Triveni Turbine Limited

Q1 & FY27 Earnings Conference Call Transcript
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MANAGEMENT:	Nikhil Sawhney - Vice Chairman and Managing Director S.N. Prasad - Chief Executive Officer Manikantan Rajendran - Chief Marketing Officer Sachin Parab - Chief Operating Officer Lalit Agarwal - Chief Financial Officer Shreya Sharma - Head of Investor Relations and Value Creation

Moderator: Ladies and gentlemen, good day and welcome to the Triveni Turbine Q1 FY 2027 Earnings Conference Call.

As a reminder, all participant lines will be in a listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you, sir.

Gavin Desa: Thank you. Good day, everyone, and a warm welcome to all of you participating in the Q1 FY 2027 earnings conference call of Triveni Turbine Limited.

We have with us today on this call Mr. Nikhil Sawhney, Vice Chairman and Managing Director; Mr. S.N. Prasad, the Chief Executive Officer; Mr. Sachin Parab, Chief Operating Officer; Mr. Lalit Agarwal, Chief Financial Officer; Mr. Manikantan Rajendran, Chief Marketing Officer; and Ms. Shreya Sharma, Head of Investor Relations and Value Creation.

Iwould like to now hand over to Shreya Sharma to share some opening remarks. Over to you, Shreya.

Shreya Sharma: Thank you, Gavin. Good day everyone, and thank you for joining us for the company's Q1 FY 2027 earnings call. I hope you all have a chance to review the results and an accompanying presentation uploaded on the exchanges and on our website earlier. Our discussion on the call will follow that presentation.

Before we begin, I would like to remind you all that some of the statements made today may be forward-looking in nature and are covered by the disclaimer of the earnings presentation.

Joining me on the call today is the senior leadership team, who will take you through these key business developments and performance for this quarter. After the remarks, we will open the floor for the questions.

With that, let me hand it over to our Vice Chairman and Managing Director, Mr. Nikhil Sawhney. Over to you, Mr. Sawhney.

Nikhil Sawhney: Thank you very much, Shreya. Thank you, Gavin. A very good afternoon, ladies and gentlemen, and thank you for joining the Q1 FY 2027 earnings call for Triveni Turbine Limited.

As we had anticipated, the quarter remained challenging. Revenue from operations came in at ₹4.43 billion, up by 19.2% year-on-year. Domestic sales grew by 27.4% to ₹2.4 billion and exports grew by ₹10.8 billion to ₹2.03 billion. Taking the export share in revenue to 48.8% against 49.3% in Q1 FY 2026, a reflection of the stronger domestic contribution this quarter.

Profitability, however, was softer in the quarter. EBITDA stood at ₹797 million at a margin of 18% against 25.8%, and a profit before tax of ₹697 million was down 20.1% at a margin of 15.7%, as opposed to 23.5% at the same quarter of the previous year.

The execution in this quarter reflects the business environment and order intake of roughly a year ago. So the softer order mix of H1 FY 2026 has carried through to Q1 FY 2027 profitability. Delivery phasing of certain strategic orders has also added to the softening of margins.

With delivery spread across quarters and this quarter's revenue including the balance brought out scope of certain projects, a majority of this would be taken care of within the first half of this year. We remain optimistic on growths of both profit as well as revenue for the full-year FY 2027, which will of course be backended as suggested by the note.

The balance sheet in this quarter has also improved, even though we are not reporting it. As a difference between Q4 FY 2026 and Q1 FY 2027 is a reduction in receivables and therefore a reversion to negative working capital and an increase in the cash balance of the company.

On the order booking front, the order booking for the quarter stood at ₹5.68 billion as compared to ₹5.36 billion in Q1 FY 2026, a growth of 6.1% year-over-year, an increase led entirely by exports and aftermarket.

Export order booking grew 53.4% year-over-year, accounting for 68% of the total order booking as against 47% in Q1 FY 2026. This reflects our continued traction and momentum across Southeast Asia, Africa, and Europe, and across segments such as biomass, waste-to-energy, in addition to the conventional segments. The share of aftermarket order booking increased to 39% of total order booking compared to 27% in Q1 FY 2026, a growth of 54%.

Domestic and product order booking witnessed a slowdown during the quarter, lower by 35.4% and 11.6% respectively on a year-on-year basis. The higher share of exports and aftermarket orders reflects the continued strengthening of our business mix. It is improving the quality of our order book and shifting the portfolio towards better margin offerings, which should support the profitability as we execute those orders.

The overall order book also witnessed an improvement. Our international expansion strategy, coupled with continued innovation and entry into new product segments, has yielded encouraging results. The closing order book stood at ₹21.8 billion as of the 30th of June as compared to ₹20.74 billion a year ago, reflecting a 5.1% year-on-year increase. Export order booking accounted for 57% of the closing order book.

