking at the U.S. subsidiary performance directly, it will take a little bit of time for it to show properly on the consolidated or the individual P&L of the subsidiary. But suffice to say that we believe that going to be a good growth market, both from the aftermarket refurbishment segment as well as new product sales. We see the API market in the United States as well as distinct geothermal and industrial power generation, including energy efficiency as key growth drivers. The U.S. itself as a $25 trillion economy with the capital base that it has, presents many opportunities.

Prasad, do you want to give a comment on the U.S. subsidiaries and how we see it, and maybe Sachin, you can also comment on the capacity augmentation in the U.S.

S. N. Prasad: Yes. So, U.S., as you mentioned, the pipeline is strong, and people started accepting our brand there. There are recent uncertainties, otherwise, by this time, we would have got a little more success from Canada and directly on our U.S. entity, but those orders got directly on to Triveni Turbines Bangalore, because of those tariff issues. Otherwise, we are quite bullish because the way how the enquiry pipeline for both refurb services, that is aftermarket as well as product are getting built up, especially from geothermal, pulp and paper, which are the strong segments in that market. And the competition also basically are eyeing for the same sort of segments, but they also have same disadvantages and sort of advantages when it comes to the tariff structure. So that way, we are not really concerned on that. We are quite bullish.

Sachin Parab: Good afternoon. As our Vice Chairman has mentioned, we are going ahead with our expansion plans in the United States. The capex that we had planned, we are on track. There's a little bit of a deferment just because of timing issues. But we are going ahead. And we are creating the flexibility in our infrastructure there. So, depending upon how the tariff structures take shape, we would have the flexibility to be able to even make turbines there. So relatively speaking with our competition, we are well poised to tackle the market. The potential is good, tackle the market the way the tariff structure shapes up and be able to go ahead with our long-term plans. Because of these changes in the macroeconomic situation, yes, there might be a little bit of a delay in terms of expanding at the rate at which we want to. And as we mentioned already, the Canadian orders and some other orders we have started taking on the Indian entity. But for sure, the U.S. market itself for aftermarket and product is very promising for us. Thank you.

Moderator: Thank you. Next question comes from the line of Amit Anwani with PL Capital. Please go ahead.

Amit Anwani: Hi, first of all, congratulations for the strong set of numbers. My first question on the international market. So, you have highlighted in your opening remark about expanding in global markets, and we have been seeing a very strong performance from exports. The enquiry pipeline is also very strong. Just wanted to understand, while expanding in markets, what is our strategy? How are we dealing with the competition there? Or is it the market which is already very conducive for our products there? And what sort of products are highly acceptable for Triveni in the global market? So, wanted to understand more colour on expanding global markets and how we strategise that?

Nikhil Sawhney: Okay. Thank you. Good question. You see what happens in the capital goods space is the best branding that you have from a new order perspective is successful installations of orders by themselves. So, as our installations grow internationally, that allows us to gain better customer acceptability and confidence on our product ranges. This stretches not only in our historic smaller ranges, but also in the higher MW ranges. And we believe especially with the higher MW ranges and with specialised API or other applications as more reference sites are put up for our customers, we will gain better traction.

That coupled with our initiative to be closer to customers through both subsidiaries as well as a more focused sales and marketing initiative will also bear fruit in allowing us to capture greater global market share. This is something that we're actually using as a cornerstone of our international expansion strategy. These are not capex related; it's more a question of how can we be more relevant to our customers so that we have a higher chance of conversion of every enquiry into an order for us.

Amit Anwani: Secondly, given the very strong enquiry growth, which we have seen in domestic and international and very strong top line growth this year as well with good margins, can we expect similar to continue for FY 26, given there is a good order book and enquiry as well? I just wanted to have some colour on the growth trajectory since we are expanding still for the FY 26 year?

Nikhil Sawhney: Yeah. But actually, if you look at it, our revenue grew by 21% y-o-y, and our order booking has grown by 26% y-o-y with our ending order book at 23% higher. So, it gives you an idea as to the growth that is possible for the coming year, and we are quite confident to be able to achieve that. What I think you would also find in our balance sheet is that, because a lot of the orders were back ended, actually, we have a lot of goods in transit, which were not able to be billed directly in March itself, which will come in April.