The aftermarket business also continued to gain strong momentum, with closing orders increasing 115% year-over-year to ₹6.24 billion on the back of contract wins in the geothermal and utility segments, and continued traction in the refurbishment and performance optimisation solutions, which contributed 29% to the closing order book.

This performance underscores the company's agility in operating across geographies and sectors, positioning us well to capitalise on emerging opportunities across geothermal process industries, utility scale refurbishment, and renewable thermal solutions. And the growing global emphasis on energy efficiency and decarbonisation, coupled with renewable energy adoption and decentralised power generation, continues to generate and create strong and sustained demand for our products.

Having said that, as we look forward, the enquiry generation in the international market has improved while the domestic market has seen weakness. As you know, we report our enquiries on a fixed monthly basis, and we will continue to do that next quarter. While we can internally see weakness, we are optimistic that the domestic market will show some signs of recovery in the coming months as well.

During the quarter, our U.S. subsidiary continued to receive healthy enquiries as well, and that's a market which continues to grow in both enquiry book as well as our optimism towards future demand for both products and aftermarket services from a very large market. Our focus there remains on strengthening the local service and product capabilities and deepening our market presence and building a strong term footprint in the Americas.

As highlighted in our previous earnings calls, we continue to invest heavily into research and development and we continue to develop newer product ranges in newer lines, which can help expand our offering to our customers to ensure that we can utilise any heat or waste heat requirements that they may have to generate an effective return by either providing it for process requirements or towards generation of power. This includes the development of our Organic Rankine Cycle developments, and we are keen to expand this in the coming year.

Going forward, we are well positioned to sustain growth and this is coupled with our digital offerings. As of this current quarter, we have transitioned the role and position of our COO to that of business transformation to look at AI specific initiatives. This is a further reinforcement of what we believe the company needs to focus on in the future, which is to be extremely agile and focused on productivity while still ensuring that we are able to cater to customer delight and ensuring our product relevance to our customer base.

Therefore, while this current quarter has exhibited the situation of how geopolitical uncertainties can bring volatility in both dispatch and order booking, I am sure that you will have more questions on why our margins have been what they are and where recovery would be. I would rather take that in the Q&A than answer it right now. But suffice to say that the company is optimistic on the growth, both in margins and absolute and on a percentage basis in the second half of this year. And as we look at the full-year FY 2027, we are confident to exhibit top line and bottom line growth.

With that, ladies and gentlemen, I am happy to take Q&A.

Moderator: Thank you. We will now begin the Q&A session.

Our first question comes from the line of Amit Anwani with PL Capital. Please go ahead.

Amit Anwani: Hi. Thanks for the opportunity. My first question is, what was the impact of the NTPC order? I assume probably there was execution coming in Q1 also. So, was there an impact there and what was the quantum? That is my first question. And second, in terms of, you have written about the cost push also. What was the kind of contribution of impacts from the commodity inflation also in this quarter?

Nikhil Sawhney: So your question is around margins, and how we have exhibited margins this current quarter. It is not a question of making excuses, but the fact is that execution of certain orders, especially on the export side, have gotten deferred by clients because freight rates have gone up between 3x to 4x, and those have gotten pushed from Q1 to Q2 to maybe Q3 even. And what ends up happening is that when you have a higher percentage of domestic execution as part of the revenue mix, that is of course depressing on margins to begin with.

Secondly, as you rightly pointed out, a strategic order that we've taken on the NTPC CO2-based energy storage project, which was essentially meant to validate technology and to prove a use case for our equipment. This of course, was taken at negligible and near zero margins. And so that does not contribute to profitability at all. I'll ask Prasad to comment a little bit about the quantum of the NTPC project. But you will have to know that the NTPC project is due for commissioning in Q2, and so we will have certain revenue in Q2 as well.

Prasad, can you give a little bit of idea about the NTPC project and domestic and other situations on margin?

S.N. Prasad: So, I will put it like this before getting into the margin on the NTPC project, as mentioned that this is one of the technology validation project, because this is the first of its kind when it comes to the energy storage through CO2. So yes, we have taken this project knowingly, so this may not be contributing to the bottom line in the initial years. But once the technology is proven, this is going to bring a lot of value add. The positive thing is that this technology where the pilot plant is running in Europe, that started giving a very positive results. And even site execution going at a faster pace. Probably by end of Q2, early Q3, it will come to a commissioning phase of this thing.

Basically, since this we forecasted there is real margins sort of a thing from this. The major contribution is the share of non-domestic orders in the revenue mix is increased. That is the main pull down on the margin sort of a scenario. In addition to whatever international orders, couple of orders where because of the freight and today vessels not availability, those things affected some of those planned export orders shifting to Q2, Q3. Otherwise, overall, we are quite confident. Overall, there will be a positive traction in terms of revenue growth as well as the profitability growth.

Amit Anwani: Right. Second question on the enquiry book. Last time you highlighted, roughly about 18 GW for the global enquiries and domestic enquiry was about 7 GW. How that has grown and what is the primary reason for the domestic slowdown? Any particular industry or are you seeing delays from the customers in terms of conversions of orders? If you could deep down more on the domestic side that would help.

S.N. Prasad: I hesitate to give you exact numbers on enquiries on a quarterly basis because the market does not move that quickly, so it is better to take it over a period of time. And so, we will be sharing the numbers exactly on the six month and full-year basis.

But having said that, we see this continued strength in certain markets in the international market in terms of revenue enquiry growth, which includes the United States and Southeast Asia. There are some green shoots in Europe as well. The markets in North Africa, Middle East are quite depressed. The SAARC region remains depressed. The Indian market has seen a decline, and that is broad-based across all industries.

But it's not a reflection of the conversations that we are having; an enquiry is a potential demand. So when we are having conversations with customers, it seems to suggest that the market is sort of flat. But even though the direct enquiries, which are part of our enquiry book have come down in the domestic market.

Amit Anwani: Sure. Lastly, you spoke about the top line and bottom line growth. Is there an expectation you are building that probably will be able to cross the double-digit or it will be less than a double-digit this year?

Nikhil Sawhney: We don't give visibility to that extent. But the fact is that you have seen we are a company that has to execute our order book. So the growth of our order book reflects what we have to actually execute as we get into larger size orders, those have longer duration execution cycles.

But suffice to say that we are quite confident of growth in this year. The team is all geared to execute on it. We of course still need certain book and build of spares to come in, which has a shorter duration execution cycle. So some of that will depend in the coming months in terms of the order booking. But again, we are optimistic based on our current order booking and order book size on the growth. The extent of growth should be on the higher end of what you are suggesting.

Amit Anwani: Understood. Thank you so much for answering my questions.

Moderator: Thank you. The next question comes from the line of Ravi Swaminathan with Avendus. Please go ahead.

Ravi Swaminathan: Hi, sir. Thanks for taking my question. My questions are also in similar lines to the previous participant. With respect to the NTPC CO_2 storage, how much of revenue contribution would have happened during 1Q? And given the fact that this is going to get commissioned in 2Q, how much amount of execution is likely to happen during that quarter? If you can share, that will be my first question.

S.N. Prasad: We don't give a real breakup of revenue from order to order. But we had alluded at the end of Q4 that we still had about ₹175 odd crores of the order to get executed. And it could be split, maybe 40% in Q1, Q2, and then the rest in Q3.

Ravi Swaminathan: Okay. This ₹170 crores will be largely the bottom-line impact Is that understanding right? I am just trying to assess whether similar impact would be seen in 2Q also as war and trade war assess.

Nikhil Sawhney: Cost escalations have already been forecast to whatever extent that there has been. The previous caller also did allude to the fact that to what extent did cost escalations lead towards margin decline. But it wasn't to such a large extent. The fact is, the orders were taken at a point in time when there was volatility in commodity pricing. The commodity pricing was taken at that point in time itself, and those margins, especially on the domestic orders, were already low at the point in time that we took them. So they've been executed in line with our expected margins. So none of this is coming as a surprise to us. This is pretty much the way it was meant to be.

The only thing that has come as a little bit of surprise is in our export orders, as freight rates have gone up 3-4x, the availability of vessels has become a little bit less easily available for our customers, as well as possibly certain site activities may not have kept pace. But customers have pushed out some of their dispatches that they need from us. And this largely happens on the export side only because the domestic market doesn't suffer from those same problems.

And that has just led to a delay in recognising revenue and billing that. So I feel that all of this will come back on track in a period of time because what this geopolitical uncertainty has done is it's made everything a lot more volatile. Where we thought that we would be lumpy on a half yearly basis, now it's come down to quarterly basis and monthly basis.

I guess for us to smoothen it out, we need to have a much larger order booking so that we can display that. But I think that this lumpiness will continue for a couple more quarters, both on the positive and negative side. So, you may have a negative quarter like this, but then you'll have positive quarters as well. So, we shouldn't read too much into those positive quarters also.

Ravi Swaminathan: Understood. And with respect to the enquiry pipeline or rather with respect to the domestic market, you had mentioned that commentary or ordering weakness has been there during this quarter. Is it just that the ordering finalisation is getting deferred a bit, or is it that the enquiry levels themselves have dipped a bit? Because in the previous couple of quarters, your commentary on the domestic market was relatively on the stronger side. So, is it just that the order finalisation is getting delayed and if so, why is it getting delayed? Is it because of the war and all these things that the domestic market customers are delaying order finalisation?

Nikhil Sawhney: So I think the previous caller also had the same question. Let me answer. The enquiry book is a status of vague or general demand in the market. The order finalisations themselves would translate into market share and then order booking. The decline in the enquiry book in the domestic market means that certain demand has just left the market. But again, if you start tracking this on a quarter-to-quarter basis, when we've done it internally, it gives us a wrong impression in terms of the priorities. I don't think it's a matter of concern if the market declines just 2%, 3%, 4%, 5%, because the entire enquiry book as we reported at the end of last quarter is so large that it is several times annual demand in the domestic market anyway.