We're already off to a decent start. Q1 will be a little volatile from the Company's perspective. There will be growth in such market segments, but I have to say that when we look at the full-year and our current obligations to fulfil our customers' expectations in delivery, we are confident of the growth in revenue of a good manner in FY 26 as well.

Amit Anwani: Right. Lastly, amid all this geopolitical and tariff wars going on, any challenges which you face, I can see like your commentary has been quite commendable and positive.

Nikhil Sawhney: The fact is that, as you can see that the domestic market has sort of declined y-o-y, even though enquiry levels remained robust, so the uncertainty is causing deferment of order placement. Even though these orders do need to be placed based on either other capex or other commitments that have been taken be it financial closure of projects, etc. So I think what you could say right now is that there has been an elongation of order finalisation timelines. And that is something that is a concern, but we'll have to wait and see if this is something that is a one quarter thing or something that continues for multiple quarters.

Moderator: Thank you. Next question comes from the line of Mohit Motwani with Tara Capital. Please go ahead.

Mohit Motwani: Thank you for the opportunity. My first question is on one of the charts in the presentation, which shows that how the 0 to 100-MW of the steam turbine market declined from 8.7 GW to 6.9 GW. And we have grown our revenues by 21%. I understand this is a function of increase in wallet share, market share. Can you give us some idea how much has realisations improved on a year-on-year basis from FY 24? If not in the Company level at least in an industry level, if you can give some certain sense on the per megawatt (MW) realisation. How has it been?

Nikhil Sawhney: The fact is we manufactured our customised products. So, every order is distinct in pricing as well as cost. The features that a customer may require, it doesn't enable us to give a very generalised number. But having said that, over a period of time, you've seen base material prices rise as well as the fact of overhead costs and so there has been an increase in costs in the market segment for us as well as our competitors.

But as the market size grows, I mean well, you've seen an expansion in margins. In the distinct market between FY 24 and FY 25, as you pointed out, in terms of decline in market, there's a lot of nuances in that number. We give that number to give a broader indication of where the market sits. But having said that, if we take out and eliminate markets in which we don't participate directly, which is China and Japan, we think that the market is quite robust. Still our enquiry levels are at record levels, and so we think that that presents a distinct opportunity for us.

And this is despite the volatility that may have been there for the last 3-4 months anyway. So, we're quite optimistic, but our gain in revenue despite the market decline is sort of contributed by the fact that we are approaching newer market segments and growth and achieving a higher market share than we have in the past. And I think that's the way that you have to look at it that we don't capture and cover the entire market. And as we do more of that, the more macro number will be a little bit more meaningful for us.

Mohit Motwani: Sure. That's helpful. And one more question was when you said maintaining such high growth rates could be difficult. Is that even baking in some conservatism on the export side given you have seen some moderation in the export orders in the last two quarters? I understand these are lumpy in nature, I just want to get your perspective on export orders because I think this was one of the big opportunities for us and has been rather, if you can elaborate a bit more on that.

Nikhil Sawhney: I think the fact is that there's some base effect on some of these numbers as well. And of course, as you point out, these are lumpy. Exports will continue to remain a mainstay for our growth because not only does it allow us to be relevant, it allows us to benchmark our competitiveness. And the fact is, ultimately, it's a much higher margin segment for us. So, we're quite confident that the export market will continue to be a key driver of growth for us, and it's actually we need the domestic market to revert, that would be a bigger thing for us.

To just clarify your point that I think that you said that we may not be able to maintain the high growth rates, the reason I said high growth rates is because we've had a revenue growth of 33% CAGR over the last three years and profit growth of 41%. Now if you look at those numbers, those are very high numbers to achieve on a higher base. But having said that, we have very high expectations of growth in our business, both on profitability as well as revenue. Given the newer market segments that we're entering into, given the fact that we already have a higher order booking levels as well as enquiry book level.

Moderator: Thank you. Next question comes from the line of Teena Virmani with Motilal Oswal Financial Services Limited. Please go ahead.

Teena Virmani: Hi, congrats for a decent set of numbers. My question is a follow-up question, in line with the previous participant on both domestic as well as on the export order inflows. So, we've had a fairly decent inflow numbers on the domestic side. But if you remove that one large order based on CO_2, overall domestic inflows have declined on a year-on-year basis. So, when can we see the base orders for Triveni to start ramping up? Because enquiry pipeline has been fairly strong. But what is stopping this enquiry pipeline to get translated into order inflows? And also, which are the sectors and subsectors within this enquiry pipeline, which would materialise first and then which would materialise later? That's my first question.

Nikhil Sawhney: Yeah. So, to put it in perspective, in Q4, we did take out ₹140 crore (₹1.40 billion) of orders as well. So, if we look at that, actually, there's been a growth in order booking. Now having said that, you're right, it's not to our expectations. We did expect domestic orders to be higher than the current level. There is deferment of orders. I'll ask Prasad to give you an indication as to where he sees orders coming in, in which market segments from the domestic side as well as internationally. Prasad, do you want to comment on the enquiry level the way we see.

S.N. Prasad: Yes, sir. I will take it. Domestic wise, yes, in Q4, what we expected did not materialise. Because the last year, overall domestic market is a muted market. We know that the last year, three quarters - two quarters for a general election, then another major segment of distilleries that is in Maharashtra, there were also election in the third quarter. but we expected Q4 will bounce back. But even though finalisation is not at the pace as we anticipated, but the enquiry pipeline started building up. That way, if you see, especially the inquiries from process co-generation is a strong pipeline got almost, it is double compared to the last year. So, following with steel, cement, followed with oil and gas. So that way, if you see more or less every industrial segment, enquiry pipeline is quite bullish because last year which ever order did not get finalised, majority of those, we are hoping that will come for finalisation as the enquiry started building up. So, we are quite confident. We are also carefully watching the scenario, the current tensions, hopefully things should improve overall.

Teena Virmani: Sure. So these process cogen, steel, cement, they can be the first one to respond once this macro uncertainty resolves?

Nikhil Sawhney: Each order is distinct by itself. So, I don't think you can generalise in terms of segments, what we saw because of the unavailability of steel last year like FY 25, those orders were muted in Q3-Q4 with some safeguard duties coming back in, those segments will come back. So, there's a little bit of fluidity in individual segments based on their own economics. You will have a consistent demand, which happens from cement based on their capacity expansion for Waste Heat Recovery (WHR) as well as for brownfield/ greenfield expansion turbines.

In other segments, be it in recycling is a growth market segment there, both in paper as well as plastic recycling is a consistent market segment. So is the food processing sector, which requires a different set of turbines. Market segments like pharma and chemicals are a little more muted, but the distillery market seems to be back with some robust demand.

Teena Virmani: Got it. And my second question is related to aftermarket related opportunities in your target geographies, be it Europe or U.S. And where do you see this share of aftermarket as a percentage of revenue over the next few years. It can be broadly in the same range of around 30-32%? Or can it move higher?

Nikhil Sawhney: You see we're having very strong product sales growth and it's because of that, that some of the growth in the aftermarket is getting overshadowed. But the aftermarket is growing in a very robust manner. As you can see, the growth in our EBITDA margins is given by the fact that we have very high-margin aftermarket orders, both from the refurbishment as well as the spares and servicing segments. The refurbishment segment and specifically, our contract in South Africa has moved up the value chain to a higher value-added contract in which the revenue would be slightly lower. And so the margins, therefore higher.

So, while it may not contribute more on the revenue side and therefore percentage of aftermarket as a percentage of sales, but these are higher margins. So now if you blend it all, at the end of the day, we're quite happy with the 33%-odd aftermarket as a percentage of sales. Yes, we'd expect it to rise by 1% odd every year consistently so that it's contributing more. Because we believe that the refurbishment segment in specific has a very high growth rate potential.

But we're happy at the level as it's at right now because ultimately, we don't want to sell excessive spares to our customers also because ultimately, we want them to be able to buy more products from us in return. And we have a very high repeat customer base. And so, balancing that strategy is also very important.

Teena Virmani: Got it. Sir, lastly, on this aftermarket for U.S. geography, can your capacity expansion or the strategy for growing in U.S. will be oriented more towards aftermarket or it will be more oriented towards product sales given the current tariff like situation?

Nikhil Sawhney: The capacity is fungible, as Sachin has said. So, the fact is we are approaching both market segments equally vigorously and with as much focus.

Moderator: Thank you. Next question comes from the line of Mahesh Bendre with LIC Mutual Funds. Please go ahead.

Mahesh Bendre: Hi, Sir. Thank you so much for the opportunity. Most of my questions have been answered. Sir, order inflow last year grew by 26%, so given the current enquiry flow, will be able to maintain this kind of growth rate for this financial year?