Ravi Swaminathan: Understood.

Nikhil Sawhney: Let me ask Prasad to comment a little bit about this as well, and maybe you could bring in Mani, Prasad.

S.N. Prasad: Yes, sir. So in a domestic market, yes, the enquiry pipeline suddenly in previous quarter, we have seen a little slowdown on that. Even order finalisations we experienced little longer gestation periods, means customers not concluding the orders immediately like earlier quarters. But even in a domestic customer, just waiting and watching. But by considering whatever opportunities which are open for finalisation, we feel that it should bounce back. Mani, you want to add any specific points?

Manikantan Rajendran: Yeah. Now, in our kind of a business for the product, the gestation period is anywhere between 6 to 12 months. The orders which get finalised in this quarter are the ones for which the enquiries were received 6 months or 12 months earlier.

The trend what we are now talking is with respect to the enquiries which we have received in this quarter, there has been a softening, but this would be the order gets finalised much later. So, what is more important is for the current few quarters is what the enquiries we have in hand and the enquiries which we are receiving is going to be getting finalised few quarters later. On the enquiry finalisation, we do see the numbers are well compared to last year, though the enquiry generation for this quarter in the domestic market there is a dip. This is how I would conclude.

Ravi Swaminathan: Okay. My final question is with respect to the progress in growth in API turbine, and also in the U.S. market, the status of providing after-sales service to customers and also possibly supply of products to customers.

Nikhil Sawhney: Mani, why don't you take that as well?

Manikantan Rajendran: Yeah. In terms of API business, we see a lot of traction with the number of thermal power plants coming in India. We see lot many things happening and also with the oil and gas especially, while there are opportunities which we are seeing because of the ongoing geopolitical tensions, the decision-making is getting deferred. Though there is a potential and it's only a matter of finalisation which is getting delayed, I would say.

We are also now looking at oil and gas opportunities not beyond the Middle East market, in Americas as well as in European countries. In this particular quarter, we have secured API business orders from Europe as well. This is on the API business.

Now, with respect to the U.S. market, we see a lot more traction. There is a huge scope for data centres and the last few years, they have been predominantly being powered by the gas turbines. With the ongoing demand for gas turbines, the delivery is anywhere between 3 to 4 years to 5years.

So, we see the companies going towards the other modes, like conventional route, combined cycle, then we are also seeing small modular reactors. So, there is a lot of traction. We see number of enquiries from the American market, and it's only a matter of time these get converted.

Ravi Swaminathan: Thanks a lot. I'll come back in the queue for more questions.

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

Mohit Surana: Thank you for the opportunity. My first question is with respect to the bought-out components. Out of the total COGS, can you give us an indication of how much would be the bought-out component, and was there any price inflation in that which we were not able to pass-through?

Nikhil Sawhney: We have a fixed price contract, so it is not a question of passing through price escalation. Unless the customer delays orders, usually these price escalations have to be absorbed at the point in time in the contract itself. Usually, we work on rate contracts. But I will ask Prasad, maybe you could comment on the quantum or Lalit, if you are there, you could comment. Prasad, maybe you can start first, and then you could bring Lalit in if necessary, about the quantum of BOP. I would suggest you should be a little vague rather than give an exact number, please.

S.N. Prasad: Yeah. So, two ways I will address this thing. One is, as mentioned, that these are all fixed contracts because as far as the customer is concerned, it is a fixed locked price. During the execution, if any commodity price increases there, that is a risk what we carry along with us. Suppose if the volatility is too much, then sometimes that hits. But in the beginning when we are picking up the orders, we also monitor this very carefully.

So, in majority of the cases, that is a de-risked appropriately costing some contingency sort of a thing. Then order to order, bought-out item percentage changes. The scope customer to customer changes. There is no standard scope between two contracts. So to a large extent, the bought-out percentages may be like 30%, 40%, sometimes maybe 60%, 70%. We cannot generalise that. Again, that also quarter-on-quarter, the way how deliveries take place based on the readiness, that mix also changes. Lalit, you want to add some points on that?

Lalit Agarwal: So, there is no fixed percentage with respect to the balance of part which is being procured. It varies from order to order between 30% to 70%. This is what we would like to mention.

Mohit Surana: Understood. My next question is with respect to the R&D initiatives that we have been taking in the past with respect to the new products, heat pumps, mechanical vapor recompression. Any traction on that you can share with us right now?

Nikhil Sawhney: Both of these are areas which really do allow our capabilities as a company to be brought to the front. Some areas like heat pumps, when we combine them with steam generation, end up having greater industrial applications. So you have to look at them in sequence of development. But Prasad, maybe you could give an overall impression on these two current product lines as well as future product lines that we may be developing.

S.N. Prasad: Yes, sir. So heat pumps, basically as a company, we are not seeing a heat pump as a standalone product. We are looking overall solution. So basically combining heat pump along with MVRs. This gives a total solution to customers, basically customers where there is a low pressure, low quantity steam requirement. So this combination can replace a small packaged boiler sort of a business opportunity. As some of you are aware, we created a demo unit for heat pump and some of the MVR orders which are under execution, that initial orders.

Okay, it is taking time, and it will take time because this is a new technology, and some of the customers want the experience of this combination giving the desired results in terms of efficiency, return on investment, and all those things. This is the initial phase of pushing the solution into that. It is taking time. Otherwise, these things are going as per plan, and we are confident this is going to bring a good value addition in the near future into this thing.

In the similar way, we continue to invest into new technologies and new solutions. When it comes to new technology and new solutions like ORC, we are in touch with customers. The enquiry pipeline is increasing for this thing and as ORC solution, the customers looking for the power generation from low heat. So today, this is largely under-addressed market by majority of the players around. So that enquiry pipeline is increasing and this market is across the globe including Americas.

The other area where we are working very closely, combining the ORC with a geothermal combination. As our technology innovation, what we are focusing is rather than a product as an overall solution, combining two products and finding a better efficient solution, cost-effective solution. That is really on track and it is going to give positive results in near future.

Nikhil Sawhney: We are a single product company, and as we add multiple products to our offering to one customer, that becomes more of a solution orientation. And we will do it incrementally without taking on sort of EPC responsibilities and the liabilities that come along with that. The point is to offer a better technical solution to our customers and ultimately give them a better payback for whatever they desire.

Mohit Surana: Understood. Just one last question. With respect to the consolidated EBITDA margin, we were somewhere around 20%-22%. That has fallen significantly this quarter. As you explained, these are because of some specific reasons. But for H2, what kind of sustainable EBITDA margins going forward, we can expect? Because now you have the visibility of the orders that you have taken, and you would also have the visibility of margins that you would make. So, if you can throw some light on that.

Nikhil Sawhney: I'm not going to be very specific on giving you a number, but I'll take you back to what we've always said as a company to our investors and on these calls, is that as a company, we believe that a PBT margin of over 20% is something that we can maintain in the medium and long-term. And therefore, that is something that we will definitely reinforce.

Mohit Surana: Understood. Thank you so much.

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

Chirag Muchhala: Thank you. First question is on the global data centre opportunity that we had highlighted in the last quarter. In Q1, either for us or for other global steam turbine makers, has this opportunity started getting converted to actual order placement, or is this still in advanced evaluation phase?

Nikhil Sawhney: Mani, can I ask you to please answer this question?

Manikantan Rajendran: Yeah. In terms of global data centres, as I mentioned earlier, I was there in U.S. last couple of weeks. We visited several customers. There is no question about it that there is a huge demand for data centres. As I mentioned earlier, they were using gas turbine to speed up the process so that the power can be generated as quickly as possible. Now, with the lead time for gas turbines going to 4years, people are looking at other avenues to power the data centres. Now we have had multiple enquiries. There is a growth in the enquiry with book from U.S. Same thing we also see in other parts where data centres are involved. Now it's a matter of they switching from the gas turbine to a conventional cycle or a combined cycle. So, we are hoping it could translate in this year. We are hopeful.

Chirag Muchhala: Okay. Second thing on the aftermarket service division. In Q4 as well as in Q1, we have seen material rise in the order inflow. So, if you can highlight, if any specific areas like retrofitting or utility power turbine orders, etc., for this aftermarket solutions were part of this in last six months. I am not trying to get an exact number, but can aftermarket in even quarterly inflow be materially higher than what we were doing so far?

Nikhil Sawhney: The attempt is to have multiple avenues of growth for the business. The aftermarket business is reliant on two streams. One is our own installed base and the growth of spares and service to that. The second is refurbishment, which has a much larger market too, based on the larger installed base of rotating equipment. Now you've seen a very strong growth on the refurbishment side and exports. As we have invested in local capabilities, those take time to build up, and those are in certain areas such as gas turbine utility businesses, which provide long-term and a good margin visibility for this company, not only for this current year, but for coming years. Do you want to add on the outlook on this, Mani, for refurbishment?

Manikantan Rajendran: Yeah. On the aftermarket, as Mr. Nikhil said, now we have had a good translation of orders across the sectors, whether it be across the region as well, be it in Southeast Asia or in Africa. There has been a good jump in African market, and we also see some traction in India on the refurb side. But on the sector wise, we have seen on the gas turbine as well as in the geothermal, biomass, the old utility turbines, we are now getting into the utility segment, moving to a higher value addition in the utility segment from the industrial segment. So those are the ones which are coming in. So that is why you are seeing the values going up.

Chirag Muchhala: Okay. Lastly, you mentioned that some of the export orders have been deferred by one to two quarters due to logistics cost and freight rates rising significantly. These freight rates and logistic costs, do theycome under our purview or is it something that the clients bear?