Nikhil Sawhney: Our ambition is of course, to exceed it, but we'll have to wait and see how finalisation happen. I think that a growth of 26%, given the fact that we have a book-and-bill within the year, our spares and services have a lead time to execution of anywhere between two to four months. And so, order booking for that segment can go all the way up to end of Q3 for it to be billed with the same financial year.

And for smaller rated turbines, even Q1, a part of Q2 order booking falls into the execution. So, despite the overall order booking, given the enquiry levels, we are quite confident that we'll be able to pick up orders, which will give us good growth in the coming year, but also visibility for growth in FY 27.

Mahesh Bendre: Sure. And sir, what will be our capacity utilisation as of now?

Nikhil Sawhney: We don't really work on that number because we don't have much capital employed. But having said that, we are currently operating on a two-shift basis, and we don't see capacity as a real constraint. We are adding a bay, which is more from an assembly perspective and some manufacturing capacity, which is part of our capex plan for the current year, which may spill over into FY 27 a little bit also, which will augment all of this. So, we don't see that as really as a biggest issue.

Moderator: Thank you. Next question comes from the line of Chirag Muchhala with Centrum Broking. Please go ahead.

Chirag Muchhala: Sir, the question is on the Europe market and more specifically, U.K. since that has been historically one of our good markets. But recently, India and U.K. signed an FTA but just wanted to know that will this be, I mean very fruitful for us in any way currently whatever our market share or competitive position is? Are we relatively negatively impacted by some of the taxes, which will go away. Just your thoughts on this, please?

Nikhil Sawhney: No, we're not either negatively or positively impacted by it. To the extent that it builds more confidence in the British economy and allows them to have more capacity expansion in capex, that will benefit us. but I don't know if it will. So, I think it's just neutral. Most of these FTAs are neutral to us because our product is not heavily taxed as a dutiable item, both ways. Imports into the country are pretty much at zero duty anyway.

So, it doesn't help either way. We just need more demand to come into that market segment. The U.K. presents some distinct opportunities in the municipal solid waste incineration and energy efficiency, green power market. That's about it for right now.

Chirag Muchhala: Okay. Okay. And second is just a follow-up question on the capacity. So whatever capex that has been lined up over the next two years, so in terms of turbines manufacturing, both in India and possibly in the U.S., I mean, what would be the quantum of increase in our capacity that we are planning over the next two to three years, maybe over a medium term?

Nikhil Sawhney: So actually, given our high asset turnover and return on capital, like I said with the last question as well, we don't have much capacity employed. And so, when you look at it in terms of how scalable the business can be given our current balance sheet of investment and what are we planning in terms of expansion in Bangalore as well as in the United States, what you have to view is the factors of how many shifts you're working and how scalable is that. So, at this current point in time, when we're working a little bit less than two shifts on operations. that has possibility of expansion by itself more than the fact that we have further utilisation of assembly capacity. What we're really trying to augment here is more testing ability, assembly capacity. Now assembly capacity can be constrained at times. But at the current point, we are able to balance and manage in excess of 300-350-odd turbines. Our endeavour to sort of give a little bit more capacity so that we don't end up bottlenecking our operations, which happen at times, like for example, this March. And so, it's worth not having those bottlenecks. And so, capacity really isn't a constraint on an annualised basis, but maybe on a monthly basis, there is some issues that we may need to streamline.

Moderator: Thank you. Next question comes from the line of Amit Mahawar with UBS. Please go ahead.

Amit Mahawar: Nikhil, hi, congratulations on good results. Nikhil, my first question is, so you see FY 25 was a year of great performance on product exports, whether it's orders or P&L, but services, I'm not judging services, which is flat in orders this year. But do you want to throw some light here on how will this grow in FY 26 and 27 because you are building a team even for the North American market. And that's my first question. Some colour on Aftersales.

Nikhil Sawhney: Aftersales is an extremely important part of our business for two reasons: one is that, firstly, it's a high-margin segment, but more than that is the fact that it enables customer satisfaction and allows us to provide the services that our customers need, which confidence is what leads to repeat orders. So, it's very, very important from a customer satisfaction perspective. Also, there are two segments to growth in the aftermarket. One is our spares and services, which will grow based on the installed base growing.

Because you sell spares really after some degree of operation of the turbine, so given the growth that we've had over the last several years, those products, maybe 2-3 years which have been commissioned 2-3 years ago, will now start coming back and come into the ordering for spares. And so, we believe that, that will continue, but that growth rate will be, I say it has to be done in a manner that we have to take the customer along with us. We can't just be selling excess.

The real growth rate for us, which has somewhat disappointed where we have much more potential to grow quicker is the refurbishment segment. And segments like that, which we think can drive a lot of the quick revenue, quick wins for especially the U.S. market. And so, we're still very hopeful. This means expansion, not only of our sales and marketing network to be able to cater to the varied requirements that happen in the refurbishment segment, but also technologically, we need to be relevant and be able to provide the solutions that customers want.

So, there's an investment in people that require to allow that market to grow. But we're quite hopeful that, from a long-term and medium-term perspective, this is a market segment that we can quite confidently say we'll continue to grow for Triveni.

Amit Mahawar: Sure. So, you've been very measured on your investments in very select markets. For example, SADC is where you had less than four years payback that gave you confidence to enter one of the world's largest market, North America. Again, and maybe Prasad and team can chip in here, what is the size of API services and large machines that we are targeting in 26-27? What I mean is, in your addressable market with changes now, and I'm talking about particularly 1-2 years.

In long-term, I understand it's a very, very compelling market and there is a scope for consolidation, especially in services in North America, as you mentioned in the last calls. Particularly next 1-2years, what kind of large machine orders, can we expect in this new market? And some colour here on the services. And I was asking more also about the number of the team size you've build in North America? Thank you.

Nikhil Sawhney: Yeah. So, I'll let them comment on the team size and where they see this. But services for API, because the customers are extremely risk-averse, especially on the large integrated Oil & Gas majors, they tend to favour going to OEMs. There are certain strategies that we're trying to employ to be more relevant with them. At this point in time, I can't disclose those. But we see a market, we have an opportunity for us to work directly with some of these majors to provide their services. Specifically, in certain regions. Those would be regions specific strategies.

Having said that, we do anticipate larger megawatt turbine orders from the API market. We've had good success in FY 25, which will get executed in FY 26. And we're hopeful in the coming quarters of redoubling those efforts and getting similar successes on that front. It's a very competitive market. There's no doubt about that. But we're quite confident that given our newer entry into the space that we'll be able to show some success.

Prasad, could you just talk a little bit about the API market, and then Sachin, a little bit on the U.S. side, specifically for API?

S. N. Prasad: So, API market wise, as we got ourselves approved in all the refineries, majority of the reputed refineries, the pipeline is building up. At the same time, these are very, very competitive market, and we are fighting with all the competition across the globe in different territories. And we are very optimistic on API growth because our pipeline is there, acceptability there, technical acceptability also is there.

And second thing here, the differentiation, what we bring there is a quick back-end support from India team across the globe for API. API's majority of the business is through EPCs and OEs. So, this sort of business is there, what they'll be looking is a quick turnaround time on the enquiry to the proposal sort of a thing. These are the areas where we are working on, so that will give us really good results in the next two years is what we are anticipating.

Sachin Parab: Yeah. Coming to the U.S. market, your query, we have not a very big team in the U.S., but it is very important to understand that in all markets that we operate in. We typically operate also through a network of agents for assisting us in sales and marketing. So, while the strength of our team directly on our roles may be not very significant, but we have people working indirectly for us or the sales and marketing effort across the country through our extended agent network. Also necessary to understand that some of the workshop related activities that happen in the U.S. are also subcontracted to the partners that we have developed, so team size is as per our plan, but we are looking at expanding it to almost twice the size that we had in the first year, in the second and third year.

S. N. Prasad: And one more thing here I want to add, especially we are very conscious on the cost. As you know, U.S. is one of the expensive cost-oriented market. So, lot of back-end support, as Sachin mentioned, from our partners there as well as back-end teams from India also supports U.S. team so that there is a proper cost orientation is there.

So other thing is some emerging markets like SMRs - small modular reactors market is one of the markets, which we are hopeful that traction, whatever we are having, that should give some positive results to us in North American market. So those sort of new markets also we got the access after having a facilities there in U.S.

Moderator: Thank you. Next question comes from the line of Sarang Joglekar with Vimana Capital. Please go ahead.