Nikhil Sawhney: No, that's on the clients. That's why it's their flexibility.

Chirag Muchhala: Okay. So all export orders of ours, the logistics and freight rates are borne by clients?

Nikhil Sawhney: It's FOB.

Chirag Muchhala: Okay. Thank you.

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

Amit Mahawar: Hi, Nikhil. I have just quick two questions. First on the after sales traction that we have started seeing some very encouraging numbers. You can highlight in last two quarters when we have won some ₹6 billion orders. Broadly, how much is that from North American region? If you can give some colour and Prasad can add on what kind of size can we attain in next 2to 3years? That is my first question.

Nikhil Sawhney: Amit, you know that we have had a limited presence in the U.S. market from the perspective of installed base. Our attempt to invest in a facility and capability in the U.S. was to first see how we could leverage the very large installed base that exists there from a refurbishment perspective and set up capability. The fact is that the U.S. market itself, given its federal structure and on the repair and maintenance work requires individual certification and licensing in states. It is a time-consuming process. So, it has not contributed in any meaningful maInner to our order booking as far as what wehave reported. The exact number is going to be less than 10% of the number that you would have suggested.

So the growths that we are anticipating from the aftermarket side as well as new product demand from the U.S. market is high. It just takes a little bit more time. The U.S. market in terms of finalisation of orders, especially in steam turbine side, core areas such as data centres would take time. As Mani explained also, the first priority would be to go for gas turbines, etc., as those deliveries have gotten delayed. Some of the enquiries that have come up fit very adequately within our product line.

Similarly, on the refurbishment side, as we get better registrations and we get more visibility with our customers in terms of our capabilities, that builds on itself. Why don't you add a little bit on this, Prasad, please?

S.N. Prasad: Yes. Basically 2-3 areas where the aftermarket wise is one of the strong growth engines for us. As Mani mentioned, utility area is one of the biggest area across the globe where over the years we invested in our own technology development and we started working in these opportunities. That is the one thing. Other opportunities where today customers are asking us to support them on a gas turbine maintenance, repair, and overhauling sort of a things. This is one more addition which is getting added into our refurb business. So as a refurb business, apart from steam turbines, we support the rotating equipment, some of the small compressors also we do that. So, these enquiry pipelines increasing across the globe.

Going forward, as you are asking, for next two, three years as a company, we are very bullish on this because we have all the required. The market reach is there. Now we expanded our presence across the rotating equipment that is steam turbines, industrial utility. Then we entered into gas turbine space to repair and maintenance sort of a thing. Compressors in a small way we are doing that. So this is an interesting area to watch for us.

Amit Mahawar: Got it, Prasad. So maybe then, mostly SAPC is what is driven the after sales. I can maybe conclude with what Nikhil also mentioned. Last question, Nikhil, is broadly in FY 2027-2028, how much of investment rate loss will be there in

U.S.? And if Prasad can help us understand by 2027-2028. Is 2028 the year where we can be very well utilised in the American facility? Thank you.

Nikhil Sawhney: Of course, utilisation of the U.S. facility depends on the order booking. And while we're optimistic on growth on the order booking both in the aftermarket and the product side, the product will only get executed possibly in FY 2028. When we look at this current year, the utilisation of the facility will be adequate. It will obviously not be at a high utilisation level. But we look at the entity breaking even for sure. As you would imagine, even in this first Q1, we've incurred a substantial loss in the U.S. subsidiary operations. But that was, as anticipated, because the order book didn't exist. Prasad, do you want to add anything on the U.S. operations?

S.N. Prasad: As you rightly mentioned that since the product side will be supporting from India, it is only from reform side. We are quite optimistic this year should be the break-even year by seeing the enquiries, because now the market reach is increasing. We are also targeting to make this year as a break-even for U.S.

Amit Mahawar: Thank you and good luck.

Moderator: Thank you. The next question comes from the line of Harish Subramanian, at Unifi Capital Private Limited. Please go ahead.

Harish Subramanian: Thank you for taking my question. The first question is just in terms of the U.S. market. Typically, we see a conversion timeline of enquiries of about 6 to 12 months, but obviously discussed in the past that water permitting takes more time in the U.S. So what's the sense you have in terms of what the conversion of these enquiries would look like compared to our existing business? And as a clarification, our understanding was that steam turbines can be complementary to gas turbines in a combined cycle. Is that understanding right?

Nikhil Sawhney: To start with your second question, yes, that's correct. 50% of utility gas turbines that come up, come up in a combined cycle format. 50% come up in a simple cycle format, either due to lack of availability of water or a variety of other constraints. But to answer your first question

Mani, can you answer that question in terms of the U.S. market in specific? How do you see the enquiry conversion? Is there anything that you can speak on a broad basis?

Manikantan Rajendran: Okay. In terms of enquiry conversion in U.S., what we have observed is it is more than 12 months. Having said that, we are seeing lot of traction in this quarter and the next quarter.