Sarang Joglekar: Thank you for the opportunity. So, on the 30 MW plus segment, I wanted to understand, you said you were gaining market share and you're already maintaining 50% plus in the sub 30 MW. So, on a broader level, what are the key factors the customers look for when choosing a turbine? What are the options? Basically, who are the competitors? And why exactly do they go for Triveni?

Nikhil Sawhney: That's a very complex question. Every customer has a different purchase consideration. Ultimately it depends on customer confidence, if you have an installed base in that market segment in that industry within that geography, that tends to build customer confidence. And so, our growth in market share and in the higher megawatt segment will happen based on more successful installations. And so that will feed on itself. And so, the growth there will happen in a more linear manner, you shouldn't expect it to be sort of exponential. And we're happy with that, because ultimately, we want to grow slowly and ensure that we have successful installations.

Sarang Joglekar: Same on the API side, how is the competition? And who are the players, if you could name a few?

Nikhil Sawhney: No, I think it's not worth naming competition, but I think you can google who are the players in the market segment. Competition exists in all market segments. It's not as it doesn't exist. And we have extremely well-reputed global technology companies in this space. And so, it exists. But at the end of the day, it's a technological product, so the number of competition is limited, and we don't anticipate new competition coming into this market segment.

Moderator: Thank you. Next question comes from the line of Nidhi Shah with ICICI Securities. Please go ahead.

Nidhi Shah: Thank you for taking my question. So, my first question was on the margin. We've seen for the last nine quarters or so that margin accretion has happened continuously. I basically want to understand what is it that is bringing us this margin, despite the fluctuations in commodity prices and our input prices that would be the first thing.

Secondly, that you've spoken continuously about the enquiry pipeline. Would you like to quantify that enquiry pipeline, and in your opinion, would that be more back-ended when these orders were finalised towards the second half, what is your opinion on that?

Nikhil Sawhney: It seems right now that it would be back-ended. But unfortunately, we don't give the absolute enquiry levels, you could have a discussion with Surabhi, our Investor Relations Manager on this question. But what was the first question?

Surabhi Chandna: Margin accretion.

Nikhil Sawhney: Margin accretion happened because of both aftermarket as a percentage of revenue going up as well as the fact that we have a higher export as a percentage of sales. So, both of these factors have contributed positively to the margin. In terms of volatility in raw material pricing and increased overhead cost, those were larger factors in FY 22, FY 23, where the rate volatility that we saw post-COVID. I think right now, our normal supply chain pricing, which we have long-term rates with our vendors and with subcontractors, etc. continues, so it gives us good visibility.

And so therefore, the pricing level that is taken by marketing and sales is knowing fully well, what the cost would be going into any pricing discussion and negotiation. And so, they have a fair idea of the margin level at the time of bidding for orders. So, as we look forward, I don't think margins are problem for Triveni. I always said that that is an area, because it's a customised product, margins will differ order-to-order and quarter-to-quarter. But it so happens that by getting some operating leverage as well, the fact that we have good orders coming from the export market as well as a higher percentage of spares and service on revenue, is all giving confidence that we have space.

Moderator: Thank you. Next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Yeah. Hi, Nikhil. Thank you for taking my questions. Two questions from my side. The first one is, while you alluded to some qualitative colour on your foray into 30-100 MW segment. But can you just throw a slightly longer-term picture in terms of it's been now four years, since we are going solo in this segment, not with our JV partners. So, let's say, in next 5-7 years, what is our aspiration in terms of market share? Can we replicate our market share that we have in zero to 30-MW, in above 30-MW category as well? Can you give some colour and some texture and what are your targets and what are your aspirations for this particular segment?

Nikhil Sawhney: It was a very complex question you've asked, so in the higher MW category, which is one of the largest market segments is a combined cycle market segment, which is where the steam turbine is used as a bottoming cycle, for the combined cycle operation. The typical lead for a combined cycle sale is done by the gas turbine manufacturer. So that's a little bit more difficult for us to market segment to enter just from a sales perspective because the lead is always taken by the gas turbine manufacturer along with the client.