Once those get materialised, we will announce in the coming quarter. But we see tractions on the product. So, the first thing in U.S. would be the product would be the one which would get into the market, then we have built the shops and everything. Reform is the one where we are doing the qualifications, we are registering, so that is something which would follow the product order booking.

Harish Subramanian: Okay, got it. That's very helpful. Second question is on the margins. If I back out about 40% of the ₹175 crores NTPC order, and if I look at the contribution now that domestic makes compared to the past Q1s of FY 2025 or 2024, it has been in the range of 46% to 49%. But we still managed in the past to deliver an EBITDA margin of about 20%, and this quarter somewhere around 15%. So, is this solely because of the bought-out mix being higher, or are there other elements that are affecting margins domestically? I am just trying to understand how the margins dipped when the domestic level seems similar to Q1 of previous years.

Nikhil Sawhney: So, about a year ago, you had commodity price increases. At that point in time, we had taken orders as we do take orders based on our execution cycles. What has ended up happening is that there has been no reduction in BOP pricing. As you can see from our execution of certain orders which were taken at lower margin. Each order has different margin. Especially, there is a certain broad range of margins that you have on the domestic side, and there is a certain broad range that you have on the export side as well. So if you look at both of those, in general, our pricing was lower for products that we are executing right now. As we look forward as part of our enquiry book, the order booking margins are substantially higher. The rupee is also benefiting us.

So, we will have a double whammy going down. If you look at our comprehensive income as part of our reported results, you will be able to see the difference between the net income and the other comprehensive income. And you have an indication as to where margins will go in the future.

Harish Subramanian: Okay. Essentially, Q1 last year, we took in orders at a certain margin, assuming certain commodity prices. And as we execute them now, the commodity prices have shot up a bit. So that is squeezing the margin at the moment. Is that interpretation, right?

Nikhil Sawhney: No. When we take an order, it is taken at a fixed BOP cost. There are certain things which are not fully finalised at that point in time of execution of an order. But broadly, we have an expectation of the margins going in. But those were the margins that were available at that point in time in negotiation with customers. So that is what the market was offering at that point in time, given our competition. It is a competitive industry at the end of the day. So what we get is what our competitors get. They may have a different margin structure, we may have a different margin structure. But that is what is available. Like I said, each individual order is different, and they are taken for different reasons.

Certain markets where we have a lower market share, we would price products differently. In certain markets where we have a higher market share and where we have greater customer acceptability, we would have different margins. And they vary quite drastically, both even in the domestic sector as well as export sector. I do not know if that answers your question fully but that is the way we view it. Because if you are taking the explanation that we have for this current Q1 and extrapolating it to future quarters, certain BOP orders can be at a higher margin also. It does not necessarily need to be only because of what you suggested.

Harish Subramanian: Understood. Thank you.

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

Prolin Nandu: Thanks, Nikhil for taking my question. The first question is if you think about last two years, right, there have been one event or the other which has, in a way disrupted our usual business. This quarter it was freight. Last year, there was this domestic geopolitical issue which led to customers not able to do the audit part of it, right? And before that, if we think about 3-4 years before that, there was a very smooth sailing. So what are we doing, just to ensure that this volatility in the business, because these factors which are geopolitical, which are not in our hands, seems to be occurring more often than not. So how do we ensure that the volatility in our business, assuming that geopolitics will remain where it is, the volatility comes down?

Nikhil Sawhney: I think the only way to overcome that is by order booking. When you have a large enough order book, is the only way that you can smooth out any volatility that happens, both in terms of customer delays as well as any other geopolitical situation.

The fact that we are trying to expand our product range to be able to cater to a variety of different demand structures, hopefully will lead us to building that order book which allows us to have that comfort. I think that that's the only way, as a company, to weather these geopolitical interruptions that are causing volatility in both our execution as well as order booking.

Prolin Nandu: Yeah. Thank you, Nikhil. And secondly, on the U.S., specifically the data centre enquiry and the small modular reactor enquiry. Now in the combined cycle where there is an opportunity for us, I think somebody on the call mentioned that you are expecting an enquiry to get converted into order sometime in this year. So, just want to understand in terms of product approvals, are the approvals in place and how is the competition in the combined cycle? And also on small modular reactors, there also, do we see some traction happening this year in terms of enquiries flowing down to order book?

Nikhil Sawhney: So firstly, on the competition in the combined cycle, of course, there's competition there. This is a competitive space, but there aren't many manufacturers. We only include enquiries in our enquiry book where we are qualified. Otherwise, the enquiry would not be given to us by a customer. So we're talking about orders where we are quoting and where we are engaging with customers. Now, Prasad, maybe you can just add a little bit onto the competitiveness as was alluded to, and how we see the market developing this current year, especially in the U.S.?