Now if you exclude that, which is by far the largest segment, yes, our ambition is to achieve the same success that we have in the small range. And we're quite confident that we'll be able to get there. We find that even in the other market segment, we will make foray, but it's very difficult to see how that will actually happen. We'll make efforts. But market share gain like I said, in the above 30-MW category, we should assume to be a little linear in terms of growth of market share. In the API market segment, it will be a little bit more lumpy, because we're able to get bigger orders and take market share because we have the references in place. So now if you combine both of those because a lot of the API orders are also in the higher MW categories, we think that we could show good growth in this market segment of above 30 MW.

Moderator: Thank you. Next question comes from the line of Bimal Sampat an Individual Investor. Please go ahead.

Bimal Sampat: Yeah, good afternoon, Nikhil and team just wanted to understand, I mean, what is our plan B? I know we are growing very well. But to maintain this 30% around growth rate, I mean, earlier we were talking of getting into this rotating equipments and all that. So, what is our plan B to maintain around 30% growth rate over the next 3-4 years? Or is there no necessity for that?

Nikhil Sawhney: No. There is a very strong need for us to continue with our research and development, which is to ensure that our current product range, not only is relevant and expanding in its niche applications, but equally to introduce new technology and new products such as what we try to do with our carbon-dioxide based systems. So those research continue, those continue into other rotating equipments. At this current point in time, given the growth in our enquiry book, we find it's not relevant for us to focus our discussions right now because it won't be material in some of these developments in the short term. But needless to say, that it is a concern for the Board as well as the management to ensure that we have a steady stream of products, which will allow us to expand our entire market size that we cater to on a continuous basis.

Moderator: Thank you. Next question comes from the line of Harsh Tewaney from Ashmore Group. Please go ahead.

Harsh Tewaney: Good afternoon. So basically, I had a couple of bookkeeping questions from my side. So, I noticed that the debtors for us have gone up like they've almost doubled Y-o-Y even though revenue has only increased 21%. So, is there some payment delays that we are facing? Or how should we read this?

Nikhil Sawhney: Ask your second question as well, and then I'll answer both together.

Harsh Tewaney: Second question was pertaining to the other financial assets line, which again has grown up exponentially. So, anything that we should read into this?

Nikhil Sawhney: Okay. So, on the debtors, you'll see two things. One is the receivables have gone up as well as the factors other current assets. Both I tried to address in my opening remarks to say that because of some dispatches that were bunched up in March, these are orders, which have not really come due for payment by customers, because we tend to pay on LC (Letter of Credit) at dispatch, and obviously, it's within a period of time that the LC has to be encashed. But we've said that in the months of April, May that that is largely reversed back to our normal stance of low receivables. Other financial assets are higher because the reflection of FDs (Fixed Deposits), which are over 12 months are reflected as other financial assets. But this is all part of cash.

Moderator: Thank you. Next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Yeah, thank you Nikhil for giving me the opportunity again. In one of the comments on API market, Prasad also said that maybe in the future, we will also have a play on SMR, the small modular reactors. Can you touch base as to what are the product synergies between API and SMR? Can you give us some context? Because my understanding was that probably nuclear reactors the play for turbine is not that large. So, can you just help us understand, is it different in SMR?

Nikhil Sawhney: No. You see, we provide a product that utilises the heat generated from whichever source where agnostic to how the heat is generated. Is it generated through bottoming cycle of a gas turbine, is it generated through energy efficiency of a cement kiln in terms of waste heat recovery or through the heat generated from a small modular reactor. The concept is the same. The fact that we utilise that to provide either heat requirement for processes or to drive a generator to produce power. So, this segment is similar in the sense that is for power generation.

What Prasad meant is that the specification of quality are equally, if not more stringent. And that is a bigger constraint in terms of manufacturing technologies, which has to be deployed to ensure that the customer is satisfied. For example, the vibration levels in the API market for a turbine are one-tenth of what it would be in the industrial market. This has a different connotation and implication on how the product is configured, so it is with that regard.

In terms of the SMR market in specific, we provide a little bit more clarity in the coming quarter in terms of how we're approaching that directly as well as the orders.

Moderator: Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Nikhil Sawhney: Thank you very much, ladies and gentlemen, for joining our Q4 and FY 25 results for Triveni Turbines. As I said, this was a record quarter, the 17th quarter of growth for the Company. We look forward for you to join us in the Q1 FY 26 earnings call. Some of the results may be a little lumpy in the quarters in the coming year. But needless to say, that we are anticipating another record year for the Triveni Turbines in FY 26. Thank you again. Goodbye.

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