S.N. Prasad: So U.S., two ways what we are seeing is, one is as mentioned, we are qualified by all the consultants and OEs and EPCs. That's the reason why they are giving the enquiries. Now what we are seeing is, as mentioned, that now today gas turbine delivery cycles are quite long delivery cycles. So they want the power. What people are also doing is starting the bottoming cycle. That means using a steam turbine, firing the gas in a gas fired boilers and start generating the power. So, this traction is increasing. This is a space where we can play a bigger role. Competition-wise across the globe, we compete with the same players across the globe. So we are competitive in rest of the world. Obviously, we'll be competitive in America.

And over and above, the local presence with our workshop gives the confidence to the customers. This is a narrative on which we are building, and we are bringing the confidence to the customers. So the enquiry pipeline started building up. As Mani mentioned that we are quite optimistic and, in some cases, we are quite closer to the final commercial discussion sort of a thing. So this year should be a little positive results we are expecting on the product sales side and followed by refurb and now overhaul opportunities.

Prolin Nandu: Can you also touch upon the small modular reactors, where are they similarly in the journey?

S.N. Prasad: These are the long gestation periods because these are technological. We are working with some of those EPCs and developers. These are at enquiry stage, So we are working very closely with them. It may take a little more time because this is from concept, first of its kind. Somebody has to come with a module in such a way that is the movable module, the concept what in U.S. people are working. We are working with various developers very closely by finding the right configuration on that. It may take little time compared to the combined cycle applications for data centres.

Prolin Nandu: Thank you so much, and all the very best.

Moderator: The next question comes from the line of Shubhi Gupta with Trinetra Asset Managers. Please go ahead.

Shubhi Gupta: Thank you so much for the opportunity. My first question is, you mentioned that the execution cycle is quite long for these large projects, so if you could just tell me what is the execution cycle?

Nikhil Sawhney: It depends on order-to-order and scope. It is very difficult to determine that. But in general, smaller orders less than 15 MW is maybe 7-8, months. 15 to 45 MW is about 9 to 12 months, 30 to 45 MW is probably about 14-15 months, and maybe 18 months for 100 MW.

Shubhi Gupta: Okay. Next question is, what is the approx. conversion rate for us, pipeline-to-order book?

Nikhil Sawhney: It is not something that comes out. The pipeline-to-order booking is dependent on the market. The only way that we measure it is through market share, which we report on annual basis.

Shubhi Gupta: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Parikshit Kandpal with HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi. First question is on the CO2 BESS. Earlier in the call you had said there has been some validation in Europe. So just wanted to understand how the response has been there, in terms of round-trip efficiency versus the BESS. And, do you think that similar kind of success can be replicated in India and whether it will turn into larger enquiries and ordering for you?

Nikhil Sawhney: The attempt is for us to validate technology so that it can drive more demand. And we would not have picked it if the round-trip efficiency and the life cycle cost were not competitive enough. The indications of the plant and its performance in Europe is very good and something that is appreciated by the customer. Now we have to prove it.

Parikshit Kandpal: Do we have any exclusivity with Energy Dome in terms of technology or is it open for all? What leverage do we have by taking this pilot in India?

Nikhil Sawhney: We have a very strong relationship with our technical partner. The nature of the relationship is something I am not willing to discuss on the call. But the fact is that we are committed to the market to approach it jointly.

Parikshit Kandpal: The second question is on the up to 100MW. I think NTPC is talking about coming up with maybe smaller sub-critical kind of packages up to 250 MW. Do you think that if such a policy does arise, are we able to bid or bid to that megawattage level?

Nikhil Sawhney: Of course, we have the capability to manufacture to that level. Will we participate or not, I think is something that we will see. Prasad, do you want to add anything on this point?

S.N. Prasad: In this range, yes. I want to say that we are qualified for those qualification guidelines. We have to wait and watch how these things will move further.

Parikshit Kandpal: Okay. The last question is around the CO2 BESS alone. This validation when will happen, maybe the calculation happens in Q2 or the early part of Q3. So how much time the validation takes, and when do we see more orders and more tenders coming in for this in the future?

Nikhil Sawhney: I think the question is a little premature. This is also a first of a kind project that we are doing. So, when we can actually establish validation of technology is something that is a little premature for us to determine, both on timelines. And secondly, in terms of generation demand, we would have to wait and see what happens post-validation. But we are optimistic that this presents a market.

Parikshit Kandpal: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for their closing comments.

Nikhil Sawhney: Thank you very much, ladies and gentlemen, for joining the call for Q1 FY 2027 for Triveni Turbine. I realise that maybe all questions could not be answered. Please do take it up with Shreya, and we would be sure to get all the answers to all of you.

Again, the quarter was a challenging quarter. We are very optimistic, as we have explained on the call about the full year performance, which will be back-ended again as it was last year. Quarter-on-quarter, there will be volatility. There continues to be geopolitical uncertainty.

But we aim to power through that, given the diversified nature of our reach and our local presence in certain markets, which allows us for our size of company, to have a good export exposure and to keep pushing our global market share, which is a key driver of what the company aims to achieve over the coming years. Thank you very much.

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